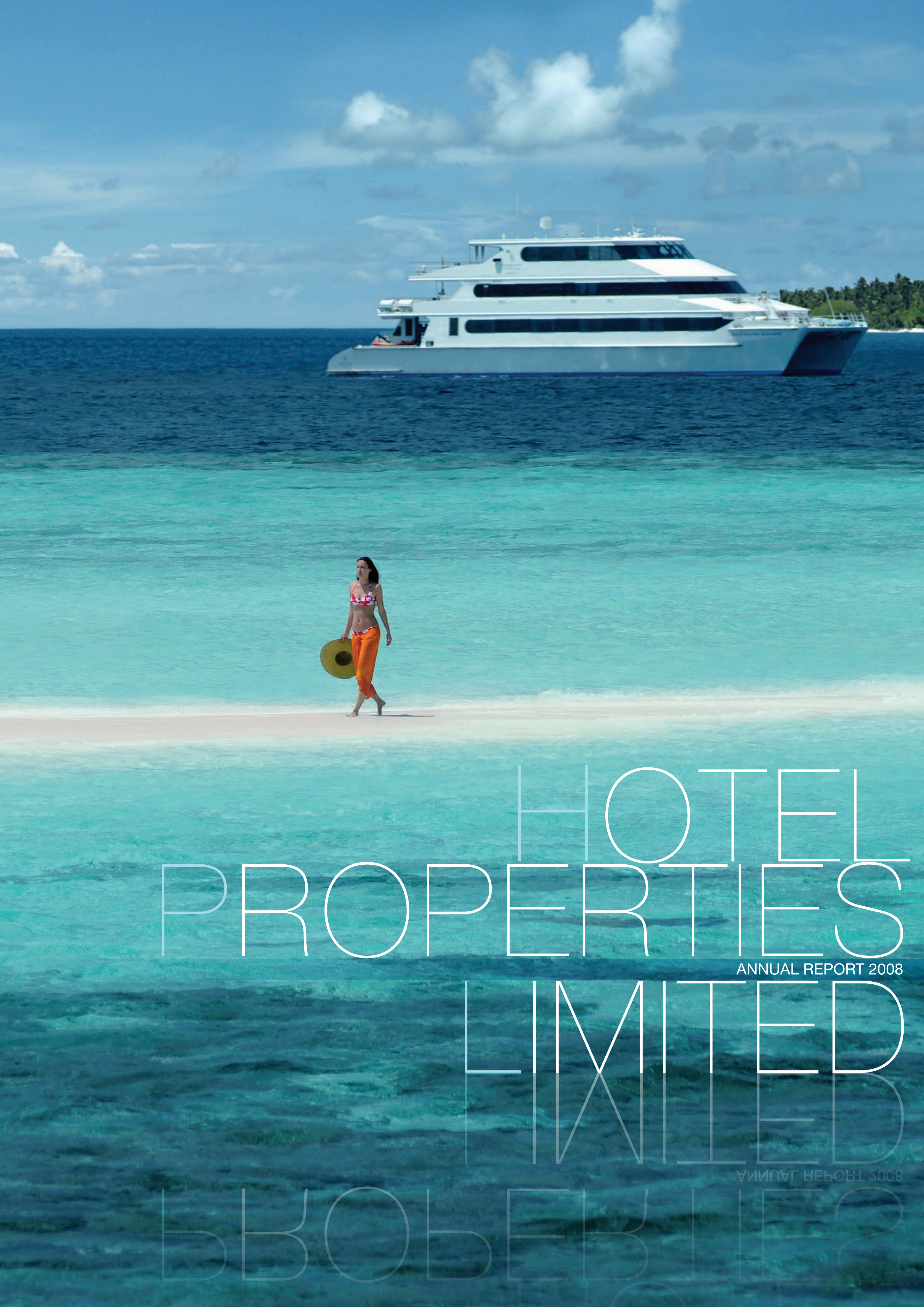
