Hotel Properties Limited

ANNUAL REPORT **2007**

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"Group net profit attributable to shareholders for the year ended December 31, 2007 was $150.1 million, a 52% increase over the $99 million achieved last year."

Joseph Grimberg
Chairman

Contents

Chairman's Statement

FINANCIAL REVIEW

Group revenue for the year ended December 31, 2007 increased by 29% to $459.8 million from $355.4 million last year. The strong revenue growth was largely attributable to the Group's Hotels & Resorts division, including the opening of two Four Seasons Resorts in Maldives in the fourth quarter of 2006 as well as higher occupancies and rates achieved by the Group's hotels and resorts in Singapore and Bali.

In accordance with FRS 40 *Investment Property*, the Group continues to recognize further fair value gains from investment properties of $101.1 million for the year under review, on the back of strong appreciation of property prices in Singapore.

Taking into account the fair value gain, the Group recorded profit before tax of $178.4 million for the year ended December 31, 2007 compared to $120.2 million last year, which also included fair value gains from investment properties of $55.7 million. Excluding these fair value gains, the Group's profit before tax for the current year would have been $77.3 million compared to $64.5 million last year.

The Group's finance cost increased by 44.5% from $28.2 million to $40.8 million due to higher borrowings, as a result of new investments during the year including participation in en bloc purchases of the Horizon Towers, Gillman Heights and Farrer Court sites in Singapore, acquisition of the remaining 41% equity interest in Hermill Investments Pte Ltd, which owns Forum the Shopping Mall, 20% effective equity stake in a residential project in Hong Kong and 50% interest in a company in Thailand for the purpose of developing a luxury hotel in Phuket.

Group net profit attributable to shareholders for the year ended December 31, 2007 was $150.1 million, a 52% increase over the $99 million achieved last year.

RECENT DEVELOPMENTS

2007 was a lively year. The Group's Properties and Hotels divisions were active.

On the property front, The Group participated in collective purchases of the Horizon Towers, Gillman Heights and Farrer Court sites in Singapore by way of investment in 40%, 25% & 22.5% equity stakes of the respective joint venture companies. As at the date of this statement, the purchase of the Farrer Court site has been successfully completed. The completions of the Horizon Towers & Gillman Heights collective purchases are currently the subject of court proceedings.

In Hong Kong, the Group acquired an effective equity stake of 20% interest in a residential project in Tsuen Wan Town. The proposed project comprises 59 units of apartments on a 50-year parcel of leasehold land with a total land area of approximately 83,636 square feet.

The Hotel division made progress. Scheduled for completion in the second half of 2008, Kandooma Maldives is the Group's fourth property in the Maldives, and the second managed by its hotel management arm, HPL Hotels & Resorts. Occupying an island in the South Male Atoll, the resort will have a total of 160 garden and beach villas, duplex villas and water villas.

Following the success of Hard Rock Hotel in Bali and Pattaya, the Group is currently developing a Hard Rock Hotel in Penang, Malaysia. Fronting the beautiful Ferringhi Beach, the Hotel will offer 252 musically themed guest rooms upon completion expected in early 2009.

During the year under review, the Group subscribed for a 50% interest in Laem Ka Properties Company Limited, a joint venture company formed in Thailand to develop and construct a luxury hotel on freehold land located in Rawai District, Phuket, Thailand.

PROSPECTS

The outlook for the tourism industry in Singapore and the region remains good. However, there will be challenges arising from the threat of a recession in the United States, the rise in inflation and the tight credit environment.

DIVIDEND

The board recommends a final one-tier tax exempt dividend of 5 cents per ordinary share for the year ended December 31, 2007.

On behalf of the Board, I would like to thank our staff, shareholders, customers, bankers and business associates for contributing to a successful year.

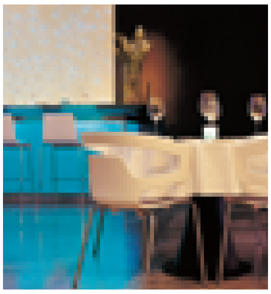
Joseph Grimberg
Chairman
March 14, 2008

Hotels

"As of 2007, the Hotel Division has interests in 19 hotels across 8 countries including Singapore, Malaysia, Thailand, Indonesia, Bhutan, the Maldives, Vanuatu, as well as the United States. Each of our hotels exhibits a trademark style with hospitality to match."

Business Review: Hotel



As of 2007, the Hotel Division has interests in 19 hotels across 8 countries including Singapore, Malaysia, Thailand, Indonesia, Bhutan, the Maldives, Vanuatu, as well as the United States. Each of our hotels exhibits a trademark style with hospitality to match.

In Singapore, profits from our leading hotels saw a steady upward trend. The tourism industry increased to an impressive 10.3 million tourist visitor arrivals – more than twice the country's population. Tourism receipts exceeded expectations at $13.8 billion. This record number is set to be exceeded in the coming years with the many exciting developments in store over the ensuing years to come.

The Singapore Flyer, a giant observation wheel with size superseding the London Eye and Star of Nanchang, is set to attract 2.5 million visitors within its first year of operation in 2008, and for the first time in Singapore history, the Formula One Grand Prix will be held at the Garden City. In subsequent years, two integrated resorts will also come into fruition. These are exciting times indeed, and we are well positioned to capitalise on the industry's boom.

The Group's Four Seasons Resort Maldives at Kuda Huraa reported strong performance in 2007, following its re-opening in the fourth quarter of 2006. Patrons return time and again to this 5-star resort for its unique, down-to-earth charm – one that is well matched by the dedicated service staff.

The new Four Seasons Resort at Landaa Giraavaru was launched November 2006. Sited on a verdant, beach-fringed coral island in a distant atoll, the resort provides a paradise hideaway experience that is both luxurious and therapeutic. Since its opening, this luxury resort has contributed positively to earnings for the Group.

Following our successful investments in Maldives, a new resort created to reflect a new generation lifestyle – the Kandooma Maldives – is set to open its doors in 2008. The Kandooma island is blessed with white sands, azure skies, lush tropical greenery, clear turquoise waters and abundant marine life. Just 35km from Male International Airport, the luxury resort will feature 160 garden and beach villas, duplex villas and water villas, including a Royal Water Villa.

In Bali, we continue to see strong tourist arrivals from the region as well as further a field. The Group's two Four Seasons Resorts and Hard Rock Hotel in Bali continue to record strong performance with room rates and occupancies increasing significantly. The hotels in Thailand remain stable. The Group has also planned for a Four Seasons hotel in the southern part of Phuket, Thailand. This will be a joint venture with a third party investor.

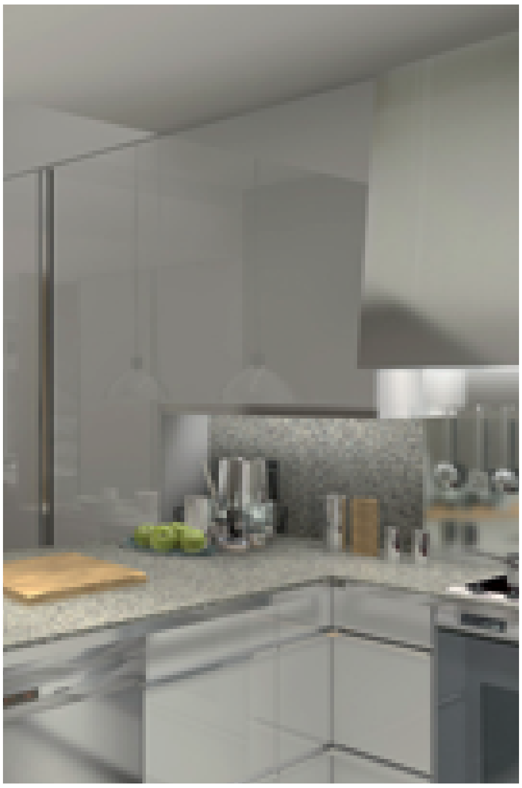
Scheduled for opening early 2009, Hard Rock Hotel Penang, set along the beautiful Ferringhi Beach, will be the latest addition to the Group's list of famous hotel brand names. Featuring signatory Hard Rock Café and an oversized 3,500-square-feet freeform pool, Hard Rock Hotel Penang will offer everything a Hard Rock patron has come to expect. The hotel will cover a sprawling 5 acres of land with a spectacular view of the sea.

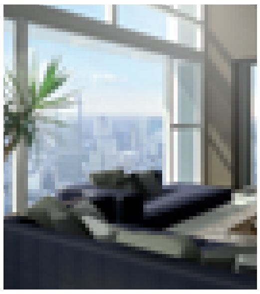
Upon completion, Hard Rock Hotel Penang will offer 252 musically themed guest rooms. Room configurations range from balcony suites all the way to deluxe, garden and the penultimate presidential suite complimented with a full service luxury spa. The resort's main ballroom and function rooms span 5,700 square feet of event space for meetings, exhibitions and conferences.

Properties

"2007 was a year marked by high-profile, milestone investments in prime properties."

Business Review: Properties



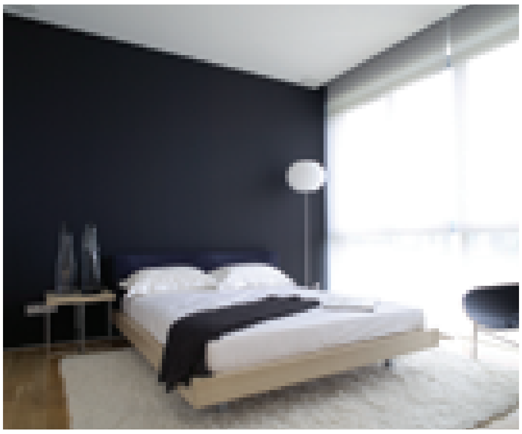


2007 was a year marked by high-profile, milestone investments in prime properties. The Group participated in various collective purchases, including a 22.5% interest in a joint venture company which acquired the Farrer Court site located along Farrer Road in the Holland Village residential enclave and sits on a 77,898 square metre site with a gross plot ratio of 2.8.

The Group also participated in the collective purchases of the Gillman Heights site located along Alexandra Road and the Horizon Towers site at Leonie Hill near Orchard Road by way of its investments in joint venture companies. The completion of these acquisitions are currently the subject of court proceedings.

Another strategic investment that would inevitably augment the status of the Group is The Met — poised to be the tallest residential building in Bangkok; continuing its construction phase and scheduled to complete in 2009. The Met is already the winner of the prestigious AR MIPIM Future Project Award 2006 for the Tall Buildings category. This award is given in recognition of excellence in architecture and environmental design. Located at the heart of Thailand's capital city at one of the more distinguished residential addresses in Bangkok, the Met will change the city's skyline with its towering height, architectural ingenuity and inspiring potential.

Business Review: Properties



In Hong Kong, the Group acquired a 20% effective equity stake in a residential project located at Tsuen Wan Town. This proposed residential project comprises 59 units of apartments on a 50-year parcel of leasehold land with a total land area of approximately 83,636 square feet.

Following full ownership of Forum The Shopping Mall, the 17-storey retail-cum-office development at the heart of Singapore's prime shopping belt, Orchard Road, contributed higher profits as a result of increased equity interest from 59% to 100% as well as escalating office and retail rental rates. The shopping mall caters to the family crowd, featuring famous brands from Toys 'R' Us to Emporio Armani.

In London, the Group has 33% equity interest in a joint venture company which owns the iconic and landmark Derry and Toms Building – a mixed-use development at 99-121 Kensington High Street, an office building at Derry Street and a residential building at Kensington Square. Amongst the mixed tenancies in Derry and Toms Building is the famous Virgin Roof Garden which is the largest roof garden in Europe.

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

REGISTRAR
Boardroom Corporate &
Advisory Services Pte. Ltd.
3 Church Street
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Singapore 049483
Telephone: 6536 5355

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Financial Statements 2007

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, 2007.

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

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

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

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

Name of director and company in which interests are held	At beginning of year	At end of year
Shares in the Company		
Ong Beng Seng	108,428,800**	119,271,680**
David Fu Kuo Chen	750,000	869,000

REPORT OF THE DIRECTORS

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (cont'd)

Name of director and company in which interests are held	At beginning of year	At end of year
The subsidiary – HPL Resorts (Maldives) Pvt Ltd		
Shares of Maldivian Rufiyaa 1,000 each		
Ong Beng Seng	10,000*	10,000*
Options to acquire ordinary shares under the Hotel Properties Limited Executives' Share Option Scheme		
Christopher Lim Tien Lock	1,250,000	585,000
Performance shares awarded under the Hotel Properties Limited Performance Share Plan		
Christopher Lim Tien Lock	–	253,000

* 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, 2007, 115,971,680 (as at January 1, 2007, 105,428,800) 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, 2008.

4. DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

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

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

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

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

REPORT OF THE DIRECTORS

5. SHARE OPTIONS AND PERFORMANCE SHARES

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

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

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

a) Share Options Granted

On October 10, 2007 ("Offering Date"), options were granted pursuant to the Scheme 2000 to 19 executives of the Company to subscribe for 1,500,000 ordinary shares in the Company at the subscription price of $4.00 per ordinary share ("Offering Price").

The options may be exercised during the period from October 10, 2009 to October 9, 2017, 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 Option Exercised

During the financial year, the Company issued 2,795,000 new ordinary shares for cash following the exercise of options by executives of the Company granted in conjunction with the Scheme 2000.

