Hotel Properties Limited
Annual Report 2005

CONTENTS

BUSINESS REVIEW

The Group achieved a turnover of $304.2 million, compared to $320.1 million last year. Nevertheless, profit before income tax increased by 26.2% from $37.1 million last year to $46.8 million and net profit attributable to shareholders increased by 47.6% from $26.0 million last year to $38.3 million.

FINANCIAL REVIEW

For the year ended December 31, 2005, the Group achieved a turnover of $304.2 million, compared to $320.1 million last year. Nevertheless, profit before income tax increased by 26.2% from $37.1 million last year to $46.8 million and net profit attributable to shareholders increased by 47.6% from $26.0 million last year to $38.3 million.

Despite the closure of Four Seasons Resort Maldives at Kuda Huraa, which caused a fall in Group turnover, the Hotel Division continued to contribute significantly to the Group's bottomline due to improved performance from other hotels within the Group, particularly those in Singapore. The contribution from this Division would have been even better but for the terrorist bombing in Bali in October 2005, which adversely affected the performance of our Bali properties in the last two months of the year under review.

During the year ended December 31, 2005, the Group disposed of Concorde Hotel Gold Coast at a gain of $14.0 million and equity accounted for its share of profits from disposal of Four Seasons Hotel Canary Wharf amounting to $7.0 million.

The Property Division also saw improvement over last year due to recognition of profits from the Robertson Blue development project and profits from the sale of a condominium unit at Four Seasons Park.

RECENT DEVELOPMENTS

The Group acquired, through a joint venture, long leasehold interests in a property situated in the upscale Kensington locale in London. Nestled amid well-known historic landmarks and tourist attractions, the property comprises the main building at 99-121 Kensington High Street, a seven-storey building serving retail, office and leisure uses, as well as the office building at 1 Derry Street and a Georgian-style terraced residential property at 25 Kensington Square.

The Group also entered into a joint venture with China Everbright Group and international real estate firm Hines to develop 21st Century Tower in the Lujiazui Financial District in Pudong, Shanghai. Poised to be the most prestigious address in Shanghai, the development, located on Central Boulevard, is a 48-level mixed-use upscale complex that includes a 190-room Four Seasons Hotel and 60 Four Seasons residences.

During the year, the Group launched its latest luxury condominium project in Bangkok's Central Business District, The Met Bangkok. Located on South Sathorn Road, the three-tower condominium comprising 370 units that blends contemporary architecture with tropical private gardens complete with views of the city and the Chao Phraya River.

PROSPECTS

The terrorist bombing in Bali late last year will continue to have adverse effects on the performance of the Group's resorts in Bali in the short term, while the re-opening of the Four Seasons Resort Maldives at Kuda Huraa is not expected until the latter part of 2006. However, barring a deterioration in the bird flu situation, which could well have an adverse effect on the travel industry and the economy in general, and any other unforeseen circumstances, the Board anticipates the Group's businesses in other geographical areas to continue to benefit from the positive global economic outlook. The Board also expects the operational performance of the Group for 2006 to continue to be profitable.

The Group will continue to pursue opportunities to widen its hotel and property portfolios.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman

Joseph Grimberg

Managing Director

Ong Beng Seng

Members

Christopher Lim Tien Lock
Gordon Seow Li Ming
Michael S. Dobbs-Higginson
Arthur Tan Keng Hock
Leslie Mah Kim Loong
David Fu Kuo Chen

NOMINATING COMMITTEE

Chairman

Gordon Seow Li Ming

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
Gordon Seow Li Ming

SECRETARIES

Chuang Sheue Ling
Lo Swee Oi

PRINCIPAL BANKERS

OCBC Bank
DBS Bank
United Overseas Bank

AUDITORS

Deloitte & Touche

Certified Public Accountants,
Singapore
Partner-in-charge
Cheung Pui Yuen
(appointed on May 28, 2002)

REGISTRAR

Lim Associates (Pte) Ltd

10 Collyer Quay
#19-08 Ocean Building
Singapore 049315
Tel: 6536 5355

REGISTERED OFFICE

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

HOTEL PROPERTIES LIMITED

Financial Report 2005

REPORT OF THE DIRECTORS

The directors present their report together with the audited consolidated financial statements of the Group and balance sheet and statement of changes in equity of the Company for the financial year ended December 31, 2005.

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
Gordon Seow Li Ming
Michael S. Dobbs-Higginson
Arthur Tan Keng Hock
Leslie Mah Kim Loong
David Fu Kuo Chen (Appointed on August 5, 2005)

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 and 5(d) 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
The Company		
- Shares of $1 each		
Ong Beng Seng	105,408,800**	105,408,800**
David Fu Kuo Chen	750,000	750,000
Christopher Lim Tien Lock	400,000	900,000

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 of $1 each under the Hotel Properties Limited Executives' Share Option Scheme		
Christopher Lim Tien Lock	1,000,000	900,000

* 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, 2005, 102,408,800 (as at January 1, 2005, 102,408,800) 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, 2006.

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.

c) 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 in relation to the operation of certain retail shops.

d) 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.

5 SHARE OPTIONS

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

Scheme 2000 is administered by the Remuneration Committee whose members are:

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

a) Share Options Granted

On February 28, 2005 ("Offering Date"), options were granted pursuant to the Scheme 2000 to 14 executives of the Company to subscribe for 2,050,000 ordinary shares of $1 each in the Company at the subscription price of $1.10 per ordinary share ("Offering Price").

The options may be exercised during the period from February 28, 2007 to February 27, 2015, 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 as shown in the Financial News issued by the Singapore Exchange Securities Trading Limited 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 1,015,000 new ordinary shares of $1 each at the price of $1.00 per ordinary share 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 (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	Balance at 1/1/05 or date of grant if later	Number of Share Options: Exercised	Cancelled	Balance at 31/12/05	Exercise Price	Exercise Period
Pursuant to Scheme 2000						
13/11/2000	1,530,000	-	75,000	1,455,000	$1.30	13/11/2002 - 12/11/2010
13/11/2000	250,000	-	-	250,000	$1.21	13/11/2002 - 12/11/2010
27/09/2001	1,780,000	1,015,000	-	765,000	$1.00	27/09/2002 - 26/09/2011
28/02/2005	2,050,000	-	100,000	1,950,000	$1.10	28/02/2007 - 27/02/2015
Total	5,610,000	1,015,000	175,000	4,420,000		

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

Name of director/employee	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
Director				
Christopher Lim Tien Lock	400,000	1,400,000	500,000	900,000

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

6 AUDIT COMMITTEE

At the date of this report, the Audit Committee (the "Committee") comprises the following non-executive directors:

Arthur Tan Keng Hock (Chairman)
Gordon Seow Li Ming
Leslie Mah Kim Loong

The Committee held meetings since the last directors' report and performed the functions specified in the Singapore Companies Act. In performing its functions, the Committee reviewed the overall scope of the external audit and the assistance given by the Company's officers to the auditors. The Committee met with the Company's external auditors to discuss the audit plan and results of their examinations and their evaluation of the Company's system of internal accounting controls. The Committee also reviewed the financial statements of the Company and the consolidated financial statements of the Group for the year ended December 31, 2005 as well as the auditors' report thereon.

6 AUDIT COMMITTEE (cont'd)

The Committee has full access to and co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings.

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

7 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Joseph Grimberg
Chairman

Ong Beng Seng
Managing Director

Singapore
March 8, 2006

AUDITORS' REPORT TO THE MEMBERS OF HOTEL PROPERTIES LIMITED

We have audited the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of Hotel Properties Limited for the year ended December 31, 2005 set out on pages 12 to 67. These financial statements are the responsibility of the Company's directors. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

(a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (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, 2005 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

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

Deloitte & Touche
Certified Public Accountants

Cheung Pui Yuen
Partner

Singapore
March 8, 2006

BALANCE SHEETS
December 31, 2005

	Note	Group 2005 $'000	Group 2004 $'000 (restated)	Company 2005 $'000	Company 2004 $'000 (restated)
ASSETS					
Current assets:					
Cash and bank balances	6	**90,926**	63,573	**20,913**	8,391
Held-for-trading investments	7	**27,879**	3,894	**-**	-
Trade receivables	8	**17,444**	24,150	**1,678**	1,430
Other receivables and prepayments	9	**21,091**	14,089	**871**	736
Derivative financial instruments	10	**370**	-	**-**	-
Amount due from associates	14	**39,057**	-	**11,557**	-
Amount due from subsidiaries	15	**-**	-	**436,610**	-
Inventories	11	**5,937**	7,588	**169**	192
Development properties	12	**61,141**	31,397	**-**	-
Completed properties held for sale	13	**8,639**	10,349	**-**	-
Total current assets		**272,484**	155,040	**471,798**	10,749
Non-current assets:					
Associates	14	**41,221**	63,866	**3,223**	12,322
Subsidiaries	15	**-**	-	**250,132**	672,291
Available-for-sale investments	16	**7,411**	11,473	**-**	-
Prepayments	17	**1,354**	1,298	**-**	-
Property, plant and equipment	19	**1,076,168**	1,106,017	**228,469**	228,913
Investment properties	20	**274,829**	275,652	**-**	-
Deferred tax assets	26	**154**	-	**-**	-
Derivative financial instruments	10	**138**	-	**138**	-
Expenditure carried forward	21	**-**	1,320	**-**	162
Intangible assets	22	**16,698**	17,116	**-**	-
Negative goodwill		**-**	(16,606)	**-**	-
Total non-current assets		**1,417,973**	1,460,136	**481,962**	913,688
Total assets		**1,690,457**	1,615,176	**953,760**	924,437
LIABILITIES AND EQUITY					
Current liabilities:					
Bank loans	23	**179,313**	49,958	**74,944**	-
Trade payables	24	**34,911**	31,120	**11,897**	9,599
Other payables	25	**18,769**	23,081	**-**	-
Amount due to associates	14	**19,244**	-	**-**	-
Amount due to subsidiaries	15	**-**	-	**44,465**	-
Income tax payable		**6,288**	4,158	**589**	305
Total current liabilities		**258,525**	108,317	**131,895**	9,904
Non-current liabilities:					
Long-term bank loans	23	**355,239**	463,487	**115,098**	150,000
Advances from subsidiaries	15	**-**	-	**-**	60,376
Deferred tax liabilities	26	**5,289**	3,611	**529**	651
Total non-current liabilities		**360,528**	467,098	**115,627**	211,027
Share capital and reserves:					
Issued capital	27	**454,039**	453,024	**454,039**	453,024
Reserves	28	**565,140**	532,623	**252,199**	250,482
Equity attributable to shareholders of the Company		**1,019,179**	985,647	**706,238**	703,506
Minority interests		**52,225**	54,114	**-**	-
Total equity		**1,071,404**	1,039,761	**706,238**	703,506
Total liabilities and equity		**1,690,457**	1,615,176	**953,760**	924,437

See accompanying notes to financial statements.

CONSOLIDATED PROFIT AND LOSS STATEMENT
Year ended December 31, 2005

	Note	Group	
		2005	**2004**
		$'000	**$'000**
			(restated)
Revenue	29	**304,185**	320,140
Cost of sales		**(225,068)**	(233,040)
Gross profit		**79,117**	87,100
Other operating income	29	**2,341**	3,682
Administrative expenses		**(40,595)**	(39,404)
Other operating expenses		**(5,196)**	(5,530)
Finance costs	30	**(18,753)**	(14,817)
Other non-operating income	31	**18,917**	2,251
Share of results of associates		**10,966**	3,805
Profit before income tax	31	**46,797**	37,087
Income tax expense	33	**(10,385)**	(6,346)
Net profit for the year		**36,412**	30,741
Attributable to:			
Shareholders of the Company		**38,338**	25,973
Minority interests		**(1,926)**	4,768
		36,412	30,741
Earnings per share (Cents):	34		
- basic		**8.45**	5.73
- fully diluted		**8.43**	5.73

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY
Year ended December 31, 2005

Group	Issued capital $'000	Share premium $'000	Asset revaluation reserve $'000	Hedge reserve $'000	Option reserve $'000	Exchange fluctuation reserve $'000	Reserve on consolidation $'000	Other capital reserves $'000	Retained profits $'000	Dividend reserve $'000	Attributable to shareholders of the Company $'000	Minority interests $'000	Total $'000
Balance as at January 1, 2004 as previously reported	453,024	121,092	216,918	-	-	(37,817)	19,899	-	143,052	9,060	925,228	49,649	974,877
Retrospective effect of changes in accounting policies (Note 2)													
- FRS 10	-	-	-	-	-	-	-	-	9,060	(9,060)	-	-	-
- FRS 21	-	-	-	-	-	44,418	-	-	(44,418)	-	-	-	-
Balance as restated	453,024	121,092	216,918	-	-	6,601	19,899	-	107,694	-	925,228	49,649	974,877
Exchange fluctuation differences	-	-	-	-	-	(11,071)	-	-	-	-	(11,071)	(303)	(11,374)
Deficit arising during the year	-	-	(2,439)	-	-	-	-	-	-	-	(2,439)	-	(2,439)
Share of revaluation reserve of associates arising during the year	-	-	(851)	-	-	-	-	-	-	-	(851)	-	(851)
Adjustment arising from acquisition of additional interest in a subsidiary	-	-	58,137	-	-	-	-	-	-	-	58,137	-	58,137
Net gain (loss) not recognised in the consolidated profit and loss statement	-	-	54,847	-	-	(11,071)	-	-	-	-	43,776	(303)	43,473
Transfer to profit and loss statement during the year	-	-	(270)	-	-	-	-	-	-	-	(270)	-	(270)
Net profit for the year	-	-	-	-	-	-	-	-	25,973	-	25,973	4,768	30,741
Final dividend for the previous year, paid (Note 35)	-	-	-	-	-	-	-	-	(9,060)	-	(9,060)	-	(9,060)
Balance as at December 31, 2004	453,024	121,092	271,495	-	-	(4,470)	19,899	-	124,607	-	985,647	54,114	1,039,761