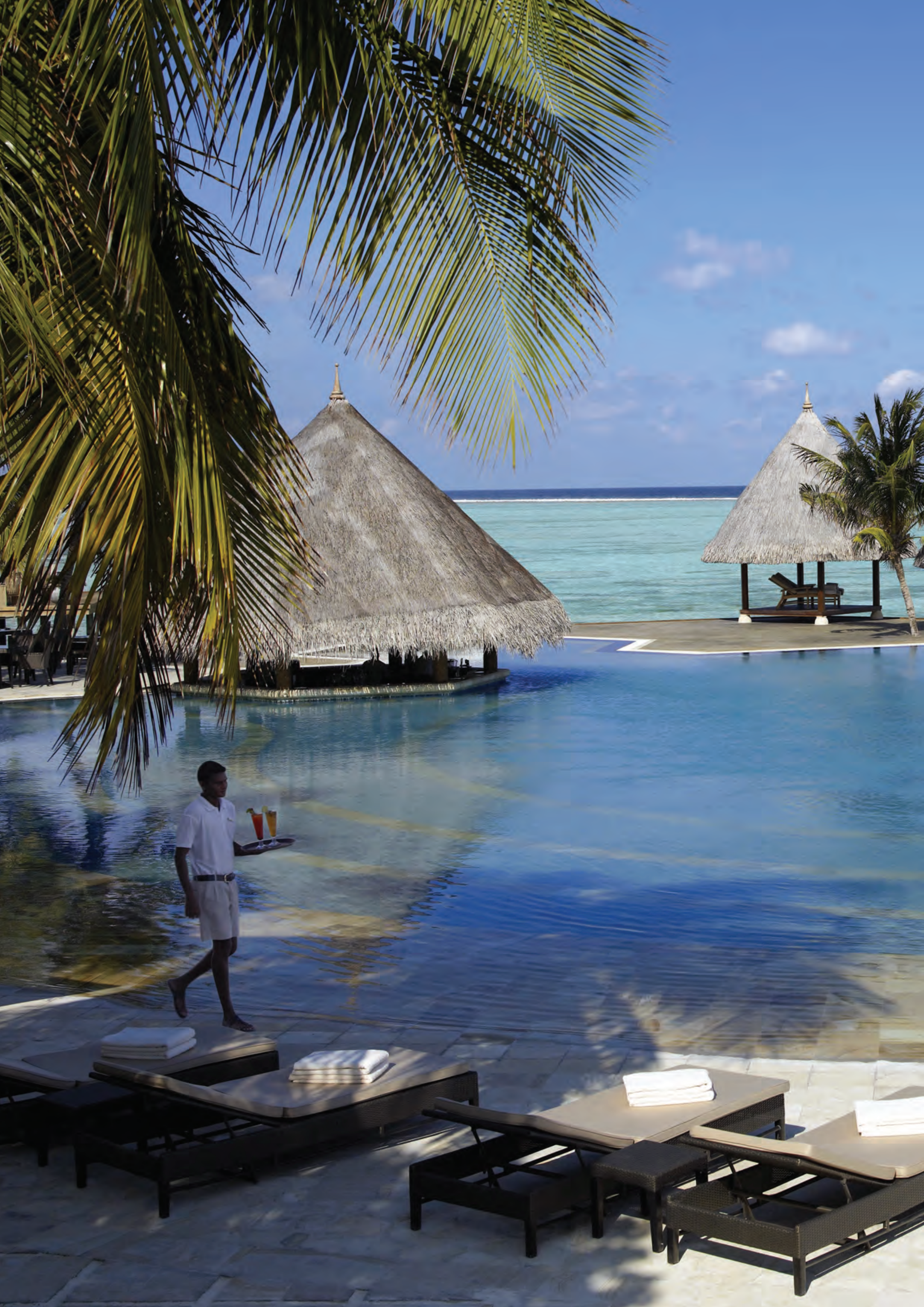