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

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

c) Unissued Shares Under Option

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

	Number of Share Options					
Date of Grant	Balance at 1/1/07 or date of grant if later	Exercised	Adjustment*	Balance at 31/12/07	Exercise Price	Exercise Period
Pursuant to Scheme 2000						
13/11/2000	700,000	700,000	–	–	$1.300	13/11/2002 – 12/11/2010
13/11/2000	250,000	250,000	–	–	$1.210	13/11/2002 – 12/11/2010
27/09/2001	185,000	185,000	–	–	$1.000	27/09/2002 – 26/09/2011
28/02/2005	1,950,000	1,660,000	40,000	330,000	$1.000	28/02/2007 – 27/02/2015
17/03/2006	1,750,000	–	175,000	1,925,000	$1.145	17/03/2008 – 16/03/2016
10/10/2007	1,500,000	–	–	1,500,000	$4.000	10/10/2009 – 09/10/2017
Total	6,335,000	2,795,000	215,000	3,755,000		

* *During the financial year, adjustments were made to the outstanding share options in accordance with the provisions of the Scheme 2000 arising from the Rights Issue on August 17, 2007.*

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

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	Aggregrate options outstanding at the end of the financial year
Director				
Christopher Lim Tien Lock	200,000	1,985,000	1,400,000	585,000

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

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

e) Awards under Performance Share Plan

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

Balance as at January 1, 2007		Performance shares granted/adjusted during the year		Performance shares released during the year		Performance shares lapsed/cancelled during the year		Balance as at December 31, 2007	
No of holders	No of shares	No of holders	No of shares	No of holders	No of shares	No of holders	No of shares	No of holders	No of shares
–	–	2	709,500*	2	236,500	–	–	2	473,000

* *During the financial year, adjustments were made to the awards of unvested performance shares in accordance with the provisions of the HPL PSP arising from the Rights Issue on August 17, 2007.*

The details of performance shares awarded to a director of the Company under the HPL PSP up to December 31, 2007 were as follows:-

Name of Director	Awarded during the financial year	Aggregate awarded since commencement of the HPL PSP to the end of the financial year	Aggregate vested since commencement of the HPL PSP to the end of the financial year	Aggregate outstanding as at end of the financial year
Christopher Lim Tien Lock	379,500	379,500	126,500	253,000

6. AUDIT COMMITTEE

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

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

REPORT OF THE DIRECTORS

7. AUDITORS

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

ON BEHALF OF THE DIRECTORS

Ong Beng Seng

Christopher Lim Tien Lock

March 11, 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOTEL PROPERTIES LIMITED

We have audited the accompanying financial statements of Hotel Properties Limited (the "Company") and its subsidiaries (the "Group") which comprise the balance sheets of the Group and of the Company as at December 31, 2007, the profit and loss statement, statement of changes in equity and cash flow statement of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 27 to 84.

Directors' Responsibility

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

Opinion

In our opinion,

a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2007 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
Singapore

Philip Yuen Ewe Jin
Partner

March 11, 2008

BALANCE SHEETS
December 31, 2007

	Note	Group 2007 $'000	Group 2006 $'000	Company 2007 $'000	Company 2006 $'000
ASSETS					
Current assets					
Cash and bank balances	6	123,485	128,504	6,027	8,108
Held-for-trading investments	7	25,316	19,133	–	–
Trade receivables	8	29,755	29,928	2,567	2,211
Other receivables and prepayments	9	42,609	14,937	1,912	986
Amount due from associates	14	93,001	26,207	10,263	10,911
Amount due from subsidiaries	15	–	–	765,249	556,159
Inventories	11	7,091	6,863	315	212
Development properties	12	416,041	365,627	–	–
Completed properties held for sale	13	6,214	17,021	–	–
Total current assets		743,512	608,220	786,333	578,587
Non-current assets					
Associates	14	91,477	63,478	2,361	3,223
Subsidiaries	15	–	–	302,430	226,087
Available-for-sale investments	16	11,798	13,982	–	–
Other long-term receivables and prepayments	17	3,843	1,149	–	–
Property, plant and equipment	19	1,183,060	1,124,890	231,560	228,481
Investment properties	20	646,717	374,628	–	–
Deferred tax assets	25	253	1,714	–	–
Derivative financial instruments	10	4,256	76	3,798	76
Intangible assets	21	15,872	15,931	–	–
Total non-current assets		1,957,276	1,595,848	540,149	457,867
Total assets		**2,700,788**	**2,204,068**	**1,326,482**	**1,036,454**
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans	22	227,499	129,780	124,946	74,963
Trade payables	23	84,974	70,335	18,288	15,165
Other payables	24	43,702	39,738	–	–
Amount due to associates	14	457	457	–	–
Amount due to subsidiaries	15	–	–	44,509	44,467
Income tax payable		7,876	15,489	1,124	1,647
Total current liabilities		364,508	255,799	188,867	136,242
Non-current liabilities					
Long-term bank loans	22	932,527	687,723	313,341	189,882
Other long-term liabilities	22	17,941	24,417	–	–
Deferred tax liabilities	25	25,137	14,760	681	570
Total non-current liabilities		975,605	726,900	314,022	190,452
Capital, reserves and minority interests					
Share capital	26	681,040	576,486	681,040	576,486
Reserves	27	526,647	506,097	142,553	133,274
Equity attributable to shareholders of the Company		1,207,687	1,082,583	823,593	709,760
Minority interests		152,988	138,786	–	–
Total equity		1,360,675	1,221,369	823,593	709,760
Total liabilities and equity		**2,700,788**	**2,204,068**	**1,326,482**	**1,036,454**

See accompanying notes to financial statements.

CONSOLIDATED PROFIT AND LOSS STATEMENT
Year ended December 31, 2007

	Note	Group 2007 $'000	Group 2006 $'000
Revenue	28	459,842	355,397
Cost of sales		(314,821)	(252,383)
Gross profit		145,021	103,014
Other operating income	28	3,319	13,545
Administrative expenses		(49,676)	(40,092)
Other operating expenses		(3,517)	(10,153)
Finance costs	29	(40,808)	(28,237)
Other non-operating income	30	12,815	15,588
Fair value gain in investment properties	20	101,061	55,701
Share of results of associates		10,161	10,827
Profit before income tax	30	178,376	120,193
Income tax expense	32	(15,080)	(20,656)
Profit for the year		**163,296**	**99,537**
Attributable to:			
Shareholders of the Company		150,079	98,966
Minority interests		13,217	571
		163,296	99,537
Earnings per share (Cents):	33		
- basic		30.73	20.70
- fully diluted		30.59	20.60

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2007

Group	Share capital $'000	Share premium $'000	Asset revaluation reserve $'000	Hedge reserve $'000	Option reserve $'000	Exchange fluctuation reserve $'000	Other capital reserves $'000	Retained profits $'000	Attributable to shareholders of the Company $'000	Minority interests $'000	Total $'000
Balance as at January 1, 2006, as restated	454,039	121,092	227,040	508	211	(51,006)	3,917	249,802	1,005,603	52,225	1,057,828
Exchange fluctuation differences	–	–	–	–	–	(7,132)	–	–	(7,132)	(1,547)	(8,679)
Fair value changes in available-for-sale investments	–	–	–	–	–	–	3,671	–	3,671	–	3,671
Loss on cash flow hedge	–	–	–	(432)	–	–	–	–	(432)	–	(432)
Share of reserves of associates arising during the year	–	–	–	1,956	–	–	106	–	2,062	–	2,062
Net income (expense) recognised directly in equity	–	–	–	1,524	–	(7,132)	3,777	–	(1,831)	(1,547)	(3,378)
Transfer to profit and loss statement during the year	–	–	(4,027)	–	–	–	–	–	(4,027)	–	(4,027)
Net movement during the year	–	–	–	–	–	–	–	–	–	87,537	87,537
Profit for the year	–	–	–	–	–	–	–	98,966	98,966	571	99,537
Total recognised income (expense) for the year	–	–	(4,027)	1,524	–	(7,132)	3,777	98,966	93,108	86,561	179,669
Adjustment during the year	–	(207)	80	–	–	–	127	–	–	–	–
Share-based payments during the year	–	–	–	–	475	–	–	–	475	–	475
Final dividend for the previous year, paid	–	–	–	–	–	–	–	(18,165)	(18,165)	–	(18,165)
Issue of shares	1,562	–	–	–	–	–	–	–	1,562	–	1,562
Adjustment arising from abolition of par value of shares[(1)]	120,885	(120,885)	–	–	–	–	–	–	–	–	–
Balance as at December 31, 2006	**576,486**	**–**	**223,093**	**2,032**	**686**	**(58,138)**	**7,821**	**330,603**	**1,082,583**	**138,786**	**1,221,369**

Note (1) As a result of the Companies (Amendment) Act 2005, the concept of authorised share capital and par value has been abolished. Any amount standing to the credit of share premium account has been transferred to the Company's share capital account in the year ended December 31, 2006.

STATEMENTS OF CHANGES IN EQUITY
Year ended December 31, 2007

Group	Share capital $'000	Asset revaluation reserve $'000	Hedge reserve $'000	Option reserve $'000	Exchange fluctuation reserve $'000	Other capital reserves $'000	Retained profits $'000	Attributable to shareholders of the Company $'000	Minority interests $'000	Total $'000
Exchange fluctuation differences	–	–	–	–	(5,498)	–	–	(5,498)	(1,869)	(7,367)
Fair value changes in available-for-sale investments	–	–	–	–	–	(1,050)	–	(1,050)	–	(1,050)
Loss on cash flow hedge	–	–	(231)	–	–	–	–	(231)	–	(231)
Reserves arising during the year	–	–	–	–	–	(1,980)	–	(1,980)	–	(1,980)
Share of reserves of associates arising during the year	–	–	(761)	–	–	(96)	–	(857)	–	(857)
Net income (expense) recognised directly in equity	–	–	(992)	–	(5,498)	(3,126)	–	(9,616)	(1,869)	(11,485)
Transfer to profit and loss statement during the year	–	(595)	–	–	–	–	–	(595)	–	(595)
Net movement during the year	–	–	–	–	–	–	–	–	2,854	2,854
Profit for the year	–	–	–	–	–	–	150,079	150,079	13,217	163,296
Total recognised income (expense) for the year	–	(595)	(992)	–	(5,498)	(3,126)	150,079	139,868	14,202	154,070
Transfer during the year	429	–	–	(429)	–	–	–	–	–	–
Share-based payments during the year	–	–	–	658	–	–	–	658	–	658
Final dividend for the previous year, paid	–	–	–	–	–	–	(18,774)	(18,774)	–	(18,774)
Interim dividend for the current year, paid	–	–	–	–	–	–	(100,773)	(100,773)	–	(100,773)
Issue of shares	104,125	–	–	–	–	–	–	104,125	–	104,125
Balance as at December 31, 2007	**681,040**	**222,498**	**1,040**	**915**	**(63,636)**	**4,695**	**361,135**	**1,207,687**	**152,988**	**1,360,675**

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY
Year ended December 31, 2007

Company	Share capital $'000	Share premium $'000	Asset revaluation reserve $'000	Hedge reserve $'000	Option reserve $'000	Retained profits $'000	Total $'000
Balance as at January 1, 2006	454,039	120,885	110,785	138	211	20,180	706,238
Loss on cash flow hedge	–	–	–	(62)	–	–	(62)
Net income (expense) recognised directly in equity	–	–	–	(62)	–	–	(62)
Profit for the year	–	–	–	–	–	19,712	19,712
Total recognised income (expense) for the year	–	–	–	(62)	–	19,712	19,650
Share-based payments during the year	–	–	–	–	475	–	475
Final dividend for the previous year, paid	–	–	–	–	–	(18,165)	(18,165)
Adjustment arising from abolition of par value of shares(1)	120,885	(120,885)	–	–	–	–	–
Issue of shares	1,562	–	–	–	–	–	1,562
Balance as at December 31, 2006	576,486	–	110,785	76	686	21,727	709,760
Loss on cash flow hedge	–	–	–	(698)	–	–	(698)
Net income (expense) recognised directly in equity	–	–	–	(698)	–	–	(698)
Profit for the year	–	–	–	–	–	129,295	129,295
Total recognised income (expense) for the year	–	–	–	(698)	–	129,295	128,597
Transfer during the year	429	–	–	–	(429)	–	–
Share-based payments during the year	–	–	–	–	658	–	658
Final dividend for the previous year, paid	–	–	–	–	–	(18,774)	(18,774)
Interim dividend for the current year, paid	–	–	–	–	–	(100,773)	(100,773)
Issue of shares	104,125	–	–	–	–	–	104,125
Balance as at December 31, 2007	**681,040**	**–**	**110,785**	**(622)**	**915**	**31,475**	**823,593**

Note (1) As a result of the Companies (Amendment) Act 2005, the concept of authorised share capital and par value has been abolished. Any amount standing to the credit of share premium account has been transferred to the Company's share capital account in the year ended December 31, 2006.