STATEMENTS OF CHANGES IN EQUITY (cont'd)
Year ended December 31, 2005

Group	Issued capital $'000	Share premium $'000	Asset revaluation reserve $'000	Hedge reserve $'000	Option reserve $'000	Exchange fluctuation reserve $'000	Reserve on consolidation $'000	Other capital reserves $'000	Retained profits $'000	Dividend reserve $'000	Attributable to shareholders of the Company $'000	Minority interests $'000	Total $'000
Prospective effect of changes in accounting policies (Note 2)													
- FRS 39	-	-	-	356	-	(1,383)	-	-	1,383	-	356	-	356
- FRS 103	-	-	-	-	-	-	(19,899)	-	36,505	-	16,606	-	16,606
Exchange fluctuation differences	-	-	-	-	-	(5,336)	-	-	-	-	(5,336)	213	(5,123)
Adjustment arising from acquisition of additional interest in a subsidiary	-	-	-	-	-	-	1,990	-	-	-	1,990	-	1,990
Gain on available-for-sale investments	-	-	-	-	-	-	-	1,927	-	-	1,927	-	1,927
Gain on cash flow hedge	-	-	-	152	-	-	-	-	-	-	152	-	152
Net gain (loss) not recognised in the consolidated profit and loss statement	-	-	-	152	-	(5,336)	1,990	1,927	-	-	(1,267)	213	(1,054)
Transfer to profit and loss statement during the year	-	-	(3,606)	-	-	-	-	-	-	-	(3,606)	-	(3,606)
Share-based payments during the year	-	-	-	-	211	-	-	-	-	-	211	-	211
Net movement during the year	-	-	-	-	-	-	-	-	-	-	-	(176)	(176)
Net profit for the year	-	-	-	-	-	-	-	-	38,338	-	38,338	(1,926)	36,412
Final dividend for the previous year, paid (Note 35)	-	-	-	-	-	-	-	-	(18,121)	-	(18,121)	-	(18,121)
Issue of shares	1,015	-	-	-	-	-	-	-	-	-	1,015	-	1,015
Balance as at December 31, 2005	454,039	121,092	267,889	508	211	(11,189)	1,990	1,927	182,712	-	1,019,179	52,225	1,071,404

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY (cont'd)
Year ended December 31, 2005

Company	Issued capital $'000	Share premium $'000	Asset revaluation reserve $'000	Exchange fluctuation reserve $'000	Hedge reserve $'000	Option reserve $'000	Retained profits $'000	Dividend reserve $'000	Total $'000
Balance as at January 1, 2004									
as previously reported	453,024	120,885	110,785	(5,668)	-	-	2,296	9,060	690,382
Retrospective effect of changes									
in accounting policies (Note 2)									
- FRS 10	-	-	-	-	-	-	9,060	(9,060)	-
- FRS 21	-	-	-	5,668	-	-	(5,668)	-	-
Balance as restated	453,024	120,885	110,785	-	-	-	5,688	-	690,382
Net profit for the year	-	-	-	-	-	-	22,184	-	22,184
Final dividend for the previous									
year, paid (Note 35)	-	-	-	-	-	-	(9,060)	-	(9,060)
Balance as at December 31, 2004	453,024	120,885	110,785	-	-	-	18,812	-	703,506
Gain on cash flow hedge	-	-	-	-	138	-	-	-	138
Share-based payments									
during the year	-	-	-	-	-	211	-	-	211
Net profit for the year	-	-	-	-	-	-	19,489	-	19,489
Final dividend for the previous									
year, paid (Note 35)	-	-	-	-	-	-	(18,121)	-	(18,121)
Issue of shares	1,015	-	-	-	-	-	-	-	1,015
Balance as at December 31, 2005	454,039	120,885	110,785	-	138	211	20,180	-	706,238

See accompanying notes to financial statements.

CONSOLIDATED CASH FLOW STATEMENT
Year ended December 31, 2005

	Group 2005 $'000	Group 2004 $'000 (restated)
Cash flows from operating activities:		
Profit before income tax and share of results of associates	**35,831**	33,282
Adjustments for:		
Amortisation of expenditure carried forward and intangible assets	**371**	1,896
Depreciation expense	**35,404**	39,594
Intangible assets written off	**-**	6
Plant and equipment written off	**231**	2,410
Release of negative goodwill	**-**	(227)
Loss on available-for-sale investments	**-**	488
Interest expense	**18,140**	14,817
Interest income	**(1,372)**	(1,957)
Dividend income	**(359)**	(1,232)
Loss (Gain) on disposal of investment properties	**68**	(139)
Gain on disposal of property, plant and equipment	**(14,108)**	(395)
Gain on disposal of subsidiary	**(2,105)**	-
(Gain) Loss on disposal of available-for-sale investments	**(105)**	695
Impartment loss on held-for-trading investments	**-**	1,071
Share option expense	**211**	-
Deficit arising from revaluation of investment properties	**-**	2,133
Profit before working capital changes	**72,207**	92,442
Held-for-trading investments	**(23,985)**	1,463
Receivables and prepayments	**(3,601)**	5,604
Inventories	**(729)**	436
Completed properties held for sale	**1,710**	-
Payables and accrued expenses	**2,670**	(9,843)
Cash generated from operations	**48,272**	90,102
Dividend paid	**(18,121)**	(9,060)
Dividend received	**359**	1,232
Interest paid	**(18,140)**	(14,817)
Interest received	**1,372**	1,957
Income tax paid	**(6,694)**	(8,603)
Net cash from operating activities	**7,048**	60,811

CONSOLIDATED CASH FLOW STATEMENT (cont'd)
Year ended December 31, 2005

	Group	
	2005	**2004**
	$'000	**$'000**
		(restated)
Cash flows from investing activities:		
Acquisition of subsidiaries (Note A)	**-**	(6,040)
Disposal of subsidiary (Note B)	**4,825**	-
Acquisition of additional interest in subsidiary	**(8,527)**	(10,229)
Additional intangible assets	**(66)**	(156)
Additional investment properties	**(189)**	(37)
Additional property, plant and equipment	**(65,209)**	(44,521)
Development properties and expenditure	**1,726**	(3,760)
Net investment in associates	**16,113**	18,945
Proceeds from disposal of investment properties	**944**	633
Proceeds from disposal of available-for-sale investments	**4,460**	20,592
Proceeds from disposal of property, plant and equipment	**34,093**	682
Advances from (Repayment to) minority shareholders	**10,066**	(2,533)
Net cash used in investing activities	**(1,764)**	(26,424)
Cash flows from financing activities:		
Additional (Repayment of) bank loans	**21,360**	(51,578)
Proceeds from issue of shares	**1,015**	-
Net cash from (used in) financing activities	**22,375**	(51,578)
Net effect of exchange rate changes in consolidation	**(306)**	(3,583)
Net increase (decrease) in cash and bank balances	**27,353**	(20,774)
Cash and bank balances at beginning of year	**63,573**	84,347
Cash and bank balances at end of year	**90,926**	63,573

Note A: Summary of cash flows arising from acquisition of subsidiaries

The fair values of the assets and liabilities acquired were as follows:		
Current assets	-	2,997
Current liabilities	-	(973)
Net current assets	-	2,024
Property, plant and equipment	-	812
Other non-current liabilities	-	(713)
Net assets acquired	-	2,123
Goodwill on consolidation	-	4,694
Purchase consideration	-	6,817
Cash of subsidiaries acquired	-	(777)
Cash flows arising from acquisition of subsidiaries	-	6,040

CONSOLIDATED CASH FLOW STATEMENT (cont'd)
Year ended December 31, 2005

	Group	
	2005	**2004**
	$'000	**$'000**
Note B : Summary of cash flows arising from disposal of subsidiary		
Current assets	**6,083**	-
Current liabilities	**(3,131)**	-
Net current assets	**2,952**	-
Property, plant and equipment	**2,609**	-
Other non-current assets	**128**	-
Other non-current liabilities	**(160)**	-
Net assets	**5,529**	-
Realisation of exchange fluctuation reserve	**343**	-
	5,872	-
Share of net assets disposed	**2,995**	-
Gain on disposal of subsidiary	**2,105**	-
Proceeds from disposal of subsidiary	**5,100**	-
Cash of subsidiary disposed	**(275)**	-
Cash flows arising from disposal of subsidiary	**4,825**	-

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

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 joint venture company are described in Notes 40, 41 and 18 respectively to the financial statements.

The consolidated financial statements of the Group and balance sheet and statement of changes in equity of the Company for the year ended December 31, 2005 were authorised for issue by the Board of Directors on March 8, 2006.

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").

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") issued by the Council on Corporate Disclosure and Governance that are relevant to its operations and effective for annual periods beginning on or after January 1, 2005. The adoption of these new/revised FRSs and INT FRSs have no material effect on the financial statements except as disclosed below and in the notes to financial statements.

a) FRS 39 – Financial Instruments: Recognition and Measurement

FRS 39 requires the recognition and measurement of financial assets and liabilities. The new accounting standard moves measurement from a cost base to a fair value base for certain categories of financial assets and liabilities. The change in accounting policy has been accounted for prospectively in accordance with the transitional provisions of FRS 39.

Derivative financial instruments with fair values of $356,000 (assets) as at January 1, 2005, were recognised on the balance sheet and the resulting adjustments transferred to the hedge reserve. Exchange differences arising on monetary items that do not qualify as hedging instruments are to be recognised in the profit and loss statement. Accordingly, an exchange gain of $1,383,000 was transferred from exchange fluctuation reserve to opening retained profits as at January 1, 2005.

As the revised accounting policy has been applied prospectively, the change has no impact on amounts reported for the financial year ended December 31, 2004 or prior periods.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

b) *FRS 102 – Share-based Payment*

FRS 102 requires the recognition of equity-settled share-based payments at fair value at the date of grant. Prior to the adoption of FRS 102, the Group did not recognise the financial effect of share-based payments until such payments were settled.

In accordance with the transitional provisions of FRS 102, the accounting standard has been applied retrospectively to all grants of equity instruments after November 22, 2002 that were unvested as at January 1, 2005.

The change in accounting policy has no impact on the financial statements for the financial year ended December 31, 2004 as there were no options granted after November 22, 2002 but before January 1, 2005 that were unvested as at January 1, 2005.

For the financial year ended December 31, 2005, the impact of share-based payments is a net charge to the profit and loss statement of $211,000. At December 31, 2005, the option reserve amounted to $211,000.

The share-based payments expense has been included in the profit and loss statement and classified as administrative expenses.

c) *FRS 103 – Business Combinations*

Goodwill

FRS 103 has been adopted for financial years beginning on or after July 1, 2004. The option of limited retrospective application of the accounting standard has not been taken up, thus avoiding the need to restate past business combinations.

After initial recognition, FRS 103 requires goodwill acquired in a business combination to be carried at cost less any accumulated impairment losses. Under FRS 36 *Impairment of Assets* (as revised in 2004), impairment reviews are required annually or more frequently if there are indication that goodwill might be impaired. FRS 103 prohibits the amortisation of goodwill. Previously, under FRS 22, the Group carried goodwill in its balance sheet at cost less accumulated amortisation and accumulated impairment losses. Amortisation was charged over the estimated useful life of the goodwill, subject to the rebuttable presumption that the maximum useful life of goodwill was 20 years.

In accordance with the transitional provisions of FRS 103, the Group has applied the revised accounting policy for goodwill prospectively from the beginning of its first annual period beginning on or after July 1, 2004, to goodwill acquired in business combinations. Therefore, from January 1, 2005, the Group has discontinued amortising such goodwill and has tested the goodwill for impairment in accordance with FRS 36. At January 1, 2005, the carrying amount of amortisation accumulated before that date of $1,742,000 has been eliminated, with a corresponding decrease in gross carrying amount of goodwill leaving the net carrying amount of goodwill unchanged.

Because the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for the financial year ended December 31, 2004 or prior periods.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as negative goodwill)

FRS 103 requires that, after reassessment, any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination should be recognised immediately in the profit or loss statement. FRS 103 prohibits the recognition of negative goodwill in the balance sheet.

Previously, under FRS 22 (superseded by FRS 103), the Group released negative goodwill to profit and loss statement over a number of accounting periods, based on an analysis of the circumstances from which the balance resulted. Negative goodwill was reported as a deduction from assets in the balance sheet.

In accordance with the transitional provisions of FRS 103, the Group has applied the revised accounting policy prospectively from January 1, 2005. Therefore, the change has had no impact on amounts reported for the financial year ended December 31, 2004 or prior periods.

The carrying amount of negative goodwill of $16,606,000 and reserves on consolidation (previously recognised under FRS 22) of $19,899,000 have been derecognised as at January 1, 2005. Such adjustments were taken to opening retained profits.

d) FRS 21 – The Effects of Changes in Foreign Exchange Rates

i) FRS 21 requires 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) to be taken to the profit and loss statement of the Company.