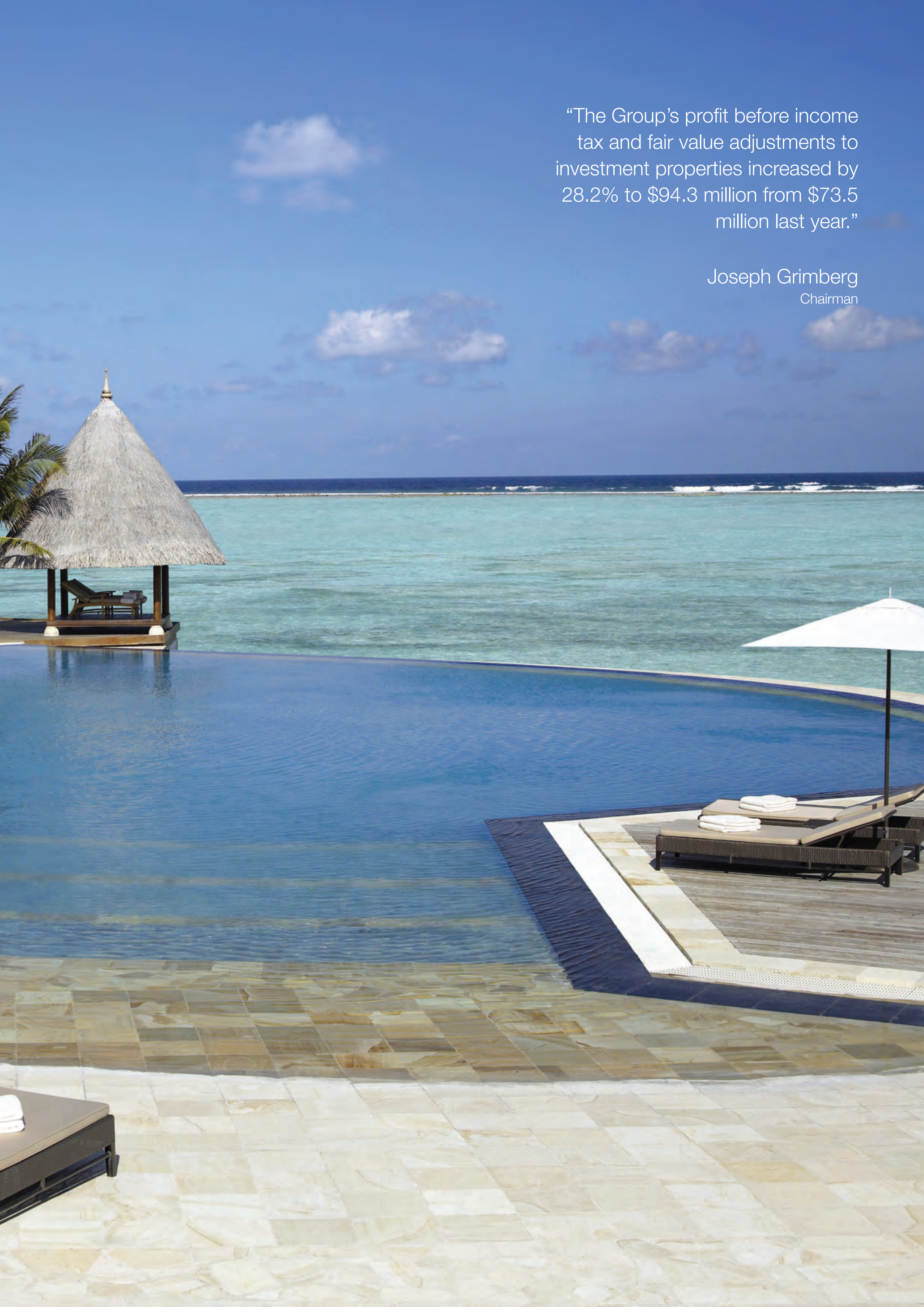