See accompanying notes to financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Year ended December 31, 2007

	Group	
	2007	2006
	$'000	$'000
Cash flows from operating activities		
Profit before income tax and share of results of associates	168,215	109,366
Adjustments for:		
Amortisation of intangible assets	342	330
Depreciation expense	45,211	35,484
Negative goodwill on acquisition of a subsidiary	–	(655)
Share-based payments expense	658	475
Fair value loss (gain) in held-for-trading investments	114	(9,663)
Fair value gain in investment properties	(101,061)	(55,701)
Plant and equipment written off	263	3,397
Gain on disposal of property, plant and equipment	(155)	(790)
Gain on disposal of available-for-sale investments	(134)	–
Gain on disposal of investment properties	–	(116)
Gain on liquidation of associates	–	(5,981)
Impairment loss in property, plant and equipment	299	–
Impairment loss in associates	361	–
Write-back of impairment loss in a development property	(1,318)	–
Interest expense	40,232	27,702
Interest income	(2,417)	(2,789)
Dividend income	(65)	(672)
Operating cash flows before movements in working capital	150,545	100,387
Trade and other payables	12,478	15,588
Completed properties held for sale	10,212	12,233
Receivables and prepayments	(27,276)	1,239
Held-for-trading investments	(6,297)	18,409
Inventories	(228)	(898)
Cash generated from operations	139,434	146,958
Dividend paid	(18,774)	(18,165)
Dividend received	65	672
Interest received	2,417	2,789
Interest paid	(40,232)	(27,702)
Income tax paid	(10,842)	(7,902)
Net cash from operating activities	72,068	96,650

CONSOLIDATED CASH FLOW STATEMENT
Year ended December 31, 2007

	Group	
	2007	2006
	$'000	$'000
Investing activities		
Acquisition of additional interest in a joint venture company (see Note A below)	(83,264)	–
Acquisition of a joint venture company and a subsidiary (see Note B below)	–	(47,487)
Additional investment properties	(16,230)	(188)
Additional property, plant and equipment	(132,470)	(136,004)
Additional available-for-sale investment	–	(2,900)
Development properties and expenditure	(50,731)	(243,653)
Net investment in associates	(94,742)	(13,170)
Advances from minority shareholders	1,501	54,115
Proceeds from disposal of available-for-sale investments	4,286	–
Proceeds from disposal of investment properties	183	2,076
Proceeds from disposal of property, plant and equipment	1,571	1,826
Net cash used in investing activities	(369,896)	(385,385)
Financing activities		
Additional bank loans	287,433	297,395
Additional other long-term liabilities	–	26,975
Decrease (Increase) in deposits under pledge to banks (Note 6)	3,268	(4,099)
Proceeds from issue of shares	3,352	1,562
Net cash from financing activities	294,053	321,833
Net effect of exchange rate changes in consolidation	2,024	381
Net (decrease) increase in cash and cash equivalents	(1,751)	33,479
Cash and cash equivalents at beginning of year	124,405	90,926
Cash and cash equivalents at end of year	**122,654**	**124,405**

CONSOLIDATED CASH FLOW STATEMENT
Year ended December 31, 2007

Note A: Effects of acquisition of additional interest in a joint venture company for the year ended December 31, 2007

	$'000
Current assets	183
Current liabilities	(4,158)
Net current liabilities	(3,975)
Other non-current assets	155,105
Other non-current liabilities	(68,492)
Net assets acquired	82,638
Goodwill	687
Purchase consideration	83,325
Cash of joint venture company acquired	(61)
Cash outflow arising from acquisition of additional interest in a joint venture company	83,264

Note B: Effects of acquisition of a joint venture company and a subsidiary for the year ended December 31, 2006

	Acquiree's carrying amount before combination $'000	Fair value adjustments $'000	Fair value $'000
Current assets	63,242	15,426	78,668
Current liabilities	(38,991)	–	(38,991)
Net current assets	24,251	15,426	39,677
Property, plant and equipment	31,001	17,800	48,801
Other non-current liabilities	(34,817)	(5,069)	(39,886)
Net assets acquired	20,435	28,157	48,592
Negative goodwill			(655)
Purchase consideration			47,937
Cash of a joint venture company and a subsidiary acquired			(450)
Cash outflow arising from acquisition of a joint venture company and a subsidiary			47,487

If the additional interest in a joint venture company (2006: a joint venture company and a subsidiary) had not been acquired, the Group's revenue and profit after tax for the year would have been $454.0 million (2006: $355.1 million) and $146.8 million (2006: $101.3 million) respectively. If the acquisition had been completed at the beginning of the financial year, the Group's revenue and profit for the year would have been $461.0 million (2006: $357.2 million) and $163.6 million (2006: $99.5 million) respectively.

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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 companies are described in Notes 39, 40 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, 2007 were authorised for issue by the Board of Directors on March 11, 2008.

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”) that are relevant to its operations and effective for annual periods beginning on or after January 1, 2007. The adoption of these new/revised FRSs and INT FRSs has no material effect on the financial statements except as follows:

FRS 107 – *Financial Instruments: Disclosures and amendments to FRS 1 Presentation of Financial Statements relating to capital disclosures*

The Group has adopted FRS 107 with effect from annual periods beginning on or after January 1, 2007. The new standard has resulted in an expansion of the disclosures in these financial statements regarding the Group’s financial instruments. The Group has also presented information regarding its objectives, policies and processes for managing capital (see Note 4) as required by the amendments to FRS 1 which are effective from annual periods beginning on or after January 1, 2007.

The Group is currently evaluating the provisions of FRSs and INT FRSs that were issued as at the date of the authorisation of these financial statements but not yet effective until future periods. Preliminary assessment by the Group indicates that the initial adoption of these FRSs and INT FRSs will have no material financial impact on the consolidated financial statements of the Group.

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

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.

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

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

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

In the Company's financial statements, investments in subsidiaries and associates 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 *Business Combinations* are recognised at their fair values at the acquisition date.

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

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

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.

Financial assets

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 and 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 and loss statement for the period. Impairment losses recognised in the profit and loss statement for equity investments classified as available-for-sale are not subsequently reversed through the profit and loss statement.

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 the profit and loss statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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

Financial liabilities and equity instruments

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

<u>Financial liabilities</u>

Trade and other payables 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.

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.

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

Equity instruments

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

Derivative financial instruments and hedge accounting

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

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

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 the profit and 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.

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

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

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

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

DEVELOPMENT PROPERTIES – Development properties for sale are stated at cost, which include cost of land and construction, related overhead expenditure and borrowing costs incurred during the period of construction. Profits are recognised based on the percentage of completion method. The amount brought into the financial statements is the direct proportion of total expected project profits attributable to the actual sales contracts signed, but only to the extent that it relates to the stage of physical completion determined based on the proportion of the construction costs incurred to date to the estimated total construction cost. When losses are expected, full provision is made in the financial statements after adequate consideration has been made for estimated costs to completion. Developments are considered complete upon the issue of temporary occupation permits.

COMPLETED PROPERTIES HELD FOR SALE – Completed properties held for sale are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated costs to be incurred in the marketing and selling.

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

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, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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 stated at cost or valuation, less accumulated depreciation and any accumulated impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount.

Any revaluation increase arising on the revaluation of freehold land and long-term leasehold land is 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 the 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.

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

Properties in the course of construction for rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Operating equipment is written off based on periodic physical inventory counts. Depreciation is charged so as to write off the cost of assets, other than freehold and long-term leasehold land and construction-in-progress, over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold land and property	–	19 to 89 years
Buildings and improvements	–	2 to 50 years
Plant and equipment, furniture, fixtures and fittings	–	3 to 20 years

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

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

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 measured initially at their cost, including transaction cost. Subsequent to initial recognition, investment properties are stated at their fair values based on valuation performed by professional valuers on an open market value for existing use basis. Gains or losses arising from changes in the fair values of investment properties (net of deferred tax where applicable) are taken to the profit and loss statement.

INTANGIBLE ASSETS – These comprise goodwill and franchise rights. Franchise rights are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over the estimated useful lives of franchise rights. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Goodwill arising on the acquisition of a subsidiary 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.

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary 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 (excluding goodwill) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

Rental payable under operating leases are charged to the profit and loss statement 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.

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

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

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

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

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.

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

a) Sales other than revenue from development properties are recognised when all the following conditions are satisfied:

   - the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
   - the amount of revenue can be measured reliably;
   - it is probable that the economic benefits associated with the transaction will flow to the entity; and
   - the costs incurred or to be incurred in respect of the transaction can be measured reliably.

b) Revenue from development properties is recognised in accordance with the Group's accounting policy on development properties (see above);

c) Hotel room revenue is recognised based on room occupancy while other hotel revenue are recognised when the goods are delivered or the services are rendered to the customers;

d) Rental income is recognised on a straight-line basis over the term of the relevant lease;

e) Management fee income is recognised when services are rendered;

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

g) Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

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

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 statement in the period in which they are incurred.

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

INCOME TAX – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the 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 (and tax laws) that have been enacted or substantively enacted in countries where the company and respective subsidiaries operate by the balance sheet date.

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 (and tax laws) that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the profit and loss statement, 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.

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

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

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each entity within the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the 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 transactions. 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.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in the profit and loss statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the profit and loss statement 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 the profit and loss statement 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 FRSs requires the exercise of judgement, the use of estimates and assumptions concerning the future by management.

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

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

These estimates, judgements and assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

4. FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

The following table sets out the financial instruments as at the balance sheet date:

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Financial assets				
Held-for-trading investments	25,316	19,133	–	–
Derivative financial instruments	4,256	76	3,798	76
Advances and receivables (including cash and bank balances)	250,667	186,088	784,708	578,138
Available-for-sale financial assets	11,798	13,982	–	–
Financial liabilities				
Amortised cost (excluding tax)	1,307,100	952,450	501,084	324,477

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

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

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

Interest rate sensitivity

The sensitivity analysis below have been determined based on the exposures to interest rates for significant non-derivatives instruments at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is approximately the rate used when reporting interest rate risk internally to key management personnel.

As at balance sheet date, it is estimated that a 50 basis point change in interest rates would affect the Group's and Company's profit before tax by approximately $4.8 million and $1.1 million respectively (2006: $3.7 million and $0.8 million respectively).

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

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

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2007	2006	2007	2006	2007	2006	2007	2006
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
United States dollars	121,790	160,783	59,167	74,798	–	48,592	45,502	49,099
Sterling pounds	15,566	5,903	39,783	40,469	15,566	5,903	15,356	7,324
Indonesian rupiah	4,585	3,683	2,866	2,533	–	–	–	–
Australian dollars	–	–	3,822	1,016	–	–	–	10
Hong Kong dollars	30,782	–	17,625	601	–	–	30,768	–
Chinese renminbi	–	–	711	621	–	–	–	–
Malaysian ringgit	–	–	11,964	11,943	–	–	–	–

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

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

Foreign currency sensitivity

The sensitivity analysis uses a 10% increase and decrease in the Singapore dollar against the relevant foreign currencies as an approximate of the sensitivity rate used when reporting foreign currency risk internally to key management personnel. The sensitivity analysis includes only significant outstanding foreign currency denominated monetary items not designated as hedge and adjusts their translation at the year end for a 10% change in foreign currency rates. The analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. Based on the sensitivity analysis performed, a 10% increase/decrease in the Singapore dollar against the relevant foreign currencies is expected to increase or decrease profit before tax and equity of the Group by $3.3 million (2006: $4.8 million) and $4.4 million (2006: $5.9 million) respectively.

Management considers a 10% change in Singapore dollar against the relevant foreign currencies not to have any significant impact on the profit before tax of the Company.

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

Credit risk

The Group has a diversified portfolio of businesses and at 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 cash equivalents are held with reputable financial institutions.

The carrying amount of trade and other receivables, cash and cash equivalents 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.

Liquidity risk analysis

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay.

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Total $'000
Group				
2007				
Non-interest bearing	125,251	3,048	–	128,299
Interest bearing	231,381	906,161	41,259	1,178,801
	356,632	909,209	41,259	1,307,100
2006				
Non-interest bearing	109,265	4,402	–	113,667
Interest bearing	131,045	679,359	28,379	838,783
	240,310	683,761	28,379	952,450
Company				
2007				
Non-interest bearing	62,797	–	–	62,797
Interest bearing	124,946	313,341	–	438,287
	187,743	313,341	–	501,084
2006				
Non-interest bearing	59,632	–	–	59,632
Interest bearing	74,963	189,882	–	264,845
	134,595	189,882	–	324,477

Market risk

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to quoted securities or factors affecting all securities 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.

If equity prices had been 10% higher or lower, the Group's profit before tax and equity for the year ended December 31, 2007 would increase/decrease by $2.5 million (2006: increase/decrease by $1.9 million) and $0.3 million (2006: Nil) respectively.

Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes borrowings, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The Group actively reviews its capital structure and considers the cost of capital and the risks associated with each class of capital. The Group balances its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

The Group's overall strategy remains unchanged from 2006.

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

Fair values of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, provisions and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The carrying amounts of long-term financial liabilities comprising mainly long-term borrowings approximate their respective fair values as they are based on interest rates that approximate market interest rates.

The fair values of other classes of financial assets and liabilities are determined as follow:

i) the fair value of financial assets and financial liabilities traded on active liquid markets are determined with reference to quoted market prices;

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

iii) the fair value of unquoted financial instruments are determined in accordance with Note 16.

5. RELATED PARTY TRANSACTIONS

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

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand.