The accounting standard has been applied retrospectively. An exchange loss amounting to $5,668,000 was adjusted against opening retained profits of the Company as at January 1, 2004. Exchange gains arising during the financial year ended December 31, 2004 amounting to $5,210,000 was taken to the profit and loss statement of the Company for the financial year ended December 31, 2004.

This change has no impact on the consolidated financial statements of the Group.

ii) FRS 21 requires that exchange differences that arise on translating a monetary item that forms part of a reporting entity's net investment in a foreign operation which is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation shall not be classified as a separate component of equity in the consolidated financial statements.

The accounting standard has been applied retrospectively. Exchange losses amounting to $44,418,000 were adjusted against opening retained profits of the Group as at January 1, 2004. Exchange gains arising during the financial year ended December 31, 2004 amounting to $4,601,000 were taken to the consolidated profit and loss statement of the Group for the financial year ended December 31, 2004.

The effect of FRS 21 on basic and fully diluted earnings per share for 2004 is as follows:
Basic earnings per share : Increase of 1.01 cents
Fully diluted earnings per share : Increase of 1.01 cents

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

e) FRS 10 – Events after the Balance Sheet Date

FRS 10 requires that dividends declared after the balance sheet date to holders of equity instruments shall not be recognised as a separate component of the Group (dividend reserve). Such dividends are disclosed in the notes to the financial statements.

The accounting standard has been applied retrospectively. The dividend reserve amounting to $9,060,000 was adjusted against opening retained profits of the Group and Company as at January 1, 2004. The dividend reserve of $18,121,000 arising during the financial year ended December 31, 2004 was taken to retained profits of the Group and Company for the financial year ended December 31, 2004.

f) FRS 1 – Presentation of Financial Statements

FRS 1 requires financial liabilities to be classified as current when they are due to be settled within twelve months after the balance sheet even if an agreement to refinance, or to reschedule payments on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue.

FRS 1 also requires any income and expense not to be presented as extraordinary items either on the face of the profit and loss statement or in the notes to the financial statements.

The accounting standard has been applied retrospectively. Bank loan of $6,536,000 which were due to be settled within the next twelve months from December 31, 2004 but agreement to refinance was obtained before the financial statements were authorised were reclassified from non-current liabilities to current liabilities as at December 31, 2004.

Loss due to property damage for the Group's two resorts in the Republic of Maldives as a result of tidal waves caused by an underwater earthquake in December 2004 were reclassified from extraordinary item to non-operating expense.

The Group is currently evaluating the provisions of FRSs and INT FRSs that were issued as at the date of authorisation of the financial statements but not yet effective until future periods. Preliminary assessment by the Group indicates that the adoption of these FRSs and INT FRSs will have no material financial impact on the consolidated financial statements of the Group except the adoption of FRS 40 – *Investment Property* and Amendments relating to net investment in a foreign operation of FRS 21.

FRS 40 – Investment Property

FRS 40 will be effective for annual periods beginning on or after January 1, 2007. The Group presently uses the revaluation model. Under the revaluation model, increases in carrying amounts above a cost-based measure are recognised as revaluation surplus in the revaluation reserve. FRS 40 allows for a choice between the fair value model or cost model. The fair value model reflects the current market value of the asset at the balance sheet date, with any increase or decrease in value taken to the profit and loss statement. The cost model requires subsequent measurement at cost less any accumulated depreciation and any accumulated impairment losses. The Group has yet to determine the model it will adopt when the standard becomes effective on January 1, 2007.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Had the Group adopted FRS 40 and opted for fair value model in the current financial year, the impact on the financial statements will be as follows:

	2005 $'000	2005 $'000 (Adoption of FRS 40)	2004 $'000	2004 $'000 (Adoption of FRS 40)
Investment properties	274,829	274,829	275,652	275,652
Asset revaluation reserve	267,889	265,262	271,495	268,868
Retained profits	182,712	185,339	124,607	127,234
Profit before income tax	46,797	46,797	37,087	34,228

As it is not possible to reasonably estimate the fair values of the investment properties in future periods, the directors of the Company are therefore unable to determine if the initial adoption of the accounting standard will have a material impact on the consolidated financial statements for the financial year ending December 31, 2007.

FRS 21 – *The Effects of Changes in Foreign Exchange Rates*
Amendments Relating to Net Investment in a Foreign Operation

Amendments relating to net investment in a foreign operation under FRS 21 will be effective for annual periods beginning on or after January 1, 2006. The Group presently recognises exchange differences arising from monetary items that forms part of the reporting entity's net investment in a foreign operation which is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation in the profit and loss statement. The initial adoption of the amendment under FRS 21 will result in exchange difference arising from the above monetary items that are denominated in currency other than the functional currency of either the reporting entity or the foreign operation to be transferred to the exchange fluctuation reserve.

Had the Group adopted the amendment to FRS 21 in the current financial year, the impact on the financial statements will be as follows:

	2005 $'000	2005 $'000 (Adoption of amendment under FRS 21)	2004 $'000	2004 $'000 (Adoption of amendment under FRS 21)
Exchange fluctuation reserve	(11,189)	(51,006)	(4,470)	(44,287)
Retained profits	182,712	222,529	124,607	164,424
Profit before income tax	46,797	46,797	37,087	32,156

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 profit and loss statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

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

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

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

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investments
Investments are recognised and derecognised 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 the profit or loss statement for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the profit or loss statement for the period. Impairment losses recognised in profit or loss statement for equity investments classified as available-for-sale are not subsequently reversed through the profit or loss statement.

Cash and cash equivalents
Cash and bank balances comprise cash on hand and demand deposits that 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. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Bank borrowings
Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate 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.

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

Equity instruments
Equity instruments issued by the Company 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Hedged accounting is discontinued when the hedged instrument expires or is sold, terminated or exercised, or no longer qualifies as hedged accounting. At that time, the net cumulative gain or loss on the hedging instrument recognised in equity is transferred to the profit or loss statement for the period.

INVENTORIES – Inventories are stated at the lower of cost (moving average/first-in first-out method) and net realisable value. Cost comprises direct materials, and those overheads that have been incurred in bringing the inventories to their present value and condition. Net realisable value represents the estimated selling price less all estimated 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 at the end of the year. When losses are expected, full provision is made in the financial statements after adequate allowance 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. Net realisable value represents the estimated selling price less all estimated costs to be incurred in the marketing and selling.

ASSOCIATES - An associate is an enterprise over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of the investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 associate 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 the consolidated profit or loss statement.

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

JOINT VENTURE COMPANY – A joint venture is a contractual arrangement whereby a company and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control. Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest and are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using proportionate consolidation. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary.

Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture.

PROPERTY, PLANT AND EQUIPMENT – Property, plant and equipment are carried 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 credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the profit and loss statement, in which case the increase is credited to the profit and loss statement to the extent of the decrease previously charged to the profit and loss statement. A decrease in carrying amount arising on the revaluation of freehold land and long-term leasehold land is charged to profit and loss statement 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Operating equipment is written off based on periodic physical inventory. 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

Depreciation is not provided on freehold and long-term leasehold land and construction-in-progress.

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 the profit and loss statement.

INVESTMENT PROPERTIES - Investment properties are held on a long-term basis for investment potential and income. Investment properties are stated at periodic valuation on an open market value for existing use basis. Professional valuations are obtained at least once in 3 years. Any revaluation surplus arising on the revaluation of investment properties is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation deficit for the same asset previously recognised as an expense, in which case the surplus is credited to the profit and loss statement to the extent of the deficit previously charged. A deficit in carrying amount arising on the revaluation of investment properties is charged as an expense to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset. The asset revaluation reserve is released to the profit and loss statement as and when the related revalued property is sold.

INTANGIBLE ASSETS - These comprise goodwill and franchise rights. Franchise rights are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives, but not exceeding 20 years.

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represent the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

The Group's policy for goodwill arising on the acquisition of an associate is described under "Associates" above.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL – At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets 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.

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 the profit and loss statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss statement, 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 – Rental payable under operating leases are charged to profit and loss on a straight-line basis over the term of the relevant lease. Benefits received or receivables 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 as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

CURRENT ASSETS AND LIABILITIES – These are classified according to their realisation or settlement in the normal course of the company's operating cycle which may be in excess of one year.

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

(a) Sales other than revenue from development properties are recognised when significant risks and rewards of ownership are transferred to the buyer and the amount of revenue and costs of the transaction (including future costs) can be measured reliably;

(b) 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;

(c) Rental income is recognised on a time proportion basis;

(d) Management fee income is recognised when services are rendered;

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

(f) 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 the profit or loss in the period in which they are incurred.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 profit and loss 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 that have been enacted or substantively enacted by the balance sheet date in countries where the respective companies operate.

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 and associates, and interests in joint ventures, 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 each balance sheet date 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 that are expected to apply in the period when the liability is settled or the asset realised. 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.

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 balance sheet 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 transaction. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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 on the balance sheet date. 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 classified as equity and transferred to 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 taken to the exchange fluctuation reserve.

Such reserves are recognised in profit or loss in the period in which the foreign operation is disposed of.

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 FRS 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; 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.

4 FINANCIAL RISK AND MANAGEMENT

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

<u>Interest rate risk</u>
The Group's exposure to the risk of changes in interest rates relates mainly to its bank borrowings which are mainly on floating rate terms. The Group actively reviews its debt portfolio to achieve the most favourable interest rates available. Hedging instruments such as interest rate swaps are used where appropriate to minimise its exposure to interest rate volatility.

4 FINANCIAL RISK AND MANAGEMENT (cont'd)

Foreign exchange risk
The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to United States dollars, Australian dollars, Sterling pounds, Thai baht and Indonesian rupiah.

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

Credit risk
The Group has a diversified portfolio of businesses and at balance sheet date, there were no significant concentration of credit risk with any entity. The Group has guidelines governing the process of granting credit as a service or product provider in its respective segments of business.

Cash and bank balances are held with reputable financial institutions.

The carrying amount of trade and other receivables, cash and bank balances and advances to associates represent the maximum credit risk exposure at the balance sheet date.

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.

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 the individual security or its issuer or factors affecting all securities trade in the market.

The Group has invested in various securities, the majority of which are quoted in Singapore. The valuations and liquidity of those investments are subject to market risk.

Fair values of financial assets and financial liabilities

(a) Short-term financial assets and financial liabilities
The fair values of short-term financial assets and liabilities approximate their carrying amounts because of their immediate or short-term maturity.

(b) Long-term financial assets and financial liabilities
The fair values of long-term financial liabilities comprising mainly long-term borrowings approximate their carrying amounts as they are based on floating interest rates.

It was not practical to estimate the fair values of advances to/from subsidiaries/associates/minority shareholders as at December 31, 2004 due to a lack of repayment terms as agreed between the contracting parties. The directors believe that the fair values would not differ significantly from the carrying amounts recorded in the balance sheet.

5 RELATED PARTY TRANSACTIONS

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.

The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

a) Significant transactions with such related parties during the year are as follows:

	Group	
	2005	**2004**
	$'000	**$'000**
Transactions with companies in which certain directors are deemed to have interests:		
Management fee expense	**643**	724
Management fee income	**(1,288)**	(640)
Rental income	**(8,641)**	(8,218)
Transactions with associates:		
Management fee income	**(1,399)**	(1,239)
Interest income	**-**	(1,061)

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

	Group	
	2005	**2004**
	$'000	**$'000**
Short-term benefits	**5,208**	4,285
Post-employment benefits	**289**	231
Share-based payments	**98**	-

6 CASH AND BANK BALANCES

a) As at December 31, 2005, cash and bank balances of approximately $2,408,000 (2004: $529,000) were held under the Housing Developers (Project Account) Rules, withdrawals from which are restricted to payments for expenditure incurred on projects to which they relate.

b) As at December 31, 2005, cash and bank balances of approximately $137,000 (2004: $152,000) were pledged to the banks to secure credit facilities for certain subsidiaries of the Group.

c) The bank deposits of the Group bear annual interest ranging from 0% to 5.4% (2004: 0% to 5.15%). The interest rate is re-fixed on a short-term basis typically 6 months or less.

d) The cash and bank balances that are not denominated in the functional currencies of the respective entities are as follow:

	Group		Company	
	2005	**2004**	**2005**	**2004**
	$'000	**$'000**	**$'000**	**$'000**
United States dollars	**20,985**	17,478	**7**	469
Sterling pounds	**15,274**	1,821	**15,236**	1,472
Indonesian rupiah	**1,616**	1,574	**-**	-
Australian dollars	**550**	375	**11**	5
Singapore dollars	**226**	19	**-**	-

7 HELD-FOR-TRADING INVESTMENTS

	Group	
	2005	**2004**
	$'000	**$'000**
Quoted equity shares, at fair value	**27,879**	3,894

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

Held-for-trading investments that are not denominated in the functional currencies of the respective entities are as follow:

	Group	
	2005	**2004**
	$'000	**$'000**
Malaysian ringgit	**550**	3,892
Hongkong dollars	**3**	2

8 TRADE RECEIVABLES

	Group		Company	
	2005	**2004**	**2005**	**2004**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables	**17,742**	24,502	**1,757**	1,510
Less: Allowances for doubtful receivables	**(298)**	(352)	**(79)**	(80)
	17,444	24,150	**1,678**	1,430

The trade receivables that are not denominated in the functional currencies of the respective entities are as follow:

	Group	
	2005	**2004**
	$'000	**$'000**
Indonesian rupiah	**831**	1,537
Australian dollars	**46**	-
Malaysian ringgit	**116**	180

9 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2005	**2004**	**2005**	**2004**
	$'000	**$'000**	**$'000**	**$'000**
Prepayments and deposits for acquisition of capital assets	**11,876**	236	**-**	-
Insurance claims	**-**	6,010	**-**	-
Other deposits	**659**	1,218	**-**	-
Other receivables	**1,965**	1,822	**562**	435
Other prepayments	**6,225**	4,175	**309**	301
Rental deposits	**30**	570	**-**	-
Tax recoverable	**336**	58	**-**	-
Total	**21,091**	14,089	**871**	736

Other receivables that are not denominated in the functional currencies of the respective entities are as follow:

	Group		Company	
	2005	**2004**	**2005**	**2004**
	$'000	**$'000**	**$'000**	**$'000**
United States dollars	**201**	728	**-**	48
Singapore dollars	**-**	6,000	**-**	-
Indonesian rupiah	**383**	355	**-**	-
Chinese renminbi	**325**	-	**-**	-

10 DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Interest rate swaps				
Current	**370**	-	**-**	-
Non-current	**138**	-	**138**	-

The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings. Contracts with nominal values of $134 million have interest payments at a weighted average rate of 2% per annum as at December 31, 2005, and have floating interest receipts at Swap Offer Rate. The interest rate swaps have maturity dates ranging from 2006 to 2008.