HOTEL PROPERTIES LIMITED

ANNUAL REPORT 2008

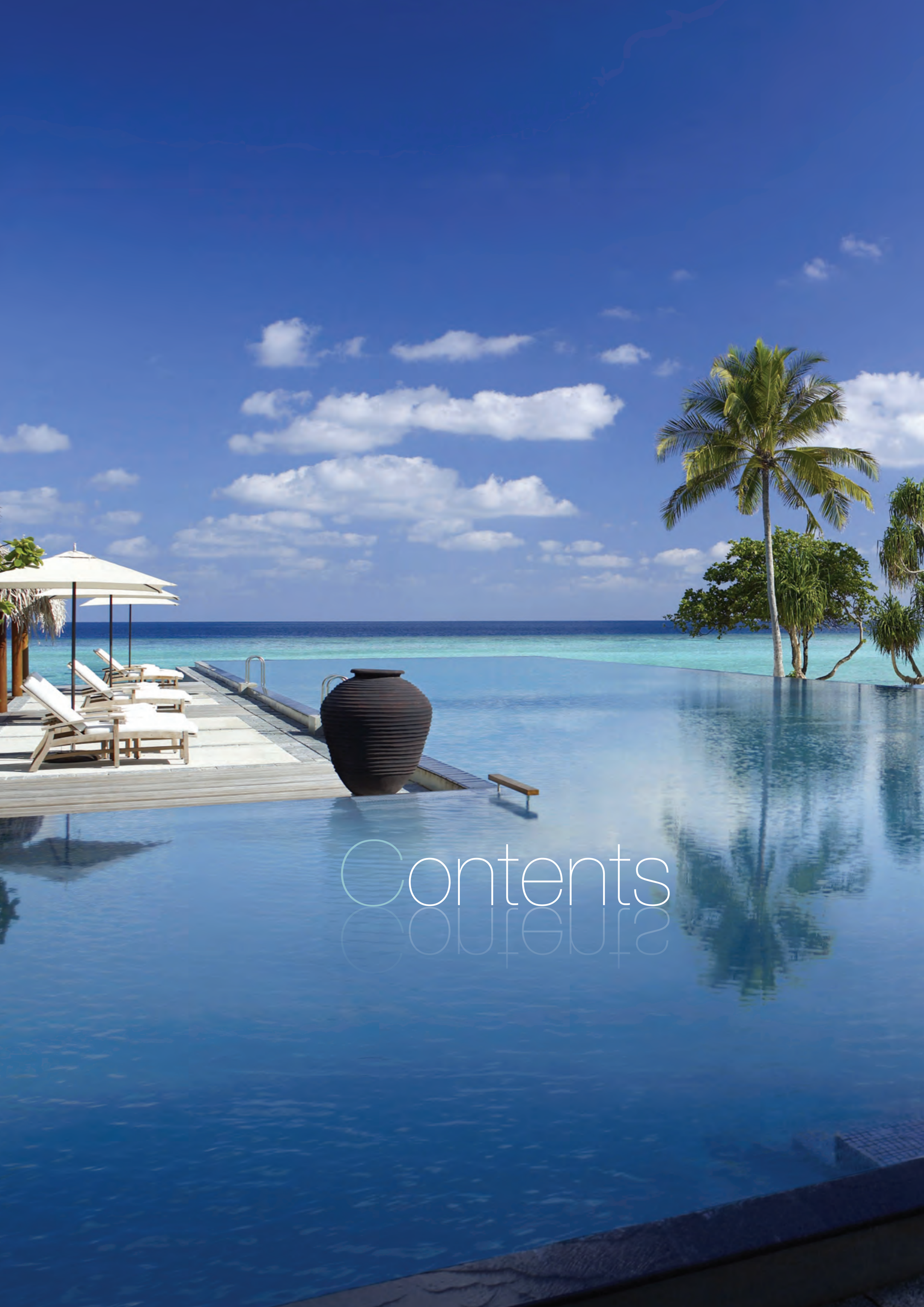


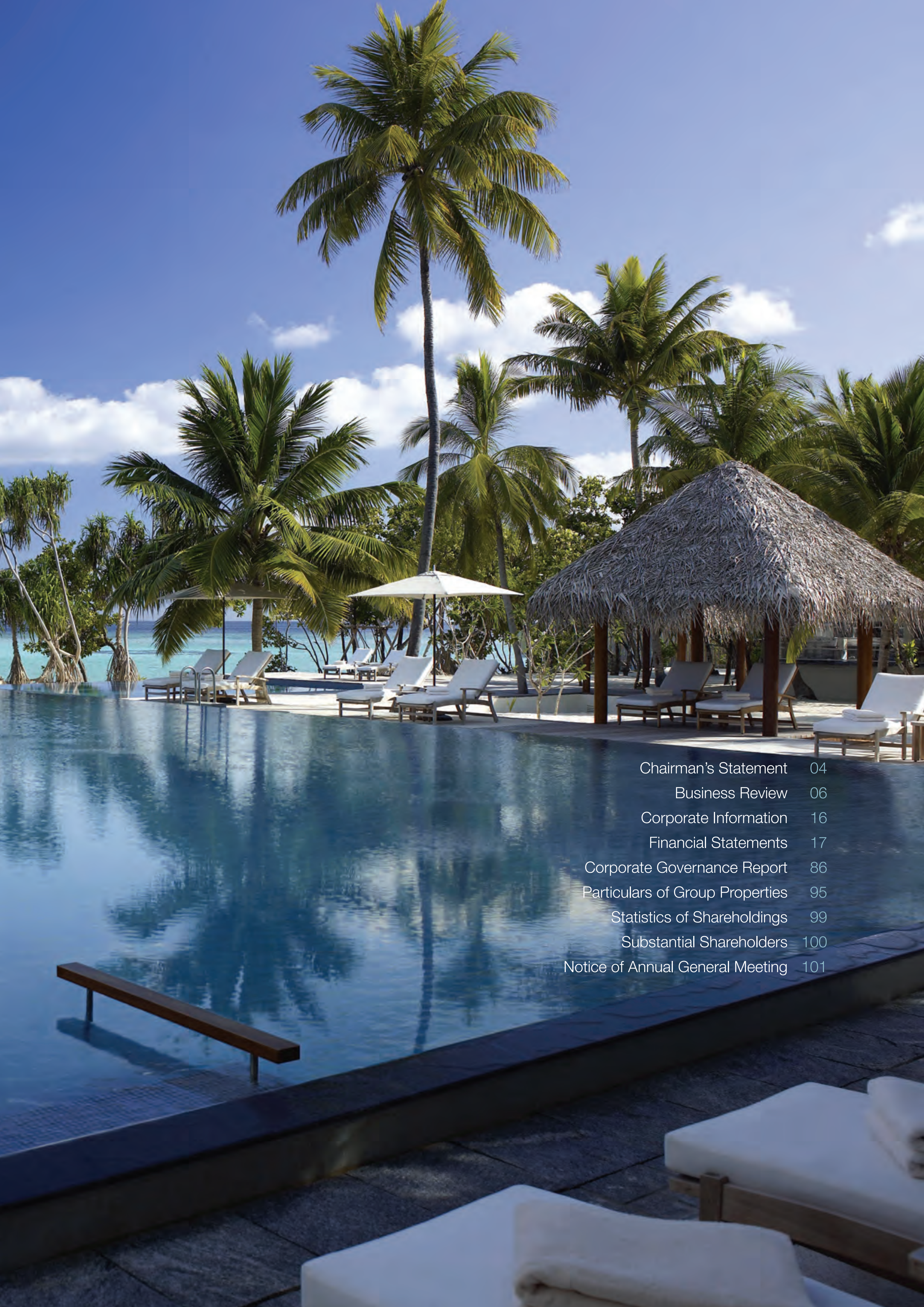


"The Group's profit before income tax and fair value adjustments to investment properties increased by 28.2% to $94.3 million from $73.5 million last year."

Joseph Grimberg
Chairman

Contents





CHAIRMAN'S STATEMENT 2008

FINANCIAL REVIEW

Group revenue for the year ended December 31, 2008 increased by 33.6% to $612 million from $458.2 million last year. The strong revenue growth was largely attributable to higher income from The Met condominium development in Thailand as well as stronger contributions from the Group's hotels & resorts in Singapore, the Maldives and Bali.

Consequently, the Group's profit before income tax and fair value adjustments to investment properties increased by 28.2% to $94.3 million from $73.5 million last year.

Group borrowings increased, mainly due to further contributions towards the Group's 22.5% share of the remaining acquisition cost for the Farrer Court site, as well as payment of development expenditure for The Met condominium in Thailand. This resulted in corresponding increases in investment in associates and development properties. Trade receivables also increased, mainly due to recognition of income from The Met condominium in Thailand. Nevertheless, finance costs decreased by 15.5% from $40.1 million last year to $33.8 million for the year under review, due to lower prevailing interest rates.

The Group's share of results of associates and jointly controlled entities decreased, mainly attributable to lower contribution from the Oasis Riveria condominium development in Shanghai, which has been completed, as well as share of losses from newly acquired associate, Morganite Pte Ltd, developer of the Farrer Court site in Singapore.