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

	Group	
	2007 $'000	2006 $'000
Transactions with companies in which certain directors are deemed to have interests:		
Management fee expense	667	689
Rental income	(11,494)	(9,242)
Transactions with associates:		
Management fee income	(2,116)	(1,839)
Rental income	(117)	(269)
Transactions with a joint venture company:		
Management fee income	(244)	–

5. RELATED PARTY TRANSACTIONS (cont'd)

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

	Group	
	2007	2006
	$'000	$'000
Short-term benefits	6,513	5,527
Post-employment benefits	313	275
Share-based payments	491	218
	7,317	6,020

6. CASH AND BANK BALANCES

a) As at December 31, 2006, cash and bank balances of approximately $1,991,000 were held under the Housing Developers (Project Account) Rules, withdrawals from which were restricted to payments for expenditure incurred on projects to which they relate.

b) As at December 31, 2007, cash and bank balances of approximately $831,000 (2006: $4,099,000) were pledged to the banks to secure credit facilities for certain subsidiaries and joint venture company of the Group.

c) The bank deposits of the Group bear annual interest ranging from 0% to 6.8% (2006: 0% to 6.1%). The interest rate is re-fixed on a short-term basis typically 6 months or less.

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

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
United States dollars	36,110	49,409	127	13
Sterling pounds	421	1,612	407	1,593
Indonesian rupiah	1,471	1,206	–	–
Australian dollars	793	1,016	–	10

7. HELD-FOR-TRADING INVESTMENTS

	Group	
	2007 $'000	2006 $'000
Quoted equity shares, at fair value	25,316	19,133

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

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

	Group	
	2007 $'000	2006 $'000
Malaysian ringgit	426	243

8. TRADE RECEIVABLES

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Trade receivables	29,932	30,092	2,596	2,237
Less: Allowances for doubtful receivables	(177)	(164)	(29)	(26)
	29,755	29,928	2,567	2,211
Movement in allowance for doubtful receivables:				
Balance at beginning of year	164	298	26	79
Amount written off during the year	–	(44)	–	–
Amount recovered during the year	(79)	(121)	–	(53)
Increase in allowance recognised in the profit and loss statement	95	43	3	–
Exchange realignment	(3)	(12)	–	–
Balance at end of year	177	164	29	26

8. TRADE RECEIVABLES (cont'd)

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

	Group	
	2007	2006
	$'000	$'000
Indonesian rupiah	1,205	1,147
United States dollars	483	–
Hong Kong dollars	–	601
Chinese renminbi	711	621

The average credit period on sales of goods ranges from 0 to 60 days (2006: 0 to 60 days). Interest on overdue balance is charged at rates ranging from 14% to 18% (2006: 14% to 18%) per annum on the outstanding balance. Trade receivables are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience and objective evidence of impairment which includes ageing of receivables and the financial condition of the debtor.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable. The concentration of credit risk is limited due to the customer base being large and unrelated. There is no customer who represents more than 5% of the total balance of trade receivables.

9. OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Prepayments and deposits for acquisition of capital assets	30,655	2,484	1,075	–
Other deposits	2,130	2,726	–	–
Other receivables	1,567	1,449	602	749
Other prepayments	8,049	8,128	235	237
Rental deposits	29	24	–	–
Tax recoverable	179	126	–	–
Total	**42,609**	**14,937**	**1,912**	**986**

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

	Group	
	2007	2006
	$'000	$'000
Indonesian rupiah	190	180
United States dollars	765	198

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

10. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Non-current				
Interest rate swaps	(391)	76	–	76
Cross currency swaps	4,647	–	3,798	–
Total	**4,256**	**76**	**3,798**	**76**

The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings. Contract with nominal value of $125 million (2006: $75 million) has interest payments at a weighted average rate of 3.6% (2006: 3.4%) per annum as at December 31, 2007, and have floating interest receipts at Swap Offer Rate. Contract with nominal value of $30 million (2006: $30 million) has floating interest payments at Swap Offer Rate and fixed interest receipts at 3.96% (2006: 3.96%) per annum as at December 31, 2007. The interest rate swaps mature from 2008 to 2010 and settle on quarterly and semi-annually (2006: semi-annually) basis. The Group settles the difference between the fixed and floating interest rates on a net basis.

The Group also uses cross currency swaps to manage its exposure to exchange rate movements on its investments. At balance sheet date, the notional value of outstanding cross currency swaps to which the Group has committed is $73 million (2006: Nil).

The fair values of swaps entered into at December 31, 2007 are estimated at $4,256,000 (2006: $76,000). These amounts are based on quoted market prices for equivalent instruments at the balance sheet date. All of these swaps are designated and effective as cash flow hedges and the fair values thereof have been deferred in equity.

An amount of $0.8 million (2006: $Nil) has been offset against hedged interest payments made in the year for interest rate swaps.

11. INVENTORIES

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
At cost:				
Saleable merchandise	3,805	3,487	304	200
Operating supplies	2,726	2,776	11	12
	6,531	6,263	315	212
Saleable merchandise carried at net realisable value	560	600	–	–
Total	**7,091**	**6,863**	**315**	**212**

12. DEVELOPMENT PROPERTIES

	Group 2007 $'000	2006 $'000
Cost incurred and attributable profits	483,585	407,426
Less: Progress payments received and receivable	(67,544)	(40,481)
Less: Impairment loss	–	(1,318)
Net	416,041	365,627

Finance costs of $7,723,000 (2006: $1,345,000) 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 4.3% to 6.5% (2006: 4.3% to 6.5%) per annum.

Included in cost incurred is an amount of $356 million (2006: $332 million) relating to development properties of which no progress payments were received.

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, 2007.

	Before adoption $'000	After adoption $'000
Retained profits as at January 1, 2007	330,603	325,508
Revenue	459,842	417,058
Profit for the year	163,296	157,931
Development properties as at January 1, 2007	365,627	359,363
Development properties as at December 31, 2007	416,041	400,726

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

13. COMPLETED PROPERTIES HELD FOR SALE

Location	Title	Description
Four Seasons Park 12 Cuscaden Walk Singapore 249692	Freehold	1 (2006: 1) unit of condominium with an aggregate floor area of approximately 2,260 (2006: 2,260) square feet
Robertson Blue 86/88 Robertson Quay Singapore 238247	Freehold	Nil (2006: 2) condominium unit and 4 (2006: 4) commercial units with an aggregate floor area of approximately 6,233 (2006: 9,871) square feet
Sailmakers Court Townmead Road, London, United Kingdom	Leasehold (999 years from December 25, 1989)	Nil (2006: 1) apartment unit with an aggregate floor area of approximately Nil (2006: 1,373) square feet
Eaton House 38 Westferry Circus, London, United Kingdom	Leasehold (999 years from February 5, 1997)	Nil (2006: 1*) apartment unit with an aggregate floor area of approximately Nil (2006: 798) square feet
Orchard Plaza 150 Orchard Road Singapore 238841	Leasehold (99 years from June 2, 1977)	Nil (2006: 2*) commercial unit with an aggregate floor area of approximately Nil (2006: 12,723) square feet

* As at December 31, 2006, these had been reclassified from property, plant and equipment (Note 19) and investment properties (Note 20) as the Group had entered into agreements to dispose of these assets subsequent to December 31, 2006.

14. ASSOCIATES

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Cost of investments in associates	149,044	127,059	245	245
Share of post-acquisition results and reserves net of dividend received	(109,191)	(114,925)	–	–
Due from associates	51,624	51,344	2,116	2,978
Net	91,477	63,478	2,361	3,223

As at December 31, 2007, the amounts due from associates of $51,624,000 (2006: $51,344,000) are in substance net investment in the associates.

As at December 31, 2007, the amounts due from associates to the Group and Company of $93,001,000 (2006: $26,207,000) and $10,263,000 (2006: $10,911,000) are unsecured, interest-free and repayable on demand. The amount due to associate of $457,000 (2006: $457,000) are unsecured, interest-free and repayable on demand.

14. ASSOCIATES (cont'd)

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

	Group 2007 $'000	Group 2006 $'000
Non-current:		
Malaysian ringgit	10,613	10,613
Sterling pounds	39,071	38,360
Current:		
Malaysian ringgit	925	1,087
Hong Kong dollars	14,766	–
United States dollars	13,255	13,476
Sterling pounds	291	497

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

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

	Group 2007 $'000	Group 2006 $'000
Balance sheet		
Total assets	2,551,693	789,759
Total liabilities	(2,439,735)	(711,784)
Net assets	111,958	77,975
Group's share of associates' net assets	39,853	12,134
Profit and loss statement		
Revenue	336,991	237,494
Profit for the year	56,433	39,505
Group's share of results of associates	10,161	10,827

The Group had not recognised profit arising in the current financial year amounting to $683,000 (2006: loss of $266,000) in an associate. The accumulated losses not recognised were $751,000 (2006: $1,434,000).

15. SUBSIDIARIES

	Company 2007 $'000	Company 2006 $'000
Total advances to subsidiaries	898,318	619,755
Less: Impairment loss	(4,917)	(11,787)
	893,401	607,968
Less: Amount classified as current asset	(765,249)	(556,159)
Non-current advances to subsidiaries	128,152	51,809
Unquoted equity shares, at cost	174,278	174,278
Total	**302,430**	**226,087**

As at December 31, 2007, the advances to subsidiaries of $151,472,000 (2006: $58,661,000) bear interest at rates ranging from 3.4% to 4.3% (2006: 1.9% to 4.5%) per annum, are unsecured and substantially non-trade in nature. The amounts due from subsidiaries of $741,929,000 (2006: $549,307,000) are unsecured, interest-free and repayable on demand.

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

As at December 31, 2007, the amounts due to subsidiaries of $44,509,000 (2006: $44,467,000) are unsecured, interest-free and repayable on demand.

During the financial year, interest income from subsidiaries amounted to $3,997,000 (2006: $1,980,000).

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

	Company 2007 $'000	Company 2006 $'000
Current:		
United States dollars	45,375	49,086
Hong Kong dollars	30,768	–
Sterling pounds	14,949	5,731

Information relating to subsidiaries is shown in Note 39 to the financial statements.

16. AVAILABLE-FOR-SALE INVESTMENTS

	Group 2007 $'000	Group 2006 $'000
Quoted equity shares, at fair value	3,029	–
Unquoted equity shares, at fair value	8,769	11,913
Other unquoted investments, at fair value	–	2,069
Net	11,798	13,982

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

16. AVAILABLE-FOR-SALE INVESTMENTS (cont'd)

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

	Group	
	2007 $'000	2006 $'000
Australian dollars	3,029	–
United States dollars	8,554	11,913

17. OTHER LONG-TERM RECEIVABLES AND PREPAYMENTS

	Group	
	2007 $'000	2006 $'000
Other long-term receivables	2,859	–
Prepaid rent	1,078	1,249
Less: Current portion of prepaid rent included in prepayments (Note 9)	(94)	(100)
	3,843	1,149

The other long-term receivables are denominated in Hong Kong dollars and represent the net present value expected to be received in 2009. The amount is unsecured and interest-free.

18. JOINT VENTURE COMPANIES

Information relating to the joint venture companies are as follow:

Name of Joint Venture Company	Principal Activity	Country of Incorporation/Place of Business	Group's Effective Interest 2007	Group's Effective Interest 2006
Hermill Investments Pte Ltd	Investment holding and letting out of properties	Singapore	*	59%
Horizon Partners Pte Ltd**	Investment holding	Singapore	40%	–
HPL-Hines Development Pte Ltd	Investment holding	Singapore	85%	85%
Laem Ka Properties Co., Ltd**	Property developer	Thailand	50%	–
Shanghai 21st Century Real Estate (subsidiary of HPL-Hines Development Pte Ltd)	Property developer	People's Republic of China	61.85%	46.75%

* Following the acquisition of the remaining 41% interest in this joint venture company during the year, this joint venture company has become a subsidiary.

** Incorporated during the financial year.

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

18. JOINT VENTURE COMPANIES (cont'd)

The above joint venture companies are audited by Deloitte & Touche, Singapore or its overseas practices for consolidation purposes except for Laem Ka Properties Co., Ltd which is audited by overseas practices of Ernst & Young.