The fair values of swaps entered into at December 31, 2005 are estimated at $508,000 (2004: $356,000). These amounts are based on quoted market prices for equivalent instruments at the balance sheet date. All of these interest rate swaps are designated and effective as cash flow hedges and the fair values thereof have been deferred in equity.

11 INVENTORIES

	Group		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
At cost:				
Saleable merchandise	**3,084**	4,458	**142**	162
Operating supplies	**2,202**	2,492	**27**	30
	5,286	6,950	**169**	192
Saleable merchandise carried at net realisable value	**651**	638	**-**	-
Total	**5,937**	7,588	**169**	192

12 DEVELOPMENT PROPERTIES

	Group	
	2005	2004
	$'000	$'000
Cost incurred and attributable profits	**88,838**	35,380
Less: Progress payments received and receivable	**(24,674)**	(1,038)
Less: Impairment loss	**(3,023)**	(2,945)
Net	**61,141**	31,397

Finance costs of $350,000 (2004: $86,000) 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 2.52% to 4.27% (2004: 2.05% to 2.52%) per annum.

12 DEVELOPMENT PROPERTIES (cont'd)

Had the Group adopted the completion of construction method in the current financial year, the following would have been reported in the financial statements for the year ended December 31, 2005.

	Before adoption $'000	After adoption $'000
Retained profits as at January 1, 2005	124,607	124,458
Revenue	304,185	283,587
Profit for the year	36,412	32,415
Development properties as at January 1, 2005	31,397	31,211
Development properties as at December 31, 2005	61,141	57,376
Asset revaluation reserve	267,889	271,765

13 COMPLETED PROPERTIES HELD FOR SALE

Location	Title	Description
Four Seasons Park 10 and 12 Cuscaden Walk, Singapore 249692	Freehold	5 (2004: 6) condominium units with an aggregate floor area of approximately 15,197 (2004: 19,018) square feet
Sailmakers Court Townmead Road, London, United Kingdom	Leasehold (999 years from December 25, 1989)	1 (2004: 1) apartment unit with an aggregate floor area of approximately 1,373 (2004: 1,373) square feet

14 ASSOCIATES

	Group		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Cost of investments in associates	**168,741**	166,826	**245**	-*
Share of post-acquisition results and reserves net of dividend received	**(140,602)**	(144,477)	**-**	-
Due from associates	**13,082**	41,517	**2,978**	12,322
Net	**41,221**	63,866	**3,223**	12,322

* The Company's cost of investment in unquoted equity shares is $3.

The amounts due from associates as at December 31, 2004 were substantially non-trade in nature, unsecured, interest-free and not expected to be repaid within the next twelve months.

14 ASSOCIATES (cont'd)

The amounts due from associates of $13,082,000 as at December 31, 2005 are in substance net investment in the associates. The amounts due from associates to the Group and Company of $39,057,000 and $11,557,000 respectively are unsecured, interest-free and repayable on demand. Such amounts are classified as current assets as at December 31, 2005.

The amount due to associate of $19,244,000 (2004: Nil) as at December 31, 2005 are unsecured, interest-free and repayable on demand. The amount of $18,787,000 is denominated in Sterling pounds.

Amount due from associates that are not denominated in the functional currencies of the respective entities are as follow:

	Group	
	2005	**2004**
	$'000	**$'000**
Non-current:		
Australian dollars	**-**	1,886
Malaysian ringgit	**10,613**	9,566
United States dollars	**-**	10,314
Sterling pounds	**-**	6,662
Current:		
Malaysian ringgit	**1,380**	-
United States dollars	**12,491**	-
Sterling pounds	**10,958**	-

Information relating to significant associates is shown in Note 41 to the financial statements.

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

	Group	
	2005	**2004**
	$'000	**$'000**
Balance sheet		
Total assets	**439,821**	494,787
Total liabilities	**(320,004)**	(395,434)
Net assets	**119,817**	99,353
Group's share of associates' net assets	**28,139**	22,349
Profit and loss statement		
Revenue	**276,488**	310,281
Profit for the year	**43,689**	15,515
Group's share of results of associates	**10,966**	3,805

The Group had not recognised losses arising in the current financial year amounting to $199,000 (2004: $403,000) in an associate. The accumulated losses not recognised were $411,000 (2004: $775,000).

15 SUBSIDIARIES

	Company	
	2005	**2004**
	$'000	**$'000**
Total advances to subsidiaries	**524,251**	497,076
Less: Impairment loss	**(11,787)**	(15,563)
	512,464	481,513
Less: Amount classified as current asset	**(436,610)**	-
Non-current advances to subsidiaries	**75,854**	481,513
Unquoted equity shares, at cost	**174,278**	190,778
Total	**250,132**	672,291

The advances to subsidiaries of $75,854,000 as at December 31, 2005 bear interest at rates ranging from 2.1% to 3.3% per annum, are unsecured and substantially non-trade in nature. The amounts due from subsidiaries of $436,610,000 as at December 31, 2005 are unsecured, interest-free and repayable on demand.

The advances to subsidiaries of $481,513,000 as at December 31, 2004 were unsecured, substantially non-trade in nature and were not expected to be repaid within the next twelve months. About 20% of these advances bore interest at rates ranging from 1.9% to 2.2% per annum and the balance was non-interest bearing.

The amounts due to subsidiaries of $44,465,000 as at December 31, 2005 are unsecured, interest-free and repayable on demand. The advances from subsidiaries of $60,376,000 as at December 31, 2004 were unsecured, interest-free and not expected to be repaid within the next twelve months.

The reversal of impairment loss arose as the recoverable amount of certain subsidiaries have improved.

During the financial year, interest income from subsidiaries amounted to $2,602,000 (2004: $1,841,000).

The advances to subsidiaries and amount due from subsidiaries that are not denominated in the functional currencies of the Company are as follow:

	Company	
	2005	**2004**
	$'000	**$'000**
Non-current:		
United States dollars	**-**	70,214
Australian dollars	**-**	1,886
Current:		
United States dollars	**63,933**	-

Information relating to subsidiaries is shown in Note 40 to the financial statements.

16 AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2005	**2004**
	$'000	**$'000**
Quoted equity shares, at cost	**-**	332
Unquoted equity shares, at cost	**-**	15,438
Other unquoted investments, at cost	**-**	1,634
Unquoted equity shares, at fair value	**7,411**	-
Less: Impairment loss	**-**	(5,931)
Net	**7,411**	11,473
Market values of quoted equity shares	**-**	453

The fair values of the unquoted equity shares are determined based on the net asset values of these investments which approximate the fair values.

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

	Group	
	2005	**2004**
	$'000	**$'000**
United States dollars	**7,411**	9,839

17 PREPAYMENTS

	Group	
	2005	**2004**
	$'000	**$'000**
Prepaid rent	**1,462**	1,409
Less: Current portion included in prepayments (Note 9)	**(108)**	(111)
	1,354	1,298

18 JOINT VENTURE COMPANY

Information relating to the joint venture company is as follows:

Name of Joint Venture Company	Principal Activity	Country of Incorporation/ Place of Business	Group's Effective Equity Interest 2005	2004
Hermill Investments Pte Ltd	Investment holding and letting out of properties	Singapore	59%	59%

The following amounts are included in the Group's consolidated financial statements as a result of proportionate consolidation of the joint venture company:

	2005 $'000	2004 $'000
Balance sheet		
Current assets	**656**	12,364
Non-current assets	**198,018**	198,007
Less: Current liabilities	**(3,552)**	(5,818)
Non-current liability	**(102,967)**	(115,640)
Net assets	**92,155**	88,913
Profit and loss statement		
Revenue	**9,472**	9,562
Expenses	**(6,601)**	(6,896)

The above profit includes the following (charges) credits:

Amortisation of expenditure carried forward	**-**	(32)
Deficit arising from revaluation of investment property	**-**	(339)
Interest expense to non-related companies	**(3,034)**	(2,799)
Interest income from non-related companies	**58**	84
Rental income from enterprises in which certain directors are deemed to have interests	**2,315**	2,141
Rental income from investment property	**8,809**	8,888

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, 2004	457,289	116,872	545,544	242,532	7,797	1,370,034
Additions	8,763	-	2,837	15,407	20,898	47,905
Arising from acquisition of subsidiaries	73,164	-	5,085	4,292	-	82,541
Disposals	-	-	(12,140)	(11,649)	-	(23,789)
Exchange realignment	(4,091)	-	(13,500)	(3,614)	(846)	(22,051)
At December 31, 2004	535,125	116,872	527,826	246,968	27,849	1,454,640
Additions	677	-	4,325	13,787	47,135	65,924
Arising from disposal of subsidiary	-	-	-	(9,094)	-	(9,094)
Transfer to development properties during the year	(31,120)	-	-	-	(4,626)	(35,746)
Disposals	(4,185)	-	(21,255)	(24,298)	-	(49,738)
Exchange realignment	(1,509)	-	389	(249)	289	(1,080)
At December 31, 2005	498,988	116,872	511,285	227,114	70,647	1,424,906
Represented by:						
Valuation	412,340	-	-	-	-	412,340
Cost	86,648	116,872	511,285	227,114	70,647	1,012,566
	498,988	116,872	511,285	227,114	70,647	1,424,906
Accumulated depreciation:						
At January 1, 2004	7,537	19,707	114,630	176,385	-	318,259
Additions	1,095	1,313	17,670	19,516	-	39,594
Arising from acquisition of subsidiaries	-	-	4,913	4,000	-	8,913
Disposals	-	-	(4,902)	(7,990)	-	(12,892)
Exchange realignment	(318)	-	(3,457)	(2,165)	-	(5,940)
At December 31, 2004	8,314	21,020	128,854	189,746	-	347,934
Depreciation for the year	1,080	1,313	16,642	16,369	-	35,404
Arising from disposal of subsidiary	-	-	-	(6,485)	-	(6,485)
Disposals	-	-	(7,477)	(21,389)	-	(28,866)
Exchange realignment	131	-	58	(139)	-	50
At December 31, 2005	9,525	22,333	138,077	178,102	-	348,037
Impairment loss:						
At January 1, 2004	715	-	2	-	-	717
Exchange realignment	(28)	-	-	-	-	(28)
At December 31, 2004	687	-	2	-	-	689
Exchange realignment	12	-	-	-	-	12
At December 31, 2005	699	-	2	-	-	701
Carrying amount:						
At December 31, 2004	526,124	95,852	398,970	57,222	27,849	1,106,017
At December 31, 2005	488,764	94,539	373,206	49,012	70,647	1,076,168

19 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold and leasehold land $'000	Buildings and improvements $'000	Plant and equipment, furniture, fixtures and fittings $'000	Total $'000
Company				
Cost or valuation:				
At January 1, 2004	208,800	24,681	72,044	305,525
Additions	-	251	4,169	4,420
Disposals	-	-	(2,366)	(2,366)
At December 31, 2004	208,800	24,932	73,847	307,579
Additions	-	13	3,799	3,812
Disposals	-	-	(1,890)	(1,890)
At December 31, 2005	208,800	24,945	75,756	309,501
Represented by:				
Valuation	208,800	-	-	208,800
Cost	-	24,945	75,756	100,701
	208,800	24,945	75,756	309,501
Accumulated depreciation:				
At January 1, 2004	-	13,741	61,278	75,019
Additions	-	420	5,102	5,522
Disposals	-	-	(1,875)	(1,875)
At December 31, 2004	-	14,161	64,505	78,666
Depreciation for the year	-	422	3,485	3,907
Disposals	-	-	(1,541)	(1,541)
At December 31, 2005	-	14,583	66,449	81,032
Carrying amount:				
At December 31, 2004	208,800	10,771	9,342	228,913
At December 31, 2005	208,800	10,362	9,307	228,469

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 valuation is carried out as and when the directors consider it necessary and appropriate. The revaluation surplus of the Company and of the Group has been recorded in the asset revaluation reserve in the respective financial statements. During the preceding financial year, the Group revalued a long-term leasehold land of a subsidiary following the acquisition of additional equity interest in that subsidiary. The long-term leasehold land is stated at valuation based on projected future cash flow of the leasehold land.