In accordance with FRS 40 *Investment Property*, the Group recorded a fair value adjustment loss on investment properties of $37.6 million to arrive at Group net profit attributable to shareholders of $32.9 million for the year ended December 31, 2008, compared to $150.1 million last year, which included a fair value gain on investment properties of $103.7 million.

RECENT DEVELOPMENTS

The Hotel Division made progress in 2008. An important development during this year was the takeover of the management of Le Meridien Singapore. Now known as Concorde Hotel Singapore, this four-star business class hotel located in the city centre at Orchard Road is undergoing refurbishment of rooms and facilities in several phases, with minimal disturbance to guests.

June 2008 also witnessed the soft opening of Kandooma Maldives, the Group's fourth property in the Maldives. This resort is situated on an island in the South Male Atoll, and comprises 160 garden and beach villas, duplex villas and water villas. It is designed to attract experienced and discriminating travellers.

The construction of the Hard Rock Hotel Penang, Malaysia, is underway smoothly. Scheduled to open in the second half of 2009, it will be the latest addition to the Group's existing two Hard Rock hotels in Pattaya and Bali.

The Four Seasons Hotel in Mahe, Seychelles, developed by an associated company of the Group, was officially opened on 6 February 2009. It is built on 69 hectares, with immediate access to a beautiful beach, and offers 67 exclusive villas and suites. This luxurious resort can confidently be described as being of world class.

On the property front, the construction of The Met, a condominium in Bangkok's Central business district is scheduled to be completed in 2009. This up-market three-tower development comprises 370 units, is of contemporary design and will benefit from its excellent location.