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

	Group	
	2007	**2006**
	$'000	**$'000**
Balance sheet		
Current assets	168,569	104,575
Non-current assets	97,622	258,455
Less: Current liabilities	(113,634)	(54,332)
Non-current liabilities	(83,795)	(141,078)
Net assets	68,762	167,620
Profit and loss statement		
Revenue	1,688	9,653
Other income net of expenses	937	16,887
The above results includes the following (charges) credits:		
Fair value changes in investment property	–	24,993
Interest expense to non-related companies	(722)	(4,341)
Interest income from non-related companies	209	167
Rental income from enterprises in which certain directors are deemed to have interests	435	2,504
Rental income from investment property	1,546	9,012

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, 2006	498,988	116,872	511,285	227,114	70,647	1,424,906
Additions	–	–	4,326	13,623	119,974	137,923
Arising from acquisition of a joint venture company and a subsidiary	14,703	–	5,472	481	21,994	42,650
Reclassification	10,187	–	105,810	45,154	(161,151)	–
Transfer to development properties during the year	–	–	–	–	(1,943)	(1,943)
Transfer to investment properties during the year	(56,304)	–	(15,480)	–	–	(71,784)
Transfer to completed properties held for sale during the year	–	–	(741)	(94)	–	(835)
Disposals	–	–	(1,203)	(6,906)	(2,963)	(11,072)
Exchange realignment	(1,151)	–	(18,435)	(4,624)	(4,214)	(28,424)
At December 31, 2006	466,423	116,872	591,034	274,748	42,344	1,491,421
Additions	51,410	–	7,844	24,379	48,837	132,470
Arising from acquisition of additional interest in a joint venture company	–	–	–	125	–	125
Amount written off against impairment	(632)	–	(1)	–	–	(633)
Disposals	(3)	–	(350)	(4,861)	–	(5,214)
Exchange realignment	(5,118)	–	(21,362)	(7,108)	(1,871)	(35,459)
At December 31, 2007	512,080	116,872	577,165	287,283	89,310	1,582,710
Comprising:						
December 31, 2006						
At cost	95,541	116,872	591,034	274,748	42,344	1,120,539
At valuation	370,882	–	–	–	–	370,882
	466,423	116,872	591,034	274,748	42,344	1,491,421
December 31, 2007						
At cost	141,780	116,872	577,165	287,283	89,310	1,212,410
At valuation	370,300	–	–	–	–	370,300
	512,080	116,872	577,165	287,283	89,310	1,582,710

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

	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						
Accumulated depreciation:						
At January 1, 2006	9,525	22,333	138,077	178,102	–	348,037
Depreciation for the year	1,121	1,313	17,661	15,389	–	35,484
Transfer to investment properties during the year	–	–	(5,238)	–	–	(5,238)
Transfer to completed properties held for sale during the year	–	–	(144)	–	–	(144)
Disposals	–	–	(245)	(5,674)	–	(5,919)
Exchange realignment	(761)	–	(4,587)	(987)	–	(6,335)
At December 31, 2006	9,885	23,646	145,524	186,830	–	365,885
Depreciation for the year	1,453	1,313	22,223	20,222	–	45,211
Disposals	–	–	(79)	(3,456)	–	(3,535)
Exchange realignment	(638)	–	(5,671)	(1,899)	–	(8,208)
At December 31, 2007	10,700	24,959	161,997	201,697	–	399,353
Impairment loss:						
At January 1, 2006	699	–	2	–	–	701
Exchange realignment	(54)	–	(1)	–	–	(55)
At December 31, 2006	645	–	1	–	–	646
Charge for the year	299	–	–	–	–	299
Amount written off	(632)	–	(1)	–	–	(633)
Exchange realignment	(15)	–	–	–	–	(15)
At December 31, 2007	297	–	–	–	–	297
Carrying amount:						
At December 31, 2007	501,083	91,913	415,168	85,586	89,310	1,183,060
At December 31, 2006	455,893	93,226	445,509	87,918	42,344	1,124,890

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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, 2006	208,800	24,945	75,756	309,501
Additions	–	10	3,801	3,811
Disposals	–	–	(1,769)	(1,769)
At December 31, 2006	208,800	24,955	77,788	311,543
Additions	–	–	8,268	8,268
Disposals	–	–	(3,018)	(3,018)
At December 31, 2007	208,800	24,955	83,038	316,793
Comprising:				
December 31, 2006				
At valuation	208,800	–	–	208,800
At cost	–	24,955	77,788	102,743
	208,800	24,955	77,788	311,543
December 31, 2007				
At valuation	208,800	–	–	208,800
At cost	–	24,955	83,038	107,993
	208,800	24,955	83,038	316,793
Accumulated depreciation:				
At January 1, 2006	–	14,583	66,449	81,032
Depreciation for the year	–	421	3,021	3,442
Disposals	–	–	(1,412)	(1,412)
At December 31, 2006	–	15,004	68,058	83,062
Depreciation for the year	–	419	3,993	4,412
Disposals	–	–	(2,241)	(2,241)
At December 31, 2007	–	15,423	69,810	85,233
Carrying amount:				
At December 31, 2007	208,800	9,532	13,228	231,560
At December 31, 2006	208,800	9,951	9,730	228,481

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

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 $261 million (2006: $215 million) and $98 million (2006: $98 million) respectively.

Finance costs of $685,000 (2006: $2,663,000) 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 4.0% to 7.8% (2006: 5.5% to 7.0%) per annum.

As at December 31, 2007, certain property, plant and equipment with total carrying amount of $1,055 million (2006: $803 million) were mortgaged to banks to secure credit facilities for the Company and respective subsidiaries of the Group.

20. INVESTMENT PROPERTIES

Gross rental income and direct operating expenses arising from investment properties amounted to $21.9 million (2006: $15.5 million) and $6.7 million (2006: $4.8 million) respectively for the year ended December 31, 2007.

Additions during the year were $171.1 million (2006: $0.2 million) of which $154.9 million (2006: Nil) arose due to acquisition of additional interest in a joint venture company. Sale of properties during the year amounted to $0.2 million (2006: $2.6 million).

Fair value gain recognised during the year amounted to $101.1 million (2006: $55.7 million).

Certain investment properties amounting to approximately $619 million as at December 31, 2007 (2006: $363 million) were mortgaged to banks to secure credit facilities for the respective subsidiaries of the Group.

The fair values of the investment properties at December 31, 2007 and 2006 have been determined by independent professional valuers based on open market values.

21. INTANGIBLE ASSETS

	Goodwill $'000	Franchise rights $'000	Total $'000
Group			
Cost:			
At January 1, 2006	12,198	6,124	18,322
Exchange realignment	(583)	188	(395)
At December 31, 2006	11,615	6,312	17,927
Arising from acquisition of additional interest in a joint venture company	687	–	687
Exchange realignment	(426)	17	(409)
At December 31, 2007	11,876	6,329	18,205

21. INTANGIBLE ASSETS (cont'd)

	Goodwill $'000	Franchise rights $'000	Total $'000
Accumulated amortisation:			
At January 1, 2006	–	1,624	1,624
Amortisation charged against other non-operating income	–	330	330
Exchange realignment	–	42	42
At December 31, 2006	–	1,996	1,996
Amortisation charged against other non-operating income	–	342	342
Exchange realignment	–	(5)	(5)
At December 31, 2007	–	2,333	2,333
Carrying amount:			
At December 31, 2007	11,876	3,996	15,872
At December 31, 2006	11,615	4,316	15,931

Goodwill acquired in a business combination is allocated at acquisition to the cash generating units ("CGU") that are expected to benefit from that business combination. The carrying amounts of goodwill attributable to certain investment properties and certain property, plant and equipment are approximately $0.7 million (2006: Nil) and $11.2 million (2006: $11.6 million) respectively.

The recoverable amounts of the CGU are determined either from value-in-use calculations or professional valuations on properties held by the CGUs. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rate that reflect current market assessments of the time value of money and the risk specific to the CGUs. The growth rate and changes in 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 7% to 9% (2006: 6% to 9%). The rates used to discount the forecasted cash flow range from 3% to 10%.

22. BORROWINGS AND OTHER LONG-TERM LIABILITIES

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Due after twelve months				
Long-term bank loans (a)	717,752	534,343	98,566	36,502
Notes payable (a)	214,775	153,380	214,775	153,380
	932,527	687,723	313,341	189,882
Other long-term liabilities (c)	14,893	20,015	–	–
Advance receipts	3,048	4,402	–	–
	950,468	712,140	313,341	189,882

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Due within twelve months				
Current portion of long-term bank loans [a]	18,532	35,054	–	–
Notes payable [a]	124,946	74,963	124,946	74,963
Short-term bank loans [b]	84,021	19,763	–	–
	227,499	129,780	124,946	74,963
Current portion of other long-term liabilities [c]	3,882	1,265	–	–
Current portion of advance receipts	1,354	1,354	–	–
	232,735	132,399	124,946	74,963
Bankers' guarantees and letters of credit [d]	45,008	5,330	393	393

(a) Long-term bank loans (secured) and notes payable (unsecured) bear annual interest rates ranging from 0.3% to 1.7% (2006: 0.5% to 1.7%) above cost of funds of the lender banks, certain long-term bank loans bear annual interest rates at 1.5% below the bank's prevailing minimum lending rate, and certain notes payable bear annual interest rates ranging from 3.1% to 4.7% (2006: 2.8% to 4.7%). The facilities are repayable from 2008 to 2015 (2006: 2007 to 2012). 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 loans bear annual interest rates ranging from 0.6% to 1.0% (2006: 0.6% to 1.5%) above cost of funds of the lender banks and certain short-term bank loan bears annual interest rates at 1.5% below the bank's prevailing minimum lending rate. 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) Other long-term liabilities bear annual interest rate at 1.5% (2006: 1.5%) above SIBOR. The facilities are repayable from 2008 to 2026 (2006: 2007 to 2026). Securities include subordinated mortgages over certain subsidiaries' lease rights.

(d) 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 (Note 6) of certain subsidiaries and joint venture companies.

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

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

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
United States dollars	117,392	159,664	–	48,592
Sterling pounds	15,566	5,903	15,566	5,903
Hong Kong dollars	30,782	–	–	–

23. TRADE PAYABLES

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

	Group 2007 $'000	Group 2006 $'000
United States dollars	2,918	635
Indonesian rupiah	1,789	1,197

The average credit period on purchases of goods ranges from 1 to 4 months.

24. OTHER PAYABLES

	Group 2007 $'000	Group 2006 $'000
Accrued employee-related expenses	9,469	8,146
Accrued operating expenses	10,172	10,450
Amount payable relating to acquisition of capital assets	14,672	14,531
Current portion of other long-term liabilities (Note 22)	3,882	1,265
Current portion of advance receipts (Note 22)	1,354	1,354
Due to companies in which certain directors have interests*	205	153
Interest payable to non-related companies	1,828	2,271
Others	2,120	1,568
Total	43,702	39,738

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

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

	Group 2007 $'000	Group 2006 $'000
United States dollars	1,480	484
Indonesian rupiah	2,796	2,486

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

25. DEFERRED TAX ASSETS / LIABILITIES

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Deferred tax assets	(253)	(1,714)	–	–
Deferred tax liabilities	25,137	14,760	681	570
Net	24,884	13,046	681	570

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	Temporary differences arising from fair value changes $'000	Other temporary differences $'000	Total $'000
Group						
At January 1, 2006	(154)	4,396	880	–	13	5,135
Charge to (Reversal from) profit and loss statement	19	214	(880)	5,708	(1,711)	3,350
Arising from acquisition of a joint venture company and a subsidiary	–	–	–	4,801	–	4,801
Exchange realignment	–	(226)	–	–	(14)	(240)
At December 31, 2006	(135)	4,384	–	10,509	(1,712)	13,046
Charge to (Reversal from) profit and loss statement	135	1,409	–	7,170	4,098	12,812
Effect of changes in tax rate	–	(170)	–	(548)	–	(718)
Exchange realignment	–	(216)	–	(2)	(38)	(256)
At December 31, 2007	–	5,407	–	17,129	2,348	24,884
Company						
At January 1, 2006	–	529	–	–	–	529
Charge to profit and loss statement	–	41	–	–	–	41
At December 31, 2006	–	570	–	–	–	570
Charge to profit and loss statement	–	156	–	–	12	168
Effect of changes in tax rate	–	(57)	–	–	–	(57)
At December 31, 2007	–	669	–	–	12	681

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

26. SHARE CAPITAL AND OPTIONS

	Group and Company			
	2007	2006	2007	2006
	Number of ordinary shares		$'000	$'000
Issued and fully paid:				
At beginning of year	455,374,410	454,039,410	576,486	454,039
Issue of shares	48,837,441	1,335,000	104,125	1,562
Transfer from option reserve account	–	–	429	–
Transfer from share premium account	–	–	–	120,885
At end of year	504,211,851	455,374,410	681,040	576,486

The company has one class of ordinary shares which carry no right to fixed income.

As a result of the Companies (Amendment) Act 2005 which came into effect on January 30, 2006, the concept of authorised share capital and par value has been abolished. Any amount standing to the credit of the share premium account has been transferred to the company's share capital account on the effective date.

During the financial year, the Company issued 45,805,941 new ordinary shares as a result of a renounceable non-underwritten rights issue on the basis of one rights share for every ten shares held by entitled shareholders.

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 follow:

	Group and Company			
	2007		2006	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	4,835,000	1.19	4,420,000	1.15
Granted during the year	1,500,000	4.00	1,750,000	1.26
Exercised during the year	(2,795,000)	1.15	(1,335,000)	1.17
Adjusted during the year	215,000	1.12	–	–
Outstanding at the end of the year	3,755,000	2.27	4,835,000	1.19
Exercisable at the end of the year	330,000		1,135,000	

The weighted average market price at the date of exercise for share options exercised during the year was $4.29 (2006: $2.53). The options outstanding at the end of the year have a weighted average remaining contractual life of 7.93 (2006: 7.07) years.

26. SHARE CAPITAL AND OPTIONS (cont'd)

During the financial year, adjustments were made to the outstanding share options in accordance with the provisions of Scheme 2000 arising from the rights issue on August 17, 2007.

The estimated fair value of the options granted during the year is $1.15. The fair value determined using The Black-Scholes pricing model was based on a share price of $4.74 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 transferability, 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 40% based on historical volatility of the Company's share prices over the previous 2.5 years.

The Company also has a Hotel Properties Limited Performance Share Plan that is administered by the Remuneration Committee. Fully paid shares are awarded to participants taking into consideration certain performance criteria and vesting period. Details of the performance shares outstanding during the year are as follow:

	Group and Company	
	2007	2006
	Number of performance shares	Number of performance shares
Granted during the year	709,500	–
Released during the year	(236,500)	–
Outstanding at the end of the year	473,000	–

The estimated average fair value of the performance shares granted during the year is $0.82. The fair value determined using The Black-Scholes pricing model was based on a share price of $6.00 at the date of grant, and an average expected life or vesting period of 1.7 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability 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 37% based on historical volatility of the Company's share prices over the previous 2.5 years.