Had the freehold and long-term leasehold land been carried at historical cost, their carrying amounts for the Group and Company would have been approximately $136 million (2004: $144 million) and $98 million (2004: $98 million) respectively.

Finance costs of $723,000 (2004: $49,000) arising from financing specifically entered into for the development of property are capitalised during the financial year. The rates of interest relating to finance costs range from 3.56% to 6.02% (2004: 3.18% to 3.94%) per annum.

As at December 31, 2005, certain property, plant and equipment with total carrying amount of $891 million (2004: $926 million) were mortgaged to banks to secure credit facilities for the Company and respective subsidiaries of the Group.

20 INVESTMENT PROPERTIES

In accordance with the accounting policy of the Group, the investment properties are stated at valuation based on the professional valuation carried out by two independent firms of valuers, DTZ Debenham Tie Leung (SEA) Pte Ltd and Associated Property Consultants Pte Ltd, for the different investment properties in December 2004 and January 2005 on the basis of open market value for existing use. Additions subsequent to December 31, 2004 are carried at cost until the next valuation.

As at December 31, 2005, certain investment properties amounting to approximately $264 million (2004: $264 million) were mortgaged to banks to secure credit facilities for the respective subsidiaries of the Group.

21 EXPENDITURE CARRIED FORWARD

Previously expenditure carried forward comprised transaction costs on borrowings which were amortised on a straight-line basis over the period of the borrowings. Following the adoption of FRS 39, borrowings are initially recognised at fair value less transaction costs and subsequently accounted for at amortised cost using the effective interest method. Accordingly, expenditure carried forward has been offset against borrowings at the beginning of the year.

22 INTANGIBLE ASSETS

	Goodwill $'000	Franchise rights $'000	Total $'000
Group			
Cost:			
At January 1, 2004	9,586	6,862	16,448
Additions	-	101	101
Arising from acquisition of subsidiaries	9,107	-	9,107
Write off	(4,622)	(34)	(4,656)
Exchange realignment	(260)	(101)	(361)
At December 31, 2004	13,811	6,828	20,639
Additions	-	67	67
Arising from disposal of subsidiary	-	(652)	(652)
Elimination of amortisation accumulated prior to the adoption of FRS 103 (Note 2)	(1,742)	-	(1,742)
Exchange realignment	129	(119)	10
At December 31, 2005	12,198	6,124	18,322
Accumulated amortisation:			
At January 1, 2004	5,347	1,464	6,811
Amortisation charge against other non-operating income	1,035	371	1,406
Write off	(4,622)	(28)	(4,650)
Exchange realignment	(18)	(26)	(44)
At December 31, 2004	1,742	1,781	3,523
Amortisation charge against other non-operating income	-	371	371
Arising from disposal of subsidiary	-	(524)	(524)
Elimination of amortisation accumulated prior to the adoption of FRS 103 (Note 2)	(1,742)	-	(1,742)
Exchange realignment	-	(4)	(4)
At December 31, 2005	-	1,624	1,624
Carrying amount:			
At December 31, 2004	12,069	5,047	17,116
At December 31, 2005	12,198	4,500	16,698

22 INTANGIBLE ASSETS (cont'd)

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 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 selling prices and direct costs during the period. Management estimates discounts 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 selling prices 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 4% to 10%. The rates used to discount the forecasted cash flow range from 5% to 6%.

23 CREDIT FACILITIES

	Group		**Company**	
	2005	**2004**	**2005**	**2004**
	$'000	**$'000**	**$'000**	**$'000**
Due after twelve months				
Long-term bank loans (a)				
- secured	**280,427**	313,487	**40,285**	-
- unsecured	**74,812**	150,000	**74,813**	150,000
	355,239	463,487	**115,098**	150,000
Due within twelve months				
Current portion of long-term bank loans (a)				
- secured	**77,490**	23,828	**-**	-
Short-term bank loans (b)				
- secured	**26,879**	26,130	**-**	-
- unsecured	**74,944**	-	**74,944**	-
	179,313	49,958	**74,944**	-
Bankers' guarantees and letters of credit (c)	**5,626**	1,753	**349**	339

(a) Long-term bank loans bear annual interest rates ranging from 0.875% to 1.7% (2004: 0.875% to 1.7%) above cost of funds of the lender banks. The facilities are repayable from 2006 to 2012 (2004: 2005 to 2010). Securities include legal mortgages on properties of the Company and certain subsidiaries (Notes 19 and 20); fixed and floating charges on the assets of the Company and certain subsidiaries; pledge of shares of certain subsidiaries and corporate guarantees from the Company, a subsidiary and certain minority shareholders.

(b) Short-term bank loan bears annual interest rates ranging from 0.875% to 1.1% (2004: 0.875% to 1.5%) above cost of funds and bank bill rate of the lender banks. Securities include legal mortgages on properties of certain subsidiaries (Notes 19 and 20); fixed and floating charges on the assets of certain subsidiaries and corporate guarantee from the Company and certain minority shareholders.

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

(d) Interest rates are re-fixed on a short-term basis typically one year or less.

23 CREDIT FACILITIES (cont'd)

Bank loans that are not denominated in the functional currencies of the respective entities are as follow:

	Group		Company	
	2005	**2004**	**2005**	**2004**
	$'000	**$'000**	**$'000**	**$'000**
United States dollars	**116,398**	100,063	**31,485**	-

24 TRADE PAYABLES

Trade payables that are not denominated in the functional currencies of the respective entities are as follow:

	Group	
	2005	**2004**
	$'000	**$'000**
United States dollars	**549**	699
Indonesian rupiah	**518**	722
Singapore dollars	**25**	71
Euro	**-**	550

25 OTHER PAYABLES

	Group	
	2005	**2004**
	$'000	**$'000**
Accrued employee-related expenses	**6,414**	6,829
Accrued operating expenses	**5,983**	8,528
Deposit received	**1,900**	2,336
Due to companies in which certain directors have interests*	**251**	370
Interest payable to non-related companies	**1,293**	1,126
Other payables	**1,522**	2,574
Accrued renovation/construction cost	**1,406**	1,318
Total	**18,769**	23,081

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

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

	Group	
	2005	**2004**
	$'000	**$'000**
United States dollars	**1,379**	2,180
Indonesian rupiah	**2,217**	2,214
Chinese renminbi	**168**	159

26 DEFERRED TAX ASSETS/LIABILITIES

	Group		Company	
	2005	**2004**	**2005**	**2004**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets	**(154)**	-	**-**	-
Deferred tax liabilities	**5,289**	3,611	**529**	651
Net	**5,135**	3,611	**529**	651

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

	Tax losses $'000	**Accelerated tax depreciation $'000**	**Recognition of profits on uncompleted projects $'000**	**Other temporary differences $'000**	**Total $'000**
Group					
At beginning of year	-	3,337	37	237	3,611
Charge to (Reversal from) profit and loss statement	(154)	1,073	843	(224)	1,538
Exchange realignment	-	(14)	-	-	(14)
Total	(154)	4,396	880	13	5,135
Company					
At beginning of year	-	651	-	-	651
Reversal from profit and loss statement	-	(122)	-	-	(122)
Total	-	529	-	-	529

27 ISSUED SHARE CAPITAL AND OPTIONS

	Group and Company			
	2005	**2004**	**2005**	**2004**
	Number of ordinary share of $1 each		**$'000**	**$'000**
Authorised				
At beginning and end of year	**1,000,000,000**	1,000,000,000	**1,000,000**	1,000,000
Issued and fully paid capital				
At beginning of year	**453,024,410**	453,024,410	**453,024**	453,024
Issue of shares	**1,015,000**	-	**1,015**	-
At end of year	**454,039,410**	453,024,410	**454,039**	453,024

27 ISSUED SHARE CAPITAL AND OPTIONS (cont'd)

Under the Hotel Properties Limited Share Option Scheme, options to subscribe for the Company's ordinary shares may be granted to executives of the Company. The scheme is administered by the Remuneration Committee. The exercise price of the granted options was determined based on the average last business done price for the shares of the Company as shown in the Financial News issued by the Singapore Exchange Securities Trading Limited for the three market days preceding the date of grant. The Remuneration Committee may at its discretion fix the exercise price at a discount not exceeding 20% to the above price. The vesting period is 2 years for options granted at a discounted exercise price, and 1 year for options granted without discount. The share options have a validity period of 10 years from the date of grant, unless they have been forfeited prior to that date.

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

	Group and Company			
	2005		**2004**	
	Number of share options	**Weighted average exercise price $**	**Number of share options**	**Weighted average exercise options $**
Outstanding at the beginning of the year	**3,560,000**	**1.14**	4,470,000	1.14
Granted during the year	**2,050,000**	**1.10**	-	-
Exercised during the year	**(1,015,000)**	**1.00**	-	-
Forfeited during the year	**(175,000)**	**1.19**	(150,000)	1.15
Expired during the year	**-**	**-**	(760,000)	1.10
Outstanding at the end of the year	**4,420,000**	**1.15**	3,560,000	1.14
Exercisable at the end of the year	**2,470,000**		3,560,000	

The weighted average market price at the date of exercise for share options exercised during the year was $1.46. The options outstanding at the end of the year have a weighted average remaining contractual life of 6.42 years (2004: 6.33 years).

The estimated fair value of the options granted on February 28, 2005 is $0.26. The fair value determined using The Black-Scholes pricing model was based on a share price of $1.35 at the date of grant, and an expected life of 2 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferrability, exercise restrictions and behavioural considerations. The risk-free interest rate is based on the yield curve of Singapore Government securities as at grant date. The expected volatility is 26% based on historical volatility of the Company's share prices over the previous 2.5 years.

The Group recognised total expenses of $211,000 (2004: Nil) related to equity-settled share-based payment transactions during the year.

28 RESERVES

Asset revaluation reserve

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

Hedge reserve

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

Option reserve

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

Exchange fluctuation reserve

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.

Reserve on consolidation

Reserve on consolidation 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.

Other capital reserve

Other capital reserve records the cumulative fair value changes of available-for-sale financial assets until they are derecognised.

29 REVENUE AND OTHER OPERATING INCOME

	Group	
	2005	**2004**
	$'000	**$'000**
Revenue		
Sales	**44,814**	22,471
Hotel revenue	**239,862**	278,774
Rental income	**16,565**	16,798
Management fee	**2,944**	2,097
Total	**304,185**	320,140

29 REVENUE AND OTHER OPERATING INCOME (cont'd)

	Group	
	2005	**2004**
	$'000	**$'000**
<u>Other operating income</u>		
Interest income	**1,372**	1,957
Dividend income (gross)	**359**	1,232
Gain on disposal of held-for-trading investments	**71**	-
Others	**539**	493
Total	**2,341**	3,682

Included in sales is an amount of $20,598,000 (2004: $1,329,000) being revenue recognised based on percentage of completion method on development properties.

30 FINANCE COSTS

	Group	
	2005	**2004**
	$'000	**$'000**
Interest expense to non-related companies	**18,140**	14,817
Others	**613**	-
	18,753	14,817

31 PROFIT BEFORE INCOME TAX

This is determined after charging (crediting):

	Group	
	2005	**2004**
	$'000	**$'000**
		(restated)
Staff costs	**83,919**	83,990
Cost of defined contribution plans included in staff costs	**6,926**	6,287
Cost of inventories recognised as expense	**32,787**	31,804
Directors' fees and remuneration:		
Company's directors	**1,697**	1,044
Subsidiaries' directors	**787**	743
Non-audit fees paid to auditors:		
Auditors of the Company	**49**	26
Other auditors	**107**	89

31 PROFIT BEFORE INCOME TAX (cont'd)

	Group	
	2005	**2004**
	$'000	**$'000**
		(restated)
Impairment loss on:		
Development properties*	**78**	72
Available-for-sale investments*	**-**	488
Held-for-trading investments	**-**	1,071
Gain on disposal of:		
Property, plant and equipment*	**(14,108)**	(395)
Subsidiary*	**(2,105)**	-
Deficit arising from revaluation of investment properties	**-**	2,133
Allowance for inventories	**-**	24
Foreign exchange adjustment loss (gain)*	**303**	(2,943)

* These are included in Other non-operating income.

32 DIRECTORS' REMUNERATION

The number of directors of the Company in remuneration bands is as follows:

	2005	**2004**
$500,000 and above	**1**	1
$250,000 to below $500,000	**-**	-
Below $250,000	**7**	8
Total	**8**	9

33 INCOME TAX EXPENSE

	Group	
	2005	**2004**
	$'000	**$'000**
Current	**8,646**	6,083
Deferred	**1,538**	(479)
	10,184	5,604
Under provision in prior years	**201**	742
	10,385	6,346

33 INCOME TAX EXPENSE (cont'd)

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 20% (2004: 20%) to profit before income tax and share of results of associates as a result of the following differences:

	Group	
	2005	**2004**
	$'000	**$'000**
Profit before income tax and share of results of associates	**35,831**	33,282
Tax calculated at a tax rate of 20% (2004: 20%)	**7,166**	6,656
Non-deductible (taxable) items	**502**	(4,237)
Tax exemption	**(127)**	(102)
Utilisation of unabsorbed tax losses brought forward	**(197)**	(258)
Utilisation of unabsorbed capital allowances brought forward	**(96)**	(14)
Deferred tax asset on tax losses arising during the year not recorded	**2,097**	2,250
Effect of change in tax rate	**16**	(396)
Effect of different tax rate of overseas operations	**857**	714
Others	**(34)**	991
	10,184	5,604
Effective tax rate	**28.4%**	16.8%

Subject to the agreement with the relevant tax authorities and compliance with certain conditions of the relevant tax legislations, in the respective countries in which the subsidiaries operate, the Group has unabsorbed tax losses and capital allowances totaling approximately $83,622,000 and $100,000 respectively (2004: $86,069,000 and $987,000 respectively) which are available for set off against future taxable income of the respective subsidiaries. No deferred tax assets has been recognised in respect of such unabsorbed tax losses and capital allowances amounting to approximately $24,915,000 (2004: $24,493,000) due to unpredictability of future profit stream.