PROSPECTS

2009 is expected to be challenging, given the continuing volatility of the global economic climate. Present adverse financial conditions have materially reduced interest in the property market, and there has been a contraction of discretionary spending among travellers and companies which are affecting the hospitality sector.

In view of the uncertainty ahead, the Group's business strategy for the year is to consolidate and to conserve its resources.

DIVIDEND

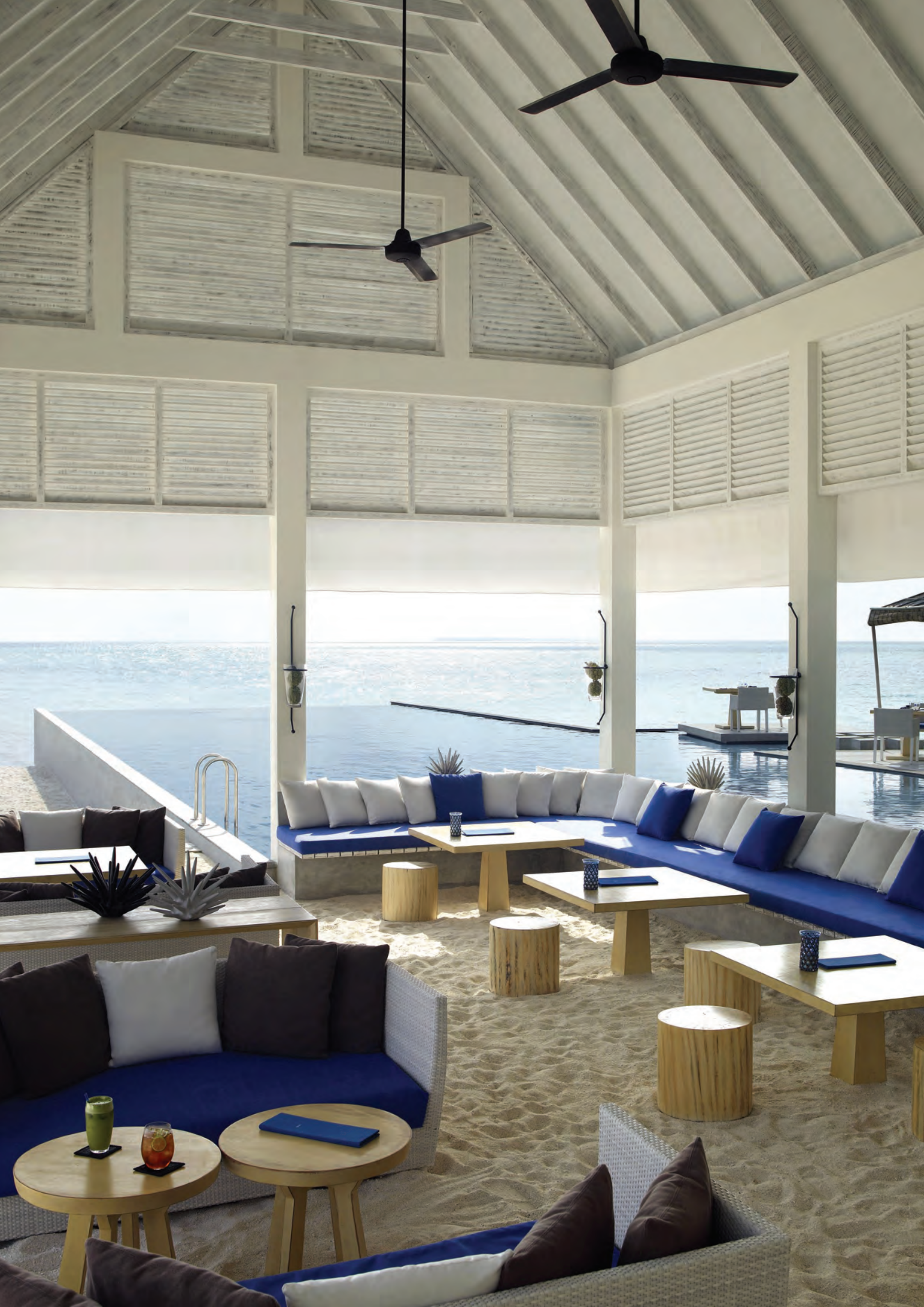
The Board of Directors has recommended a final one-tier tax-exempt cash dividend of 1 cent per ordinary share for the year ended December 31, 2008.