The Group recognised total expenses of $658,000 (2006: $475,000) related to equity-settled share-based payment transactions during the year.

27. 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.

27. RESERVES (cont'd)

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.

Other capital reserves

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

28. REVENUE AND OTHER OPERATING INCOME

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

	Group	
	2007	**2006**
	$'000	**$'000**
Revenue		
Sales	52,459	67,316
Hotel revenue	380,740	268,480
Rental income	23,230	16,842
Management fee	3,413	2,759
Total	**459,842**	**355,397**
Other operating income		
Interest income	2,417	2,789
Dividend income (gross)	65	672
Fair value changes in held-for-trading investments	–	9,663
Others	837	421
Total	**3,319**	**13,545**

Included in sales is an amount of $42,784,000 (2006: $32,386,000) being revenue recognised based on percentage of completion method on development properties.

29. FINANCE COSTS

	Group	
	2007	2006
	$'000	$'000
Interest expense to non-related companies	40,232	27,702
Others	576	535
	40,808	28,237

30. PROFIT BEFORE INCOME TAX

This is determined after charging (crediting):

	Group	
	2007	2006
	$'000	$'000
Staff costs (including share-based payments)	95,370	80,884
Cost of defined contribution plans included in staff costs	5,718	4,589
Cost of inventories recognised as expense	34,334	25,365
Directors' fees and remuneration:		
Company's directors	1,935	1,723
Subsidiaries' directors	1,291	1,045
Depreciation and amortisation	45,553	35,814
Non-audit fees paid to auditors:		
Auditors of the Company	41	54
Other auditors	44	61
Impairment loss (reversed) on:		
Development properties*	(1,318)	59
Associates*	361	–
Property, plant and equipment*	299	–
Insurance proceeds*	(8,737)	(11,941)
Gain on disposal of:		
Property, plant and equipment*	(155)	(790)
Available-for-sale investments*	(134)	–
Foreign exchange adjustment loss (net)	844	381

* These are included in other non-operating income.

31. DIRECTORS' REMUNERATION

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

	2007 $'000	2006 $'000
$500,000 and above	1	1
$250,000 to below $500,000	–	–
Below $250,000	7	7
Total	**8**	**8**

32. INCOME TAX EXPENSE

	Group	
	2007 $'000	2006 $'000
Current tax	9,753	18,178
Deferred tax	12,094	3,350
	21,847	21,528
Overprovision in prior years	(6,767)	(872)
	15,080	**20,656**

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 18% (2006: 20%) to profit before income tax and share of results of associates as a result of the following differences:

	Group	
	2007 $'000	2006 $'000
Profit before income tax and share of results of associates	168,215	109,366
Tax calculated at a tax rate of 18% (2006: 20%)	30,279	21,873
Non-taxable items	(8,889)	(730)
Tax exemption	(326)	(141)
Utilisation of unabsorbed tax losses brought forward	(1,645)	(955)
Deferred tax asset on tax losses arising during the year not recorded	2,446	1,585
Effect of changes in tax rate	(718)	–
Effect of different tax rate of overseas operations	927	152
Others	(227)	(256)
	21,847	21,528
Effective tax rate	13.0%	19.7%

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

32. INCOME TAX EXPENSE (cont'd)

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 $87,672,000 and $1,902,000 (2006: $80,541,000 and $107,000) 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 $25,270,000 (2006: $22,964,000) due to unpredictability of future profit stream. Tax losses approximating $54,410,000 (2006: $50,922,000) will expire within the next 5 years.

Group relief:
Subject to the satisfaction of the conditions for group relief, tax losses of $1,478,000 (2006: $85,000) and capital allowances of $2,000 (2006: $2,000) 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.

33. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group net profit attributable to shareholders of the Company of $150,079,000 (2006: $98,966,000) divided by the weighted average number of ordinary shares of 488,442,106 (2006: 478,212,169) in issue during the year.

Fully diluted earnings per share is based on 490,556,811 (2006: 480,494,737) ordinary shares assuming the full exercise of outstanding share options and release of performance shares (Paragraph 5 of Directors' report) during the year and adjusted Group earnings of $150,079,000 (2006: $98,966,000) after adjusting the weighted average number of ordinary shares to reflect the effect of all potentially dilutive ordinary shares.

	Group	
	2007 $'000	2006 $'000
Profit attributable to shareholders used to compute basic and fully diluted earnings per share	150,079	98,966

		Group	
	2007 No. of shares ('000)	2006 Restated No. of shares ('000)	2006 As previously reported No. of shares ('000)
Weighted average number of ordinary shares used to compute basic earnings per share	488,442	478,212	454,337
Adjustment for potential dilutive ordinary shares	2,115	2,283	2,169
Weighted average number of ordinary shares used to compute fully diluted earnings per share	490,557	480,495	456,506
Basic earnings per share	30.73 cents	20.70 cents	21.78 cents
Fully diluted earnings per share	30.59 cents	20.60 cents	21.68 cents

The basic and diluted earnings per share for the prior year have been restated to take into account the rights issue during the current financial year.

34. DIVIDENDS

In 2006, 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 $18,165,000 in respect of the financial year ended December 31, 2005.

In 2007, the Company declared and paid final dividend of 2.5 cents per ordinary share less tax of 18%, and a special dividend of 2.5 cents per ordinary share less tax of 18%, on the ordinary shares of the Company totaling $18,774,000 in respect of the financial year ended December 31, 2006.

During the financial year, the Company also declared and paid an interim special dividend of 26.8 cents per ordinary share less tax of 18%, on the ordinary shares of the Company totaling $100,773,000 in respect of the financial year ended December 31, 2007 in conjunction with the renounceable non-underwritten rights issue of 45,805,941 rights shares at an issue price of $2.20 for each rights share.

Subsequent to December 31, 2007, the directors of the Company recommended that a final one-tier tax exempt dividend be paid at 5 cents per ordinary share totaling $25,211,000 for the financial year ended December 31, 2007 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*.

35. CAPITAL COMMITMENTS

	Group	
	2007	**2006**
	$'000	**$'000**
Capital expenditure not provided for in the financial statements:		
Approved and contracted for	481,659	163,619
Approved but not contracted for	119,056	145,849

36. OPERATING LEASE COMMITMENTS

	Group	
	2007	**2006**
	$'000	**$'000**
The Group as lessee		
Minimum lease payments under operating lease included in the profit and loss statement	6,734	4,710

36. OPERATING LEASE COMMITMENTS (cont'd)

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

	Group	
	2007	2006
	$'000	$'000
Future minimum lease payable:		
Within 1 year	6,949	6,789
Within 2 to 5 years	30,775	31,528
After 5 years	69,550	79,773
Total	107,274	118,090

The Group as lessor

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

	Group	
	2007	2006
	$'000	$'000
Future minimum lease receivable:		
Within 1 year	21,202	16,354
Within 2 to 5 years	17,854	13,241
Total	39,056	29,595

The tenancy arrangements range from one to five years.

37. CONTINGENT LIABILITY

The Company has provided corporate guarantees of $89,202,000 to financial institutions to secure credit facilities granted to certain associates.

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

38. 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.

Others
These refer to distribution and retail operations, 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.

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

38. BUSINESS SEGMENT INFORMATION (cont'd)

c) Information by business segment:

	Hotels		Properties		Others		Elimination		Consolidation	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000
REVENUE										
External sales	387,336	273,116	72,403	82,166	103	115	–	–	459,842	355,397
Inter-segment sales	–	–	249	205	–	–	(249)	(205)	–	–
Total revenue	387,336	273,116	72,652	82,371	103	115	(249)	(205)	459,842	355,397
RESULTS										
Segment results	85,318	27,563	120,701	90,364	11	16,352			206,030	134,279
Interest expense									(40,232)	(27,702)
Interest income									2,417	2,789
Share of results of associates	598	(91)	7,725	9,877	1,838	1,041			10,161	10,827
Income tax expense									(15,080)	(20,656)
Minority interests									(13,217)	(571)
Net profit									150,079	98,966
OTHER INFORMATION										
Segment assets	1,238,284	1,251,748	1,169,579	741,349	38,767	34,461			2,446,630	2,027,558
Investment in equity method associates	21,909	21,228	156,968	57,609	8,460	10,848			187,337	89,685
Unallocated corporate assets									66,821	86,825
Consolidated total assets									2,700,788	2,204,068
Segment liabilities	82,510	102,233	47,041	11,218	2,497	1,386			132,048	114,837
Unallocated corporate liabilities									1,208,065	867,862
Consolidated total liabilities									1,340,113	982,699
Capital expenditure	132,259	137,698	211	223	–	2			132,470	137,923
Depreciation and amortisation	44,891	34,986	656	819	6	9			45,553	35,814
Non-cash (income) expenses other than depreciation and amortisation	720	458	20	(196)	170	53			910	315
Impairment losses	299	–	(1,318)	59	361	–			(658)	59

38. BUSINESS SEGMENT INFORMATION (cont'd)

d) Information by geographic regions:

	Revenue		Identifiable assets		Total capital expenditure	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Singapore	185,812	206,623	1,598,380	1,252,178	12,604	7,575
The rest of Asia	244,627	123,692	929,712	766,044	116,883	129,373
Australasia	15,477	12,973	8,439	6,152	2,562	807
U.S.A.	11,242	11,461	41,527	45,327	354	162
United Kingdom	2,684	648	55,909	47,542	67	6
	459,842	355,397	2,633,967	2,117,243	132,470	137,923

39. SUBSIDIARIES

Information relating to subsidiaries is as follow:

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2007 %	Group's Effective Interest 2006 %
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

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

39. SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2007 %	Group's Effective Interest 2006 %
HPL Properties (SEA) Pte Ltd	Investment holding company	Singapore	100	100
HPL Properties (West) Pte Ltd	Investment holding company	Singapore	100	100
HPL Properties (West Asia) Pte Ltd	Investment holding company	Singapore	100	100
HPL Singapore Pte Ltd	Investment holding company	Singapore	100	100
HPL Tourism & Leisure Pte Ltd	Investment holding company	Singapore	100	100
Luxury Holdings Pte Ltd	Investment holding company	Singapore	85	85
Maxford Investments Pte Ltd	Investment holding company	Singapore	100	100
Super Vista Sdn Bhd (1)	Hotelier	Malaysia	100	100
Held by subsidiaries of the Company				
21st Century Holding Pte Ltd	Investment holding company	Singapore	100	100
Admor Investments Pte Ltd	Dormant	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)	Investment holding company	Thailand	100	100
Astrid Holdings Co., Ltd (1)	Investment holding company	Thailand	49**	49**
Bayford Investments Pte Ltd	Investment holding company	Singapore	100	100
Baywood Investments Pte Ltd	Investment holding company	Singapore	100	100
Berkley Investments Pte Ltd	Investment holding company	Singapore	100	100

39. SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2007 %	Group's Effective Interest 2006 %
Chatsworth Development Management Pte Ltd (previously known as Scoops Café Pte Ltd)	Project management company	Singapore	100	100
Concorde Hotels & Resorts (Malaysia) Sdn Bhd (1)	Hotel management	Malaysia	100	100
Coralbell Pty Ltd (6)	Investment holding company	Australia	100	100
Eastpoint Investments Limited (1)	Investment holding company	United Kingdom	100	100
Hermill Investments Pte Ltd	Investment holding company	Singapore	100*	–
Hotel Holdings USA Inc (5)	Investment holding company	U.S.A.	100	100
HPL (Brash) Holdings Pte Ltd#	Dormant	Singapore	–	100
HPL (Eaton) Ltd (1)	Operation of serviced apartments	United Kingdom	100	100
HPL Hotels Pty Ltd (6)	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
HPL Property Management Pte Ltd (previously known as Alkaff Mansion Pte Ltd)	Investment holding company	Singapore	100	100
HPL Properties (North Asia) Pte Ltd	Investment holding company	Singapore	100	100
HPL Residential Pte Ltd***	Investment holding company	Singapore	100	–
HPL Resorts (Maldives) Pvt Ltd (2)	Hotelier and investment holding company	Maldives	70	70

39. SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2007 %	2006 %
HPL Retail Pte Ltd	Trading in quoted investments and investment holding	Singapore	100	100
HPL Services Pte Ltd	Privilege card services operations and investment holding company	Singapore	100	100
HPL (UK) Limited (1)	Provisions of information and services	United Kingdom	100	100
Landaa Giraavaru Private Limited (2)	Hotelier	Hong Kong/Maldives	70	70
Landeal Properties Pte Ltd*** (6)	Dormant	Singapore	100	–
Leisure Holidays Private Limited (2)	Developer and hotelier	Maldives	70	70
Luxury Complex Pte Ltd	Investment holding company	Singapore	85	85
Luxury Hotels (1989) Pte Ltd	Hotelier	Singapore	85	85
Luxury Properties Pte Ltd	Investment holding company	Singapore	85	85
MAT Maldives Pvt Ltd (2)	Hotelier	Maldives	66.5	66.5
McMing Investments Pte Ltd	Investment holding company	Singapore	100	100
McShope Investments Pte Ltd	Investment holding company	Singapore	100	100
Minwyn Investments Pte Ltd	Investment holding company	Singapore	100	100
Moonstone Investments Pte Ltd	Investment holding company	Singapore	100	100
Nawarat Land Pte Ltd	Investment holding company	Singapore	70	70
NYC 55., Corp. (4)	Hotelier	U.S.A.	100	100
OP Investments Pte Ltd#	Dormant	Singapore	–	100
Palmco Hotels Sdn Bhd (1)	Hotelier	Malaysia	70	70

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

39. SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2007 %	Group's Effective Interest 2006 %
Pebble Bay (Thailand) Co. Ltd (3)	Property development	Thailand	74	74
PT Amanda Arumdhani (2)	Hotelier	Indonesia	100	100
PT Amanda Citra (2)	Dormant	Indonesia	100	100
PT Amanda Natha (2)	Hotelier	Indonesia	100	100
PT Amanda Pramudita (2)	Hotelier	Indonesia	100	100
PT Amanda Surya (2)	Investment holding company	Indonesia	100	100
PT Bali Girikencana (1)	Hotelier	Indonesia	93.3	93.3
Quin Properties Pte Ltd	Investment holding company	Singapore	100	100
Seaside Hotel (Thailand) Co. Ltd (1)	Hotelier	Thailand	74	74
Seaside Properties (Thailand) Co. Ltd (3)	Hotelier	Thailand	74	74
South West Pacific Investments Limited (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 (6)	Hotelier	Australia	100	100
The Island Development Pte Ltd***	Investment holding company	Singapore	100	–
Travel Bug Touring Pte Ltd	Investment holding company	Singapore	100	100
Wesclove Investments Pte Ltd	Investment holding company	Singapore	100	100
Xspand Investments Pte Ltd	Investment holding company	Singapore	100	100
Yarra Investments Pte Ltd	Investment holding company	Singapore	100	100

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

39. SUBSIDIARIES (cont'd)

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.