Group relief:
Subject to the satisfaction of the conditions for group relief, tax losses of $1,460,000 (2004: $1,203,000) and capital allowances of $28,000 (2004: $415,000) arising in the current year are transferred to the Company under the group relief system. These tax losses and capital allowances are transferred from certain subsidiaries of the Group at no consideration.

34 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group net profit attributable to shareholders of the Company of $38,338,000 (2004: $25,973,000) divided by the weighted average number of ordinary shares of 453,585,807 (2004: 453,024,410) in issue during the year.

Fully diluted earnings per share is based on 454,551,668 (2004: 453,171,399) ordinary shares assuming the full exercise of outstanding share options (Paragraph 5 of Directors' report) during the year and adjusted Group earnings of $38,338,000 (2004: $25,973,000) after adjusting the weighted average number of ordinary shares to reflect the effect of all potentially dilutive ordinary shares.

	Group	
	2005	**2004**
	$'000	**$'000**
Net profit attributable to shareholders used to compute basic and fully diluted earnings per share	**38,338**	25,973
	No. of shares ('000)	**No. of shares ('000)**
Weighted average number of ordinary shares used to compute basic earnings per share	**453,586**	453,024
Adjustment for potential dilutive ordinary shares	**966**	147
Weighted average number of ordinary shares used to compute fully diluted earnings per share	**454,552**	453,171
Basic earnings per share	**8.45 cents**	5.73 cents
Fully diluted earnings per share	**8.43 cents**	5.73 cents

35 DIVIDENDS

The Company declared and paid final dividend of 2.5 cents per ordinary share less tax of 20% on the ordinary shares of the Company totaling $9,060,000 in respect of the financial year ended December 31, 2003.

The Company declared and paid final dividend of 2.5 cents per ordinary share less tax of 20%, and a special dividend of 2.5 cents per ordinary share less tax of 20%, on the ordinary shares of the Company totaling $18,121,000 in respect of the financial year ended December 31, 2004.

Subsequent to December 31, 2005, the directors of the Company recommended that a first and final dividend be paid at 2.5 cents per ordinary share less tax of 20% totaling $9,080,000, and a special dividend be paid at 2.5 cents per ordinary share less tax of 20% totaling $9,080,000 for the financial year ended December 31, 2005 on the ordinary shares of the Company. The proposed dividends are not accrued as a liability for the current financial year in accordance with FRS 10 – *Events After The Balance Sheet Date.*

36 CAPITAL COMMITMENTS

	Group	
	2005	**2004**
	$'000	**$'000**
Capital expenditure not provided for in the financial statements:		
Approved and contracted for	**124,789**	21,027
Approved but not contracted for	**13,247**	-

37 OPERATING LEASE COMMITMENTS

	Group	
	2005	**2004**
	$'000	**$'000**
The Group as lessee		
Minimum lease payments under operating lease included in the profit and loss statement	**3,574**	3,797

As at the balance sheet date, commitments in respect of operating leases for the islands, shop and office premises are as follows:

	Group	
	2005	**2004**
	$'000	**$'000**
Future minimum lease payable:		
Within 1 year	**5,029**	3,039
Within 2 to 5 years	**25,189**	8,229
After 5 years	**56,349**	13,002
Total	**86,567**	24,270

The Group as lessor

At the balance sheet date, the Group has contracted with tenants for the following minimum lease receivable:

	Group	
	2005	**2004**
	$'000	**$'000**
Future minimum lease receivable:		
Within 1 year	**14,636**	14,227
Within 2 to 5 years	**13,504**	11,083
After 5 years	**-**	360
Total	**28,140**	25,670

38 CONTINGENT LIABILITY

The Company has provided a corporate guarantee of $6,998,000 (being its proportionate share) to a financial institution to secure credit facilities granted to an associate.

39 BUSINESS SEGMENT INFORMATION

a) Description of the Group's diversified business 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 completed residential properties and commercial units. Sales and profit from the condominium development projects are recognised based on percentage of completion method.

Retail and distribution

These refer to distribution and retail operations including various food and non-food items.

Others

These refer to activities on quoted and unquoted investments and others.

b) Segment information:

i) Segment revenue and expenses are revenue and expenses reported in the Group's profit and loss 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 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 are included as segment assets of the Group.

iv) Segment liabilities are all operating liabilities of a segment and are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment liabilities exclude interest-bearing liabilities and income tax liabilities.

v) Segment identifiable assets and capital expenditure are analysed based on the location of those assets. Capital expenditure includes the total cost incurred to acquire property, plant and equipment and intangible assets.

39 BUSINESS SEGMENT INFORMATION (cont'd)

c) Information by business segment:

	Hotels		Properties		Retail & Distribution		Others		Eliminations		Consolidated	
	2005 $'000	**2004 $'000**	**2005 $'000**	**2004 $'000**	**2005 $'000**	**2004 $'000**	**2005 $'000**	**2004 $'000**	**2005 $'000**	**2004 $'000**	**2005 $'000**	**2004 $'000 (restated)**
REVENUE												
External sales	**245,195**	282,276	**41,841**	18,013	**17,149**	19,851	**-**	-			**304,185**	320,140
Inter-segment sales	**-**	-	**327**	352	**-**	-	**-**	-	**(327)**	(352)	**-**	-
Total revenue	**245,195**	282,276	**42,168**	18,365	**17,149**	19,851	**-**	-	**(327)**	(352)	**304,185**	320,140
RESULTS												
Segment results	**36,854**	41,926	**15,266**	6,249	**1,149**	(1,629)	**(670)**	(404)			**52,599**	46,142
Interest expense											**(18,140)**	(14,817)
Interest income											**1,372**	1,957
Share of results of associates	**6,335**	487	**4,113**	4,600	**462**	785	**56**	(2,067)			**10,966**	3,805
Income tax expense											**(10,385)**	(6,346)
Minority Interests											**1,926**	(4,768)
Net profit											**38,338**	25,973
OTHER INFORMATION												
Segment assets	**1,039,844**	1,018,822	**455,548**	462,101	**50**	7,833	**40,056**	16,744			**1,535,498**	1,505,500
Investment in equity method associates	**56,362**	43,184	**13,068**	11,863	**8,681**	6,707	**2,167**	2,112			**80,278**	63,866
Unallocated corporate assets											**74,681**	45,810
Consolidated total assets											**1,690,457**	1,615,176
Segment liabilities	**61,001**	43,788	**10,884**	7,717	**258**	2,338	**693**	276			**72,836**	54,119
Unallocated corporate liabilities											**546,217**	521,296
Consolidated total liabilities											**619,053**	575,415
Capital expenditure	**63,785**	42,720	**1,233**	4,113	**955**	1,228	**-**	-			**65,973**	48,061
Depreciation and amortisation	**33,943**	39,209	**844**	925	**988**	1,129	**-**	-			**35,775**	41,263
Non-cash (income) expenses other than depreciation and amortisation	**(26)**	(2,557)	**22**	32	**(23)**	(64)	**1,177**	(248)			**1,150**	(2,837)
Impairment losses	**-**	-	**78**	72	**-**	-	**-**	1,559			**78**	1,631

39 BUSINESS SEGMENT INFORMATION (cont'd)

d) Information by geographic regions:

	Revenue		Identifiable assets		Total capital expenditure	
	2005	**2004**	**2005**	**2004**	**2005**	**2004**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Singapore	**177,616**	141,529	**982,017**	939,556	**7,938**	8,041
The rest of Asia	**96,679**	147,595	**539,896**	518,645	**57,409**	38,931
Australasia	**17,947**	19,354	**6,666**	29,282	**313**	603
U.S.A.	**11,664**	11,500	**51,110**	53,688	**311**	481
United Kingdom	**279**	162	**36,087**	28,195	**2**	5
	304,185	320,140	**1,615,776**	1,569,366	**65,973**	48,061

40 SUBSIDIARIES

Information relating to subsidiaries is as follows:

Subsidiary	Principal Activity	Country of Incorporation/ Place of Business	Group's Effective Equity Interest	
			2005 %	**2004** %
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

40 SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation/ Place of Business	Group's Effective Equity Interest 2005 %	2004 %
Maxford Investments Pte Ltd	Investment holding company	Singapore	**100**	100
Pinedale Holdings Pte Ltd	Investment holding company	Singapore	*	100
Poussain Pte Ltd#	Dormant	Singapore	**-**	50
Super Vista Sdn Bhd[1]	Hotelier	Malaysia	**100**	100
<u>Held by subsidiaries of the Company</u>				
21st Century Holdings Pte Ltd	Investment holding company	Singapore	**100**	100
Admor Investments Pte Ltd	Property development	Singapore	**100**	100
Alkaff Mansion 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
Apsara Holdings Cambodia Company Limited[6]	Investment holding company	Cambodia	**80**	80
Apsara Holdings Private Limited	Investment holding company	Singapore	**80**	80
Asia Hotel Growth Fund[1]	Hotelier	Thailand	**100**	100
Astrid Holdings Co., Ltd[1]	Investment holding company	Thailand	**49****	49**
Bayford Investments Pte Ltd	Investment holding company	Singapore	**100**	100

40 SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation/ Place of Business	Group's Effective Equity Interest 2005 %	2004 %
Baywood Investments Pte Ltd	Investment holding company	Singapore	**100**	100
Berkley Investments Pte Ltd	Investment holding company	Singapore	**100**	100
Cleaton International B.V.#	Investment holding company	Netherlands	**-**	93.3
Concorde Hotels & Resorts (Malaysia) Sdn Bhd[1]	Hotel management	Malaysia	**100**	100
Coralbell Pty Ltd[1]	Investment holding company	Australia	**100**	100
Eastpoint Investments Limited[1]	Investment holding company	United Kingdom	**100**	100
Hard Rock Hotels & Resorts Management Pte Ltd	Hotel management	Singapore	**100**	80
Hotel Holdings USA Inc[5]	Investment holding company	U.S.A.	**100**	100
HPL (Brash) Holdings Pte Ltd	Dormant	Singapore	**100**	100
HPL (Eaton) Ltd[1]	Operation of serviced apartments	United Kingdom	**100**	100
HPL Hotels Pty Ltd[4]	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

40 SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation/ Place of Business	Group's Effective Equity Interest 2005 %	Group's Effective Equity Interest 2004 %
HPL Marketing Sdn Bhd[1]	Food distribution and retail	Malaysia	*	100
HPL Properties (North Asia) 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 Sri Lanka Holdings Pte Ltd[#]	Investment holding company	Singapore	**-**	100
HPL (UK) Limited[1]	Provision of information and services	United Kingdom	**100**	100
Landaa Giraavaru Private Limited[7]	Construction manager and investment holding company	Hong Kong/ 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

40 SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation/ Place of Business	Group's Effective Equity Interest 2005 %	2004 %
Minwyn Investments Pte Ltd	Investment holding company	Singapore	**100**	100
Moonstone Investments Pte Ltd	Investment holding company	Singapore	**100**	100
Nawarat Land Pte Ltd	Investment holding company	Singapore	**70**	70
NYC 55., Corp.[4]	Hotelier	U.S.A.	**100**	100
OP Investments Pte Ltd	Investment holding company	Singapore	**100**	100
Pebble Bay (Thailand) Co. Ltd[3]	Property development	Thailand	**74**	74
Pinedale Trading Pte Ltd	Food distribution and retail and investment holding company	Singapore	*	100
PT Amanda Arumdhani[2]	Hotelier	Indonesia	**100**	100
PT Amanda Citra[2]	Retailer	Indonesia	**100**	80
PT Amanda Natha[2]	Hotelier	Indonesia	**100**	100
PT Amanda Pramudita[2]	Hotelier	Indonesia	**100**	81
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
Scoops Cafe Pte Ltd	Investment holding company	Singapore	**100**	100

40 SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation/ Place of Business	Group's Effective Equity Interest	
			2005 %	2004 %
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[4]	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[1]	Hotelier	Australia	**100**	100
Travel Bug Touring Pte Ltd	Investment holding company	Singapore	**100**	100
Wesclove Investments Pte Ltd	Investment holding company	Singapore	**100**	80
Xspand Investments Pte Ltd	Investment holding company	Singapore	**100**	100
Yarra Investments Pte Ltd	Investment holding company	Singapore	**100**	100

All companies are audited by Deloitte & Touche, 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 B.V.
5 Audited by Cohen & Schaeffer P.C.
6 Not required to be audited by law in country of incorporation and subsidiary not considered material.
7 Audited by overseas practices of KPMG International in 2005, and audited by overseas practices of Deloitte Touche Tohmatsu in 2004.

Liquidated during the financial year.

* During the financial year, the Group divested its interests from 100% to 49%. Accordingly as at December 31, 2005, these entities are considered as associates of the Group.