I end this Statement on a sombre note because we say farewell to a Director of long standing, Mr Gordon Seow Li Ming, who has decided not to offer himself for re-appointment. He has been on the Board since 1993, following a highly successful career in business, and as a diplomat. We accept his decision not to offer himself for re-appointment with sadness. We will miss his re-assuring presence and wisdom on the Board, and we wish him many years of healthy and fulfilling retirement.

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

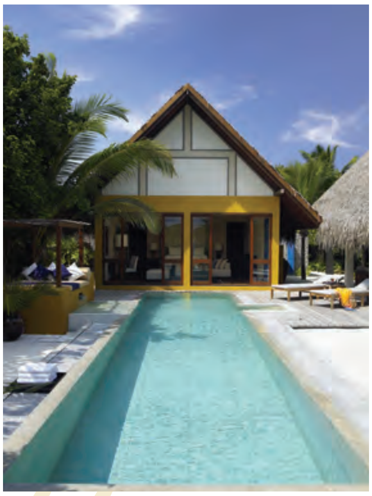
Joseph Grimberg
Chairman
March 18, 2009

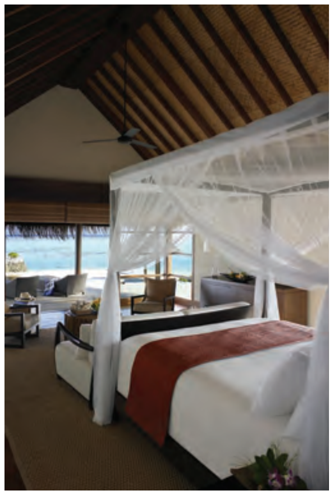
Hotels



Business Review: Hotels

The Hotel Division today has 21 hotels spanning 9 countries including Singapore, Malaysia, Thailand, Indonesia, Bhutan, the Maldives, Seychelles, Vanuatu and the United States. Our properties include world-renowned brands such as Four Seasons Hotels and Resorts, Hilton Hotels, Metropolitan Hotels, Hard Rock Hotels and Concorde Hotels & Resorts. One thing they all have in common is exemplary style and unmatched service standards.





The year 2008 witnessed strong contributions from the Group's prime hotels and resorts in Singapore, the Maldives and Bali. In Singapore, our leading hotels contributed significantly to the Group's bottom line as a result of Singapore's strong tourism sector. Factors that contributed to Singapore's strong tourism numbers were the FORMULA 1™ SingTel Singapore Grand Prix, Singapore Airshow and Singapore International Water Week, to mention a few. Visitor arrivals stood at an impressive 10.1 million generating an estimated S$14.8 billion in tourism receipts; a growth of 5% over 2007 setting a new record for Singapore.

A major development by the Group in 2008 was to take over the management of the former Le Meridien Singapore. The four-star business class hotel is located on bustling Orchard Road and is now re-branded Concorde Hotel Singapore. Currently undergoing a major phased refurbishment of the guest rooms and public areas, the hotel remains fully operational. The hotel has 407 rooms including 51 suites as well as 356 Deluxe and Executive rooms.

Our other properties in Singapore, the Four Seasons Hotel and the Hilton Hotel, were also recently renovated and contributed substantially to revenues.

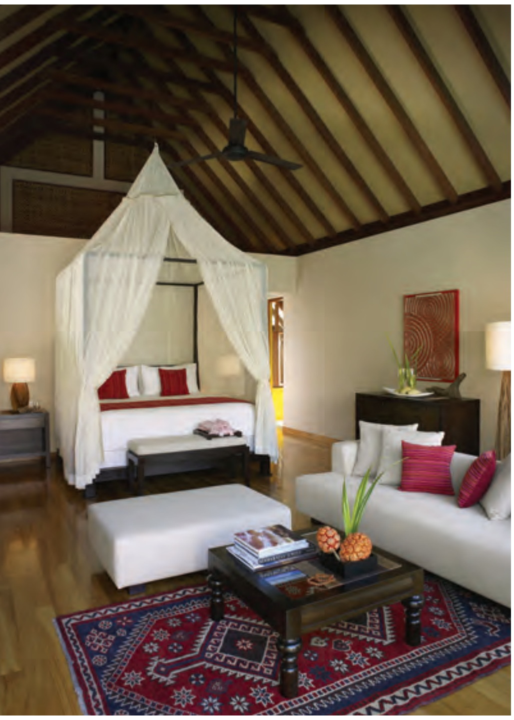
"The Hotel Division today has 21 hotels spanning 9 countries including Singapore, Malaysia, Thailand, Indonesia, Bhutan, the Maldives, Seychelles, Vanuatu and the United States."