Liquidated during the financial year.

* Following the acquisition of the remaining 41% interest in this joint venture company during the year, this joint venture company has become a subsidiary.

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

*** Newly incorporated during the financial year.

40. ASSOCIATES

Information relating to significant associates is as follow:

Associate	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2007 %	Group's Effective Interest 2006 %
808 Holdings Pte Ltd (2)	Investment holding company	Singapore	33.33	33.33
Ankerite Pte Ltd (2)	Property developer	Singapore	25	–
HRC Holdings Pte Ltd	Investment holding company	Singapore	50	50
Leisure Ventures Pte Ltd	Investment holding company	Singapore	50	50
Lucky New Investment Limited (1)	Property developer	Hong Kong	20	–
Morganite Pte Ltd (2)	Property developer	Singapore	22.5	–
Shanghai Ning Xin Real Estate Development Co. Ltd (2)*	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 overseas practices of PricewaterhouseCoopers
(2) Audited by KPMG, Singapore or its overseas practices

* This company is considered an associate as the Group has the power to participate in the financial and operating policy decisions.

41. SUBSEQUENT EVENTS

During the year, a joint venture company and an associate of the Group entered into agreements to purchase a leasehold condominium property located at 15 Leonie Hill/29 Leonie Hill Road, Singapore ("Horizon") and a leasehold property located at Alexandra Road, Singapore ("Gillman Heights") respectively. The Singapore Strata Title Board's approval was granted for both properties in December 2007.

Subsequent to the year end, certain objectors to the sale of the above properties appealed to the High Court of the Republic of Singapore to reverse the Singapore Strata Title Board's order. The appeals have not been heard by the judge as at the date of this report.

42. RECLASSIFICATIONS 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 so as to provide more information relating to development properties, trade and other payables.

As a result, certain line items have been amended on the face of the balance sheet, cash flow statement 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 follow:

	Group	
	Previously reported 2006 $'000	After reclassification 2006 $'000
Development properties	352,533	365,627
Trade payables	65,154	70,335
Other payables	31,825	39,738

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 27 to 84 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, 2007 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 and when they fall due.

ON BEHALF OF THE DIRECTORS

Ong Beng Seng

Christopher Lim Tien Lock

March 11, 2008

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Additional Information

CORPORATE GOVERNANCE REPORT

This report describes Hotel Properties Limited's corporate governance processes and activities in 2007 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 Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Joseph Grimberg	5	4	N.A.	N.A.	1	1	1	1
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.
Gordon Seow Li Ming	5	5	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	4	4	3	N.A.	N.A.	N.A.	N.A.
Michael S. Dobbs-Higginson	5	5	N.A.	N.A.	1	1	N.A.	N.A.
David Fu Kuo Chen	5	5	N.A.	N.A.	N.A.	N.A.	1	1

N.A. = Not Applicable

The principal responsibilities of the Board are to:
- approve the broad policies, strategies and financial objectives of the Group and monitor its performance;
- approve major funding proposals, investment, disposals and capital expenditure;
- review the Group's financial performance and authorising announcements issued by the Company;
- oversee the processes for evaluating the adequacy of internal controls and risk management;
- approve the nominations of board directors; and
- assume responsibility for corporate governance and 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, 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.

CORPORATE GOVERNANCE REPORT

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). 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	:	10 August 2005
Date of last re-election	:	April 20, 2007
Nature of Appointment	:	Non-Executive and Independent
Board Committees served on	:	Chairman of the Remuneration Committee since November 1, 2002 Member of the Nominating Committee since November 1, 2002

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

CORPORATE GOVERNANCE REPORT

Mr. Gordon Seow Li Ming

Date of appointment as Director	:	February 3, 1993
Date of last re-election	:	April 20, 2007
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 Petroleum (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 directorship included Zindart Limited (Hong Kong).

Mr. Michael S. Dobbs-Higginson

Date of appointment as Director	:	February 3, 1993
Date of last re-election	:	April 28, 2006
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 and African regions. 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 Global Capital Markets' Remuneration Committee. 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 20, 2007
Nature of Appointment	:	Non-Executive and Independent
Board Committees served on	:	Chairman of the Audit Committee since March 13, 1997 Member of the Audit Committee since July 5, 1996

Mr. Arthur Tan is the Managing Director of Advance Investment Management Capital Pte Ltd. Mr. Tan, who has been an investment banker for over 15 years, has held senior management positions such as Managing Director of Smith New Court (Thailand) Co. Ltd, Director of Merrill Lynch (Singapore) Pte Ltd, Director, Corporate Finance, of Schroders International Merchant Bank Limited, Executive Director of Guthrie GTS Limited and various directorships in listed companies. He graduated from the National University of Singapore with a bachelor's degree in Business Administration.

Mr. Leslie Mah Kim Loong

Date of appointment as Director	:	August 5, 1997
Date of last re-election	:	April 20, 2007
Nature of Appointment	:	Non-Executive and Independent
Board Committees served on	:	Member of the Audit Committee since November 1, 2002

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. He also sits on the board of Goodpack Limited as an Independent Director.

CORPORATE GOVERNANCE REPORT

Mr. David Fu Kuo Chen

Date of appointment as Director	:	August 5, 2005
Date of last re-election	:	April 28, 2006
Nature of Appointment	:	Non-Executive and Non-Independent
Board Committees served on	:	Member of Nominating Committee since August 5, 2005

Mr. David Fu is a director of Kuo Properties Pte Ltd. He graduated from the University of Southern California with a degree in Engineering and has extensive experience in property development and investment in USA and Singapore. He also sits on the board of 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. Mr Seow is not associated with the substantial shareholders of the Company. The other members are Mr. Joseph Grimberg and Mr. David Fu Kuo Chen.

The Nominating Committee's role is to establish an objective and transparent process for:
- the appointment or re-appointment of members of the Board and of the various Board committees;
- evaluating and assessing the effectiveness of the Board as a whole, and the contribution by each individual director to the effectiveness of the Board;
- determining the independence of directors; and
- reviewing the multiple board representations of each director individually (if any) to ensure that sufficient time and attention is given to the affairs of the Company.

CORPORATE GOVERNANCE REPORT

New directors are appointed by way of a board resolution, after the Nominating Committee has reviewed and nominated them for appointment. Such new directors submit themselves for re-election at the next Annual General Meeting ("AGM") of the Company. Article 80 of the Company's Articles of Association requires at least one third of the Board to retire by rotation at every AGM, except that the Managing Director is not subject to retirement by rotation.

For the purpose of its evaluation of the directors' performance, the Nominating Committee focuses on whether the directors, individually or collectively possesses the background, experience, competencies in finance and management skills critical to the Group's business as well as whether each director, with his special contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

The Nominating Committee conducts an annual review of directors' independence and is of the view that Mr Joseph Grimberg, Mr Gordon Seow, Mr Arthur Tan Keng Hock, Mr Leslie Mah Kim Loong and Mr Michael S. Dobbs-Higginson are independent and that, no individual or small group of individual dominates the Board's decision-making process.

Audit Committee

Principle 11: Audit Committee
Principle 12: Internal Controls

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

The Audit Committee comprises three non-executive directors namely, Mr. Arthur Tan Keng Hock, Mr. 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, impact of new, revised or proposed changes in accounting standards and results of their examination and evaluation of accounting controls;
- reviews with the internal auditors, the scope and results of internal audit procedures and their evaluation of the internal control systems.
- reviews the quarterly and full year announcements on the results and financial position of the Company and the Group and the financial statements of the Company and consolidated financial statements of the Group prior to their submission to the Board;
- reviews interested party transactions;
- reviews the co-operation given by the Company's officers to the internal and external auditors; and
- makes recommendations to the Board on the appointment of the internal and external auditors.

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

The Audit Committee received co-operation from the management and was not obstructed or impeded by management in carrying out its functions during the year. Throughout the year, there was no instance of any suspected misdeed or irregularity, which was likely to have a material impact on the Group's operating results and financial position.

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

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

The Audit Committee has conducted an annual review of all non-audit services by the external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the auditors.

CORPORATE GOVERNANCE REPORT

A Policy on Business Related Conduct has also been put in place by the Audit Committee to provide an independent feedback channel for employees to report any corporate wrongdoings and to ensure appropriate investigation and follow up action on such report, if any.

Principle 13: Internal Audits

The Audit Committee is tasked to oversee the implementation of an effective system of internal controls as well as putting in place a risk management framework to continually identify, evaluate and manage significant business risks of the Group. The Audit Committee has the mandate to authorise special reviews or investigations, where appropriate, in discharging its responsibility.

The internal audit function is currently outsourced to 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, including the Chairman, are non-executive and independent directors.

The Remuneration Committee is chaired by Mr. Joseph Grimberg. The other members are Mr. Michael S. Dobbs-Higginson and Mr. Ong Beng Seng. The Board is of the view that it is appropriate for the Group's Managing Director, Mr Ong Beng Seng to remain as a member of the Remuneration Committee as he does not receive monthly remuneration from the Group and is not eligible for grants under the Company's Executive Share Option Scheme and Performance Share Plan.

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

While none of the members of the Remuneration Committee 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 director and senior management is structured to link rewards to corporate and individual performance. The remuneration policy for executive director 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.

CORPORATE GOVERNANCE REPORT

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

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

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

The Code requires the remuneration of directors and at least the top 5 key executives (who are not also directors) to be disclosed within bands of S$250,000. The Company believes in maintaining confidentiality of staff remuneration matters and that disclosure of the remuneration of individual executives is disadvantageous to its business interest, given the highly competitive industry conditions. Nevertheless, disclosure on a total basis can be found in Notes 5, 30 and 31 to the Financial Statements.

There is no employee who is related to a director or the CEO whose remuneration exceeds $150,000 in the Group's employment for the financial year ended December 31, 2007.

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.

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

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

Principle 6: Access to Information

In order to ensure that the Board is able to fulfill its responsibilities, management provides the Board members with financial statements. In addition, all relevant information on material events and transactions are circulated to directors as and when they arise. Whenever necessary, senior management staff will be invited to attend the Board meetings to answer queries and provide detailed insights into their areas of operations.

The directors are kept informed by the executive directors on the status of on-going activities between meetings. Where a decision has to be made before a Board meeting, a circulating directors' resolution is done in accordance with the Articles of Association of the Company and the directors are provided with all necessary information to enable them to make informed decisions.

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

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

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS

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

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

The Articles of Association of the Company allow a member of the Company to appoint one or two proxies to attend and vote on behalf of the member.

Interested Person Transactions ("IPT")

The Company has adopted an internal policy in respect of any transactions with interested persons and has set out procedures for review and approval of the Company's interested person transactions. Details of the significant interested person transactions for the financial year ended December 31, 2007 are as follows:

Name of Interested Person	Aggregate value of all IPT during the financial year ended December 31, 2007 (excluding transactions below $100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPT conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions below $100,000)
***Associates of Mr Ong Beng Seng / Mr David Fu Kuo Chen**	$'000	$'000
Rental Income	11,494	–
Management Fee expense	667	–

All the above interested person transactions were done on commercial terms.

Save as disclosed, there were no other material contracts entered into by the Company and its subsidiaries involving the interest of the director, chief executive officer or controlling shareholder and his/their associates.

Note:
"Associate" in relation to a director, chief executive officer or controlling shareholder means:
- his immediate family;
- the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
- any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more.