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

41 ASSOCIATES

Information relating to significant associates is as follows:

Associate	Principal Activity	Country of Incorporation/ Place of Business	Group's Effective Equity Interest 2005 %	2004 %
Held by subsidiaries of the Company				
Canary Riverside Development Pte Ltd[1]	Real estate developer, agent and lessor	Singapore/ United Kingdom	**37.5**	37.5
Canary Riverside Holdings Pte Ltd[1]	Investment holding company	Singapore/ United Kingdom	**37.5**	37.5
HRC Holdings Pte Ltd	Investment holding company	Singapore	**50**	50
Leisure Ventures Pte Ltd	Investment holding company	Singapore	**50**	50
Shanghai Ning Xin Real Estate Development Co. Ltd[1]	Property developer	People's Republic of China	**16.49**	16.49

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

1 Audited by KPMG, Singapore or its overseas practices

42 RECLASSIFICATION AND COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements and following the Group and Company's adoption of the FRSs that became effective during the year. As a result, certain line items have been amended on the face of the balance sheet, profit and loss statement, statement of changes in equity and cash flow statements, and the related notes to the financial statements. Comparative figures have been adjusted to conform with the current year's presentation.

The items were reclassified as follows:

	Group	
	Previously reported 2004 $'000	After reclassification 2004 $'000
Consolidated balance sheet		
Short-term investments	3,894	-
Held-for-trading investments	-	3,894
Long-term investments	11,473	-
Available-for-sale investments	-	11,473
Consolidated profit and loss statement		
Share of results of associates	7,296	3,805
Income tax expense	9,837	6,346

STATEMENT OF DIRECTORS

In the opinion of the directors, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company set out on pages 12 to 67 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, 2005 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 as and when they fall due.

ON BEHALF OF THE DIRECTORS

Joseph Grimberg
Chairman

Ong Beng Seng
Managing Director

Singapore
March 8, 2006

Additional Information

CORPORATE GOVERNANCE REPORT

This report describes Hotel Properties Limited's corporate governance processes and activities in 2005 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	
Name of Directors	**No. of Meeting Held**	**No. of Meeting Attended**	**No. of Meeting Held**	**No. of Meeting Attended**	**No. of Meeting Held**	**No.of Meeting Attended**	**No. of Meeting Held**	**No .of Meeting Attended**
*Peter Y. S. Fu (Alternate: David Fu Kuo Chen)	5	2	N.A	N.A	N.A	N.A	1	0
Ong Beng Seng	5	5	N.A	N.A	1	1	N.A	N.A
Christopher Lim Tien Lock	5	5	N.A	N.A	N.A	N.A	N.A	N.A
Joseph Grimberg	5	4	N.A	N.A	1	1	1	1
Gordon Seow Li Ming	5	4	4	4	N.A	N.A	1	1
Arthur Tan Keng Hock	5	5	4	4	N.A	N.A	N.A	N.A
Leslie Mah Kim Loong	5	5	4	4	N.A	N.A	N.A	N.A
Michael S. Dobbs-Higginson	5	3	N.A	N.A	1	1	N.A	N.A
**David Fu Kuo Chen	5	2	N.A	N.A	N.A	N.A	N.A	N.A

N.A. = Not Applicable
* Peter Y.S. Fu passed away on July 2, 2005
** David Fu Kuo Chen was appointed as Director on August 5, 2005

The Board is responsible for:

- approving the broad policies, strategies and financial objectives of the Group and monitoring its performance;
- approving major funding proposals, investment, disposals and capital expenditure;
- reviewing the Group's financial performance and authorising announcements issued by the Company;
- overseeing the processes for evaluating the adequacy of internal controls and risk management;
- approving the nominations of board directors; and
- assuming responsibility for corporate governance and compliances with the Singapore Companies Act and the rules and requirements of regulatory bodies.

Matters which are specifically reserved to the full Board for decisions are those involving material acquisitions and disposals of assets, corporate or financial restructuring and 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, now 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 eight directors of whom two are executive directors, one non-executive and non-independent director and five non-executive and independent directors.

The Chairman of the Board is Mr. Joseph Grimberg (non-executive and independent). Following the demise of our former Chairman, Mr. Peter Y.S. Fu, Mr Grimberg has been appointed as Chairman on August 10, 2005.

The executive directors are Mr. Ong Beng Seng (Managing Director) and Mr. Christopher Lim Tien Lock (Group Executive Director).

The majority of our Directors is non-executive and independent of management 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.

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 28, 2005
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. He has an active practice as Arbitrator and Mediator in a wide variety of disputes. Mr. Grimberg has a B.A.(Law) from England and is a Barrister-at-law. He also served as Fellow of the Singapore Academy of Law, Member of the Singapore Academy of Law, Arbitrator of the ICC International Court of Arbitration, Paris, Member of the Permanent Court of Arbitration, The Hague, Member of the Chartered Institute of Arbitrators, Member of the Panel of Arbitrators, Singapore International Arbitrator Centre and Fellow of the Singapore Institute of Arbitrators. He also sits on the boards of Jurong Cement Limited and 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 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 28, 2005
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. His past directorship included MCL Land Limited.

Mr. Gordon Seow Li Ming

Date of appointment as Director	:	February 3, 1993
Date of last re-election	:	April 28, 2005
Nature of Appointment	:	Non-Executive and Independent
Board Committees served on	:	Chairman of the Nominating Committee since November 1, 2002 Member of the Audit Committee since March 11, 1997

Mr. Gordon Seow, a Barrister-at-law from Lincoln's Inn, was Singapore's Commissioner to Hong Kong between 1988 and 1994. He retired in October 1987 as Director and Regional Trading Manager of Shell Eastern Pertroleum (Pte) Ltd after thirty years with the company. He joined the Pacific Century Group as Senior Advisor from 1994 to 1999. Mr Seow sits on the board of Pacific Century Regional Developments Limited. His past directorships included Kim Eng Holdings Ltd, Adroit Innovations Ltd and Zindart Limited (Hong Kong).

Mr. Michael S. Dobbs-Higginson

Date of appointment as Director	:	February 3, 1993
Date of last re-election	:	May 28, 2003
Nature of Appointment	:	Non-Executive and Independent
Board Committees served on	:	Member of the Remuneration Committee since November 1, 2002

Mr. Dobbs-Higginson was formerly a member of the Executive Committee of Credit Suisse First Boston and was responsible for its business activities in the Asia Pacific region. Subsequently, he joined Merrill Lynch & Co., and became a member Merrill Lynch's Capital Markets Executive Committee in New York and was based in Hong Kong as Chairman of the Asia Pacific region. He was also a member of Merrill Lynch Capital Markets Compensation Committee in New York. He has business interests primarily in technology and a variety of strategic investments. Mr. Dobbs-Higginson has also been advisor to the Chairman and President of Banque Indosuez, Paris and the Bangkok Bank Company Public Limited, Thailand. 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 Domestics 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 28, 2005
Nature of Appointment	:	Non-Executive and Independent
Board Committees served on	:	Chairman of the Audit Committee since March 13, 1997 Member of the Audit Committee since July 5, 1996

Mr. Arthur Tan is the Managing Director of Advance Investment Management Capital Pte Ltd. Mr. Tan, who has been an investment banker for over 15 years, has held senior management positions such as Managing Director of Smith New Court (Thailand) Co. Ltd, Director of Merrill Lynch (Singapore) Pte Ltd, Director, Corporate Finance, of Schroders International Merchant Bank Limited, Executive Director of Guthrie GTS Limited and a Director of Ideal Pacific Holdings Limited in Hong Kong. He graduated from the National University of Singapore with a bachelor's degree in Business Administration. His past directorships include Adroit Innovations Limited, Broadway Industrial Group Limited and Hua Joo Seng Enterprise Berhad.

Mr. Leslie Mah Kim Loong

Date of appointment as Director	:	August 5, 1997
Date of last re-election	:	April 29, 2004
Nature of Appointment	:	Non-Executive and Independent
Board Committees served on	:	Member of the Audit Committee since November 1, 2002

Mr. Leslie Mah is an Executive Director of Eu Yan Sang International Limited. He is a fellow member of the Institute of Chartered Accountants in England and Wales. Prior to joining Eu Yan Sang International, Mr. Mah was Executive Director and Company Secretary for Cerebos Pacific Limited for 15 years. Prior to his tenure at Cerebos, he was Finance Director at Harper Gilfillan Limited for 10 years.

Mr. David Fu Kuo Chen

Date of appointment as Director	:	August 5, 2005
Date of last re-election	:	N.A.
Nature of Appointment	:	Non-Executive and Non-Independent
Board Committees served on	:	Member of Nominating Committee

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 Natsteel Ltd.

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 eight 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. Gordon Seow Li Ming. 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 takes into consideration the Company's stock price performance against STI Index, indices of other related sectors and other quantitative considerations in comparing Company's performance with its industry peers.

The Nominating Committee may, in consultation with the Board, consider the inclusion of other performance criteria which is appropriate for the continuing evaluation of the performance of the Board in future.

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. Gordon Seow Li Ming and Mr. Leslie Mah Kim Loong, 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, and results of their examination and evaluation of the Group's system of internal accounting controls, impact of new, revised or proposed changes in accounting policies, legislation and regulations;

- 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 auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the auditors.

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 LTC & Associate 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 are non-executive and independent directors.

The Remuneration Committee is chaired by Mr. Joseph Grimberg, a non-executive and independent director. The other members are Mr. Michael S. Dobbs-Higginson and Mr. Ong Beng Seng.

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 those of the executive directors whose remuneration packages include a variable bonus component which is performance-related, and also stock options 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; and

- administer the Hotel Properties Limited Executives' Share Option Scheme which was approved by the shareholders on June 23, 2000 ("Scheme 2000"). Any matter pertaining or pursuant to the Scheme 2000 and any dispute and uncertainty as to the interpretation of the Scheme 2000, any rule, regulation or procedure thereafter or any rights under the Scheme 2000 shall be determined by the Remuneration Committee.

While none of the members of the Remuneration Committee specialise 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 and share options which are performance-based.

Non-executive directors are paid directors' fees, subject to approval at the AGM. No director is involved in deciding his own remuneration.

The Remuneration Committee recommends the payment of the directors' fees to be approved by shareholders at the Annual General Meeting of the Company. A breakdown, showing the level and mix of each individual director's remuneration payable for FY2005 is as follows:

Directors' Remuneration

	Fee* %	Salary %	Bonus %	Other benefits %	Total %
i) $500,000 and above					
Christopher Lim Tien Lock	3%	39%	51%	7%	100%
ii) Below $250,000					
Ong Beng Seng	64%	-	-	36%	100%
Joseph Grimberg	100%	-	-	-	100%
Gordon Seow Li Ming	100%	-	-	-	100%
Michael S. Dobbs-Higginson	100%	-	-	-	100%
Arthur Tan Keng Hock	100%	-	-	-	100%
Leslie Mah Kim Loong	100%	-	-	-	100%
David Fu Kuo Chen (appointed on 5 August 2005)	100%	-	-	-	100%

* *these fees are subject to approval by shareholders as a lump sum at the AGM for FY2005.*

During the year, share options were also granted. For details, please refer to the Director's Report.

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

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

The aggregate nominal amount of shares over which the Remuneration Committee may grant options on any date, when added to the nominal amount of shares issued and issueable in respect of all options granted under Scheme 2000 shall not exceed 15 per cent of the issued share capital of the Company on the date preceding that date. In granting options to the executives, the Remuneration Committee takes into account criteria such as the individual's rank, performance, years of service and potential for future development.

Other details of the Scheme 2000 are found in the Directors' Report.

The information required for the annual remuneration report is provided herein and in the Directors' Report. The payment of directors' fees is subject to shareholders' approval.

Remuneration of Key Executives

The Code requires the remuneration of at least the top 5 key executives who are not also directors to be disclosed within bands of S$250,000. The Company believes that disclosure of the remuneration of individual executives is disadvantageous to its business interest, given the highly competitive industry conditions, where poaching of executives has become commonplace in a liberalised environment.

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 secretaries, who are 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.

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

COMMUNICATION WITH SHAREHOLDERS

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

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

The Articles of Association of the Company allow a member of the Company to appoint one or two proxies to attend and vote instead 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, 2005 are as follows:

Name of Interested Person	Aggregate value of all IPT during the financial year ended December 31, 2005 (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	8,641	-
Management fee income	1,288	-
Management fee expense	643	-

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 Company's internal Code on Dealings in Securities by Directors and employees adopt the guidelines issued by the SGX in the Best Practice Guide with respect to Dealings in Securities. The guidelines have been disseminated to the directors, officers and key employees of the Group.