DEALINGS IN SECURITIES

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

PARTICULARS OF GROUP PROPERTIES

The main properties as at December 31, 2007 are as follows:

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

	Land $'000	Buildings $'000	Leasehold Property $'000
FREEHOLD AND LONG-TERM LEASEHOLD			
Singapore			
A 24-storey hotel building with 422 rooms/suites (known as Hilton Singapore) at 581 Orchard Road, Singapore 238883 (lease expires 999 years from October 30, 1871)	208,800	9,532	–
Total Freehold and Long-term Leasehold	208,800	9,532	–
FREEHOLD			
Singapore			
A 20-storey hotel building with 254 rooms/suites (known as Four Seasons Hotel Singapore) at 190 Orchard Boulevard, Singapore 248646	50,000	97,110	–
Part of a 9-storey building (known as HPL House) at 50 Cuscaden Road, Singapore 249724 occupied by the companies in the Group	19,696	3,476	–
Malaysia			
A plot of land located at Port Dickson, Negeri Sembilan, Malaysia	8,888	–	–
A hotel building under development at Jalan Batu Ferringhi, Penang, Malaysia	14,736	5,225	–
Thailand			
A 10-storey hotel building with 320 rooms (known as Hard Rock Hotel Pattaya) at Pattaya Beach Road, Cholburi, Thailand	12,587	19,493	–
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	13,739	34,410	–
A plot of land located at South Sathorn Road, Bangkok, Thailand	15,598	478	–
A condominium unit at Sathorn Park Place, Bangkok, Thailand	–	432	–

PARTICULARS OF GROUP PROPERTIES

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)			
A plot of land located at Rawai District, Amphur Muang Phuket, Phuket	49,192*	–	–
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.	8,982	26,919	–
Total Freehold	193,418	187,543	–
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)	–	–	91,913
Malaysia			
A 3-storey holiday resort (known as The Lake House) at Ringlet, Cameron Highlands, Malaysia (lease expiring 99 years from September 19, 1940)	409	823	–
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)	77,067	8,529	–
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)	1,194	34,115	–
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)	4,456	59,832	–
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)	1,476	4,686	–

PARTICULARS OF GROUP PROPERTIES

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)			
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)	1,224	6,633	–
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)	4,377	38,795	–
A resort (known as Four Seasons Resort Maldives at Landaa Giraavaru) located at Baa Atoll, Republic of Maldives (lease expiring 23 years from December 31, 2001)	8,663	63,335	–
A resort (known as Rihiveli Resort) located at Kaafu Atoll, Republic of Maldives (lease expiring 20 years from December 1, 1995)	–	1,345	–
Total Leasehold	98,866	218,093	91,913
TOTAL (Classified as Group Property, Plant and Equipment)	501,084	415,168	91,913

* These represents the Group's 50% interest held through a joint venture company.

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
Singapore					
Lot 826M of Town Sub-division 24 at Tomlinson Road.	Freehold	Not yet started	7,143	20,000	Proposed residential development
Thailand					
Plot No. 129 at 125 South Sathorn Road, Bangkok.	Freehold	2009	11,360	113,600	Proposed 66-storey residential development comprising 370 units of apartments

PARTICULARS OF GROUP PROPERTIES

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
People's Republic of China					
N3-1 site at Lujiazui Financial and Trading Zone, Shanghai	Leasehold (50 years from February 25, 1997)	2009	12,000	88,000	Proposed residential and commercial development
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			
7 shop units at 21 Cuscaden Road, Ming Arcade, Singapore 249720	Freehold	1,774	100
Office and shop units at 50 Cuscaden Road, Singapore 249724	Freehold	3,989	100
Office and shop units at 583 Orchard Road, Singapore 238884	Freehold	16,798	100
1 shop unit at 100 Orchard Road, Meridien Shopping Centre, Singapore 238840	Leasehold 99 years from August 17, 1979	132	100
61 shop units at 100 Orchard Road, Meridien Shopping Centre, Singapore 238840	Leasehold 99 years from August 17, 1979	7,627	85

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			
1 condominium unit at Four Seasons Park 12 Cuscaden Walk, Singapore 249692	Freehold	210	100
4 commercial units at Robertson Blue 86 Robertson Quay, Singapore 238247	Freehold	579	100

STATISTICS OF SHAREHOLDINGS as at March 17, 2008

Distribution Of Shareholdings

Size Of Shareholdings	No. Of Shareholders	%	No. Of Shares	%
1 – 999	416	5.82	70,291	0.01
1,000 – 10,000	5,842	81.73	17,682,297	3.51
10,001 – 1,000,000	869	12.16	29,601,523	5.87
1,000,001 and above	21	0.29	456,857,740	90.61
Total:	7,148	100.00	504,211,851	100.00

Twenty Largest Shareholders

No.	Name	No. Of Shares	%
1.	Oversea Chinese Bank Nominees Pte Ltd	146,398,170	29.04
2.	Nassim Developments Pte. Ltd.	100,936,000	20.02
3.	Citibank Nominees Singapore Pte Ltd	59,133,096	11.73
4.	HSBC (Singapore) Nominees Pte Ltd	51,860,183	10.29
5.	DBS Nominees Pte Ltd	22,165,662	4.40
6.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	14,092,861	2.80
7.	DBSN Services Pte Ltd	9,035,337	1.79
8.	UOB Kay Hian Pte Ltd	7,993,873	1.59
9.	DBS Vickers Securities (S) Pte Ltd	7,251,120	1.44
10.	United Overseas Bank Nominees Pte Ltd	7,219,158	1.43
11.	Tengku Idris Shah Ibni Sultan Salahuddin Abdul Aziz Shah	5,137,100	1.02
12.	Phillip Securities Pte Ltd	5,055,054	1.00
13.	Raffles Nominees Pte Ltd	3,346,216	0.66
14.	Reef Holdings Pte Ltd	3,025,000	0.60
15.	Como Holdings Inc	3,020,000	0.60
16.	OCBC Securities Private Ltd	2,994,481	0.59
17.	Kim Eng Securities Pte. Ltd.	2,684,534	0.53
18.	OCBC Nominees Singapore Pte Ltd	1,989,204	0.39
19.	CIMB-GK Securities Pte. Ltd.	1,341,591	0.27
20.	Christina Ong	1,100,000	0.22
Total :		455,778,640	90.41

SUBSTANTIAL SHAREHOLDERS as at March 17, 2008
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	72,918,780	14.46	–	
Como Holdings Inc	77,175,780	15.31	–	
Born Free Investments Limited	36,459,390	7.23	–	
Holmshaw Services Limited	34,120,900	6.77	–	
Ong Beng Seng	3,300,000	0.65	115,971,680 (1)	23.00
Peter Fu Chong Cheng	–		145,699,070 (2)	28.90
Kuo Investments Limited	–		34,120,900 (3)	6.77
Nassim Developments Pte. Ltd.	104,753,000	20.78	–	–
Wheelock Properties (Singapore) Limited	–		■ 104,753,000	20.78
Star Attraction Limited	–		■ 104,753,000	20.78
Wheelock Properties Limited	–		■ 104,753,000	20.78
Wheelock and Company Limited	–		■ 104,753,000	20.78

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 34,120,900 shares held by Holmshaw Services Limited by virtue of the provisions under Section 7 of the Companies Act, Cap 50.

■ Wheelock Properties (Singapore) Limited, Star Attraction Limited, Wheelock Properties Limited, Wheelock and Company Limited are deemed to have an interest in the 104,753,000 shares held by Nassim Developments Pte. Ltd. by virtue of the provisions under Section 7 of the Companies Act, Cap 50.

Approximately 32.67% of the issued ordinary shares are held in the hands of the public. Rule 723 of the Listing of the Singapore Exchange Securities Trading Limited has accordingly been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Eighth Annual General Meeting of the Company will be held at Four Seasons Ballroom, Level 2, Four Seasons Hotel Singapore, 190 Orchard Boulevard, Singapore 248646 on Wednesday, April 30, 2008 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, 2007 and the auditor's report thereon. **Resolution 1**

2. To declare a final one-tier tax-exempt dividend of 5 cents per ordinary share for the year ended December 31, 2007. **Resolution 2**

3. To approve the proposed Directors' fees of $388,000 for the year ended December 31, 2007. (2006: $288,000) **Resolution 3**

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

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

SPECIAL BUSINESS

6. That pursuant to Section 153(6) of the Companies Act, Cap 50, Mr Joseph Grimberg be and is hereby re-appointed as a Director of the Company to hold such office until the next Annual General Meeting. **Resolution 5**

7. That pursuant to Section 153(6) of the Companies Act, Cap 50, Mr 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 6**

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

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

10. To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:- **Resolution 9**

    (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 allot and 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:

    (i) the aggregate number of shares to be issued pursuant to this Resolution does not exceed 50% of the total number of issued shares, excluding treasury shares if any, in the capital of the Company at the time of passing of this Resolution, 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 total number of issued shares, excluding treasury shares, if any, in the Company;

    (ii) for the purpose of determining the aggregate number of shares that may be issued under (i) above, the percentage of the number of shares to be issued by the Company shall be based on the total number of issued shares of the Company, excluding treasury shares, if any, at the time this Resolution is passed, after adjusting for

NOTICE OF ANNUAL GENERAL MEETING

10. (ii) (a) new shares arising from the conversion or exercise of any convertible securities or employee share options or vesting of share awards outstanding or subsisting when this Resolution is passed, and **Resolution 9**

(b) any subsequent bonus issue, 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 number of issued shares, excluding treasury shares, if any, or such other limit as may be specified in the Listing Manual of the Singapore Exchange Securities Trading Limited from time to time. **Resolution 10**

(c) "That approval be and is hereby given to the Directors of the Company to grant awards from time to time in accordance with the provisions of the Hotel Properties Limited Performance Share Plan ("HPL PSP"), and pursuant to Section 161 of the Companies Act, Cap 50, to allot and issue from time to time such number of fully paid-up shares as may be required to be issued pursuant to the vesting of the awards under the HPL PSP, provided that the aggregate number of shares to be allotted and issued pursuant to the HPL PSP, Hotel Properties Limited Share Option Scheme, Hotel Properties Limited Share Option Scheme 2000 and any other share-based incentive schemes of the Company, shall not exceed fifteen (15) per cent of the total number of issued shares, excluding treasury shares, if any, 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 15, 2008 to May 16, 2008 (both dates inclusive), for the preparation of dividend warrants.

Duly completed transfers received by the Company's Registrar Boardroom Corporate & Advisory Services Pte. Ltd., of 3 Church Street #08-01 Samsung Hub, Singapore 049483, up to the close of business at 5 p.m. on May 14, 2008 will be registered to determine shareholders' entitlement to the proposed dividend. The dividend, if approved, will be paid on May 28, 2008 to shareholders registered in the books of the Company on May 14, 2008.

In respect of shares in securities accounts with the Central Depository (Pte) Limited ("CDP"), the said 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
April 8, 2008
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes on Special Business to be transacted:-

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

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

(c) Mr 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 Christopher Lim Tien Lock, a Group Executive Director, if re-elected, will remained as a member of the Committee of Directors.

(e) Mr David Fu Kuo Chen, a non-executive Director, if re-elected, will remain as a member of the Nominating Committee and Member of the Committee of Directors.

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

(g) Ordinary Resolution 10 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 under the Scheme 2000, when aggregated with shares to be issued under any other existing share schemes of the Company does not exceed 15% of the total number of shares issued by the Company, excluding treasury shares, if any, from time to time.

(h) Ordinary Resolution 11, if passed, will empower the Directors to offer and grant awards under the HPL PSP (as from time to time amended, modified or supplemented), which was approved at the extraordinary general meeting of the Company on April 28, 2006 and to allot and issue shares in the capital of the Company, pursuant to the vesting of the awards under the HPL PSP provided that the aggregate number of shares to be issued under the HPL PSP, when aggregated with shares to be issued under any other existing share schemes of the Company, does not exceed 15 per cent of the issued shares of the Company, excluding treasury shares, if any, for the time being.

Notes:

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

IMPORTANT

1. For investors who have used their CPF monies to buy Hotel Properties Limited shares, this Annual Report is sent to them at the request of their CPF Approved Nominees solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM
ANNUAL GENERAL MEETING

I/We ____(Name)

of ____(Address)
being a member/members of **HOTEL PROPERTIES LIMITED** hereby appoint:-

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

or failing whom, the Chairman of the Meeting, as my/our proxy/proxies to vote for me/us on my/our behalf, at the Twenty-Eighth Annual General Meeting of the Company to be held on Wednesday, April 30, 2008 at 4.00 p.m. and at any adjournment thereof.

I/We have indicated with an “x” in the appropriate box below how I/we wish my/our proxy/proxies to vote. If no specific direction as to voting is given, my/our proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	**Resolutions relating to:**	**For**	**Against**
1.	Directors’ Reports and Accounts		
2.	Declaration of a Final Dividend		
3.	Directors’ Fees		
4.	Re-appointment of Auditors		
5.	Re-appointment of Director (Mr Joseph Grimberg)		
6.	Re-appointment of Director (Mr Gordon Seow Li Ming)		
7.	Re-election of Director (Mr Christopher Lim Tien Lock)		
8.	Re-election of Director (Mr David Fu Kuo Chen)		
9.	Authority to issue shares pursuant to Section 161 of Companies Act, Cap. 50.		
10.	Authority to issue shares pursuant to Hotel Properties Limited Share Option Scheme 2000		
11.	Authority to grant awards and issue shares pursuant to the Hotel Properties Limited Performance Share Plan		

Dated this _______________ day of _______________ 2008

Total No. of Shares Held	

____

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES

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

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

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

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

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

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

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

GENERAL

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

Hotel Properties Limited

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