PARTICULARS OF GROUP PROPERTIES

The main properties as at December 31, 2005 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 423 rooms/suites (known as Hilton Singapore) at 581 Orchard Road, Singapore 238883 (lease expires 999 years from October 30, 1871)	208,800	10,362	-
United Kingdom			
2 apartment units at Canary Riverside, 38 Westferry Circus, London, United Kingdom (lease expiring 999 years from February 5, 1997)	-	1,683	-
Total Freehold and Long-term Leasehold	208,800	12,045	-
FREEHOLD			
Singapore			
A 20-storey hotel building with 257 rooms/suites (known as Four Seasons Hotel Singapore) at 190 Orchard Boulevard, Singapore 248646	50,000	102,431	-
A 9-storey building (known as HPL House) at 50 Cuscaden Road, Singapore 249724	76,000	14,240	-
Malaysia			
A plot of land located at Port Dickson, Negeri Sembilan, Malaysia	9,295	-	-
Thailand			
A 10-storey hotel building with 325 rooms (known as Hard Rock Hotel Pattaya) at Pattaya Beach Road, Cholburi, Thailand	11,924	19,557	-
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	13,015	35,088	-
A plot of land located at South Sathorn Road, Bangkok, Thailand	14,776	453	-
A condominium unit at Sathorn Park Place, Bangkok, Thailand	-	452	-

A Classified as Group Property, Plant and Equipment (Note 19 to the financial statements) (cont'd)

	Land $'000	Buildings $'000	Leasehold Property $'000
FREEHOLD (cont'd)			
United States of America			
A hotel building with 124 rooms (known as Fitzpatrick Hotel) at 127 East, 55th Street, New York City, New York, U.S.A.	10,389	33,000	-
Total Freehold	185,399	205,221	-
LEASEHOLD			
Singapore			
A 9-storey hotel building with 407 rooms/suites (known as Le Meridien Singapore) at 100 Orchard Road, Singapore 238840 (lease expiring 99 years from August 17, 1979)	-	-	94,539
Malaysia			
A 3-storey holiday resort (known as The Lake House) at Ringlet, Cameron Highlands, Malaysia (lease expiring 99 years from September 19, 1940)	421	783	-
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)	77,540	8,921	-
A resort hotel with 60 villas (known as Four Seasons Resort Bali at Sayan) located at Sayan Village, District of Ubud, Bali, Indonesia (lease expiring 30 years from August 4, 1994 with an option to extend for another 30 years)	1,540	43,213	-
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)	5,701	74,899	-
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, 1996 with an option to extend for another 30 years)	1,897	5,801	-
Vanuatu			
A holiday resort (known as Le Meridien Port Vila Resort and Casino) located at Port Vila, Vanuatu (2 leases expiring 75 years from July 13, 1980 and July 8, 1992 respectively)	1,266	6,227	-

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 21 years from May 1, 1994)	6,200	15,375	-
A resort (known as Rihiveli Resort) located at Kaafu Atoll, Republic of Maldives (lease expiring 20 years from December 1, 1995)	-	721	-
Total Leasehold	94,565	155,940	94,539
TOTAL (Classified as Group Property, Plant and Equipment)	488,764	373,206	94,539

B Classified as Development Properties (Note 12 to the financial statements)

Location	Title	Expected Year of Completion	Site Area (sqm)	Proposed Gross Floor Area (sqm)	Description and Existing Use
RESIDENTIAL					
Singapore					
Lot 263-12 (99275L), Lot 263-11 (99276C), Lot 263-10 (99277M), and Lot 263-9 (99278W) in Town Sub-division 21 at Robertson Quay, Singapore	Freehold	2006	1,978	6,065	Proposed commercial/ residential development comprising a 10-storey residential apartment (36 units) and a single storey commercial building
Thailand					
Plot No. 129 at 125 South Sathorn Road, Bangkok, Thailand	Freehold	2009	11,360	113,600	Proposed 66-storey residential development comprising 370 units of apartments
HOTEL/LEISURE					
Cambodia					
Siemreap Province Siemreap Town Division 3, Section 1 Cambodia	Leasehold (70 years from August 10, 1994 and March 21, 1996 respectively)	Not yet started	38,721	-	Land for redevelopment

C Classified as Group Investment Properties (Note 20 to the financial statements)

Property Description/Location	Title	Net Lettable Area (sqm)	Effective Stake (%)
Singapore			
5 shop units at 21 Cuscaden Road, Ming Arcade, Singapore 249720	Freehold	697	100
1 shop unit at 100 Orchard Road, Meridien Shopping Centre, Singapore 238840	Leasehold 99 years from August 17, 1979	132	100
2 shop units at 150 Orchard Road, Orchard Plaza, Singapore 238841	Leasehold 99 years from June 2, 1977	1,182	100
61 shop units at 100 Orchard Road, Meridien Shopping Centre, Singapore 238840	Leasehold 99 years from August 17, 1979	7,575	85
Office and shop units at 583 Orchard Road, Singapore 238884	Freehold	16,557	59
People's Republic of China			
1 commercial and 10 residential units at Shun Hing Square, Shenzhen People's Republic of China	Leasehold 50 years from January 2, 1995	1,663	100

D Classified as Completed Properties Held for Sale (Note 13 to the financial statements)

Property Description/Location	Title	Net Lettable Area (sqm)	Effective Stake (%)
Singapore			
5 condominium units at Four Seasons Park 10 and 12 Cuscaden Walk, Singapore 249692	Freehold	1,412	100
United Kingdom			
1 apartment unit at Sailmakers Court Townmead Road, London, United Kingdom	Leasehold 999 years from December 25, 1989	128	100

STATISTICS OF SHAREHOLDINGS
as at March 1, 2006

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	112	1.98	44,994	0.01
1,000 - 10,000	4,924	86.81	16,485,857	3.63
10,001 - 1,000,000	621	10.95	29,003,090	6.39
1,000,001 and above	15	0.26	408,505,469	89.97
Total:	5,672	100.00	454,039,410	100.00

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1.	Oversea-Chinese Bank Nominees Pte Ltd	133,178,700	29.33
2.	United Overseas Bank Nominees Pte Ltd	108,185,797	23.83
3.	Citibank Nominees Singapore Pte Ltd	48,842,382	10.76
4.	HSBC (Singapore) Nominees Pte Ltd	42,746,754	9.41
5.	DBS Nominees Pte Ltd	20,874,044	4.60
6.	Raffles Nominees Pte Ltd	12,300,758	2.71
7.	DBS Vickers Securities (S) Pte Ltd	9,904,000	2.18
8.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	9,511,000	2.09
9.	UOB Kay Hian Pte Ltd	8,661,000	1.91
10.	OCBC Nominees Singapore Private Limited	3,959,700	0.87
11.	Phillip Securities Pte Ltd	3,553,000	0.78
12.	Reef Holdings Pte Ltd	2,750,000	0.61
13.	Tengku Idris Shah Ibni Sultan Salahuddin Abdul Aziz Shah	1,381,000	0.30
14.	DB Nominees (S) Pte Ltd	1,371,003	0.30
15.	CIMB-GK Securities Pte Ltd	1,286,331	0.28
16.	Christina Ong	1,000,000	0.22
17.	Citydev Investments Pte Ltd	981,000	0.22
18.	Teo Hock Seng	858,000	0.19
19.	Soo Eng Hiong	760,000	0.17
20.	Kim Eng Securities Pte. Ltd.	633,000	0.14
Total:		412,737,469	90.90

SUBSTANTIAL SHAREHOLDERS as at March 1, 2006
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	66,289,800	14.60	-	-
Como Holdings Inc	67,139,800	14.79	-	-
Born Free Investments Limited	33,144,900	7.30	-	-
Holmshaw Services Limited	31,019,000	6.83	-	-
Ong Beng Seng	3,000,000	0.66	102,408,800 **(1)**	22.56
Peter Fu Chong Cheng	-	-	132,453,700 **(2)**	29.17
Kuo Investments Limited	-	-	31,019,000 **(3)**	6.83
FCC Holdings Pte Ltd	95,230,000	20.97	-	-
GuocoLand Limited	-	-	■ 95,230,000	20.97
Guoco Investment Pte Ltd	-	-	■ 95,230,000	20.97
Guoco Group Limited	-	-	■ 95,230,000	20.97
Guoline Overseas Limited	-	-	■ 95,230,000	20.97
Guoline Capital Assets Limited	-	-	■ 95,230,000	20.97
Hong Leong Company (Malaysia) Bhd	-	-	■ 95,230,000	20.97
HL Holdings Sdn Bhd	-	-	■ 95,230,000	20.97
Mr Quek Leng Chan	-	-	■ 95,230,000	20.97
Hong Leong Investment Holdings Pte Ltd	-	-	• 96,211,000	21.19

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 Ltd and Jermaine Ltd by virtue of the provisions under Section 7 of the Companies' Act, Cap 50.

(3) Kuo Investments Limited is deemed to have an interest in the 31,019,000 shares held by Holmshaw Services Limited by virtue of the provisions under Section 7 of the Companies' Act, Cap 50.

■ GuocoLand Limited ("GL"), Guoco Investment Pte Ltd, Guoco Group Limited, Guoline Overseas Limited, Guoline Capital Assets Limited, Hong Leong Company (Malaysia) Berhad ("HLCMB"), HL Holdings Sdn Bhd and Mr Quek Leng Chan are deemed to have an interest in the 95,230,000 shares held by FCC Holdings Pte Ltd by virtue of the provisions under Section 7 of the Companies Act, Cap 50.

• Hong Leong Investment Holdings Pte Ltd ("HLIH") is deemed to have an interest in the following shares (i) 95,230,000 shares held by FCC Holdings Pte Ltd and (ii) 981,000 shares held by Golden Rajah Restaurant (Private) Limited ("GRR") by virtue of the provisions under Section 7 of the Companies Act, Cap 50 through (i) HLIH's deemed interest in GL held through HLCMB's intermediate companies; and (ii) HLIH's deemed interest in GRR held through HLIH's intermediate companies, respectively.

Approximately 32.38% of the issued ordinary shares are held in the hands of the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has accordingly been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Sixth Annual General Meeting of the Company will be held at The Crescent Ballroom, Level 2, Four Seasons Hotel Singapore, 190 Orchard Boulevard, Singapore 248646 on Friday, April 28, 2006 at 4.00 p.m. to transact the following businesses:-

ORDINARY BUSINESS

1. To receive and consider the directors' report and accounts for the year ended December 31, 2005 and the auditor's report thereon. **Resolution 1**

2. To declare a first and final dividend of 2.5 cents per ordinary share less tax of 20% for the year ended December 31, 2005. **Resolution 2**

3. To declare a special dividend of 2.5 cents per ordinary share less tax of 20% for the year ended December 31, 2005. **Resolution 3**

4. To approve the proposed Directors' fees of $288,000 for the year ended December 31, 2005. (2004: $240,000). **Resolution 4**

5. To re-appoint Auditors for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 5**

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

SPECIAL BUSINESS

7. 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 6**

8. That pursuant to Section 153(6) of the Companies Act, Cap 50, Mr Gordon Seow Li Ming be and is hereby re-appointed as a Director of the Company to hold such office until the next Annual General Meeting. **Resolution 7**

9. To re-elect Mr Michael S. Dobbs-Higginson pursuant to Article 80 of the Articles of Association. **Resolution 8**

10. To re-elect Mr David Fu Kuo Chen pursuant to Article 70 of the Articles of Association. **Resolution 9**

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

(a) That pursuant to Section 161 of the Companies Act, Chapter. 50 and the listing rules of the Singapore Exchange Securities Trading Limited, the Directors be and are hereby authorised to issue shares in the Company (whether by way of bonus issue, rights issue or otherwise) 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 provided that: **Resolution 10**

(i) the aggregate number of shares to be issued pursuant to this Resolution does not exceed 50% of the issued share capital of the Company, of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders of the Company does not exceed 20% of the Company's issued share capital;

(ii) for the purpose of determining the aggregate number of shares that may be issued under (i) above, the percentage of issued share capital shall be based on the issued share capital 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 employee share options or the vesting of share awards that are outstanding when this Resolution is passed, and
(b) any subsequent consolidation or subdivision of shares; and

(iii) unless revoked or varied by the Company in general meeting, such 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.

(b) That the directors of the Company be and are hereby authorised to offer and grant options over ordinary shares in the Company in accordance with the regulations of the Hotel Properties Limited Share Option Scheme 2000 ("the Scheme 2000") and pursuant to Section 161 of the Companies Act, Cap 50., the directors be and are hereby authorised to issue and allot ordinary shares upon the exercise of any such options and to do all such acts and things as may be necessary or expedient to carry the same into effect provided that the total number of shares allotted and issued under the Scheme 2000 is limited to fifteen (15) per cent of the total issued share capital of the Company or such other limit as may be specified in the Listing Manual of the Singapore Exchange Securities Trading Limited from time to time. **Resolution 11**

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed from May 16, 2006 to May 17, 2006 (both dates inclusive), for the preparation of dividend warrants.

Duly completed transfers received by the Company's Registrar, Lim Associates (Pte) Ltd of 10 Collyer Quay #19-08 Ocean Building Singapore 049315, up to the close of business at 5 p.m. on May 15, 2006 will be registered to determine shareholders' entitlement to the proposed dividend. The dividend, if approved, will be paid on May 30, 2006 to shareholders registered in the books of the Company on May 15, 2006.

In respect of shares in securities accounts with the Central Depository (Pte) Limited ("CDP"), the said first & final dividend and special 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
March 24, 2006
Singapore

Explanatory Notes on Special Business to be transacted:-

(a) Ordinary Resolutions 6 and 7 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 Gordon Seow Li Ming who is over seventy years of age, if re-appointed, will remain as Audit Committee member and Chairman of the Nominating Committee. He is considered an independent director pursuant to Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

(d) Mr Michael S. Dobbs-Higginson, an independent Director, if re-elected, will remain as a member of the Remuneration Committee.

(e) Mr David Fu Kuo Chen, who was appointed as a Non-Executive Director on August 5, 2005, if re-elected, will remain as Nominating Committee member.

(f) Ordinary Resolution 10 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.

(g) Ordinary Resolution 11 is to allow the Directors to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme 2000 provided that the aggregate number of shares to be issued does not exceed 15% of the issued share capital of the Company from time to time.

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.

a splash concoction

HOTEL PROPERTIES LIMITED

50 Cuscaden Road #08-01
HPL House Singapore 249724
Tel: 6734 5250 Fax: 6732 0347

www.hotelprop.com

Regn No. 198000348z