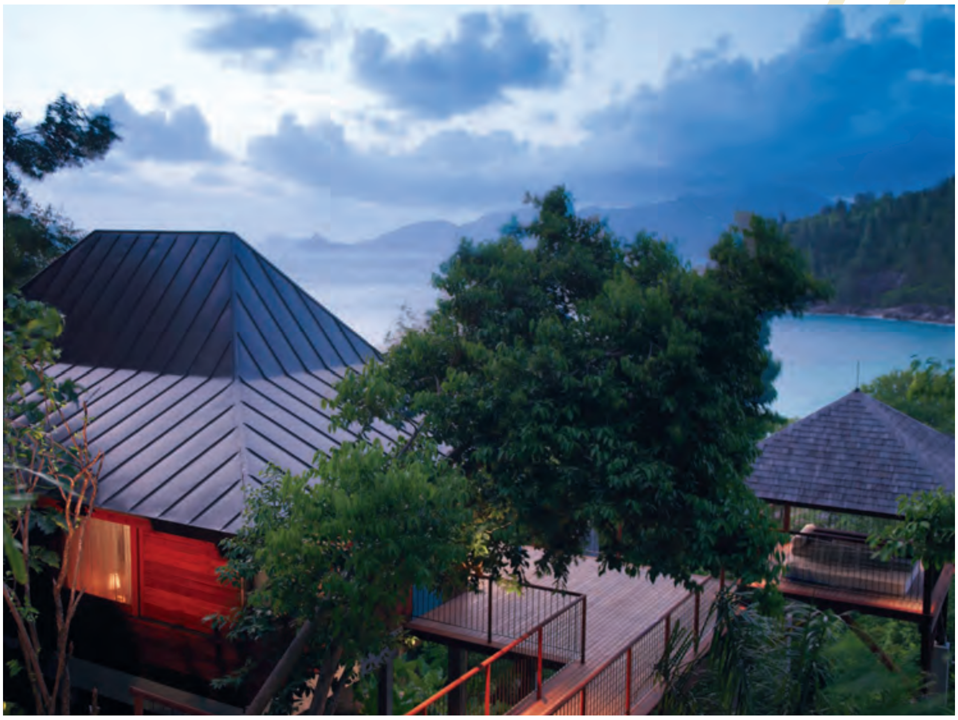
In June 2008, the opening of Kandooma Maldives has attracted a steady flow of visitors who were impressed by the resort's idyllic setting. Located 40 minutes by boat from Male international airport, surrounded by white sands, azure skies, lush tropical greenery and clear turquoise waters, the luxurious resort is the ideal getaway for the discerning traveller. The 160 garden, beach, duplex and water villas all have access to the resort's world class diving and recreation facilities.

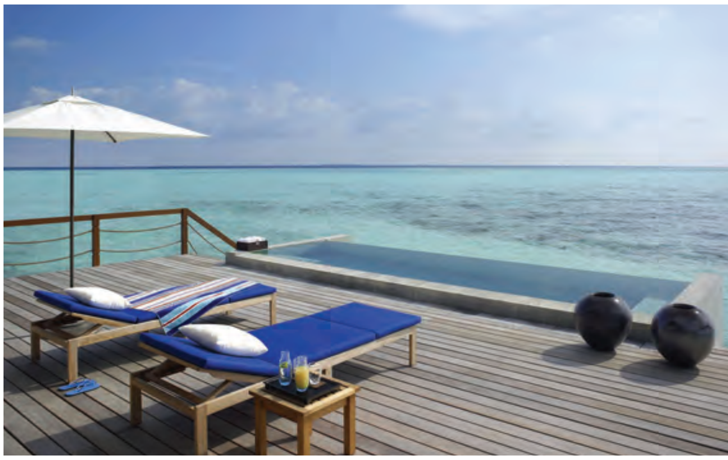
The Four Seasons Resort Maldives at Kuda Huraa maintained its strong performance in 2008. The resort, in the North Male Atoll is a delight for those seeking perfect tranquillity; palm-thatched pavilions, bungalows

and exotic spas. The Four Seasons Resort Maldives at Landaa Giraavaru located in Baa Atoll, also contributed positively to the Group. This awe-inspiring Maldivian-styled retreat, launched in 2006, overlooks a turquoise lagoon and offers a truly relaxing vacation. Guests also enjoyed the beautiful Rihiveli Resort in Maldives with its old world charm and increasing visitor numbers contributed to higher earnings from this property.

> "The year 2008 witnessed strong contributions from the Group's prime hotels and resorts in Singapore, the Maldives and Bali."



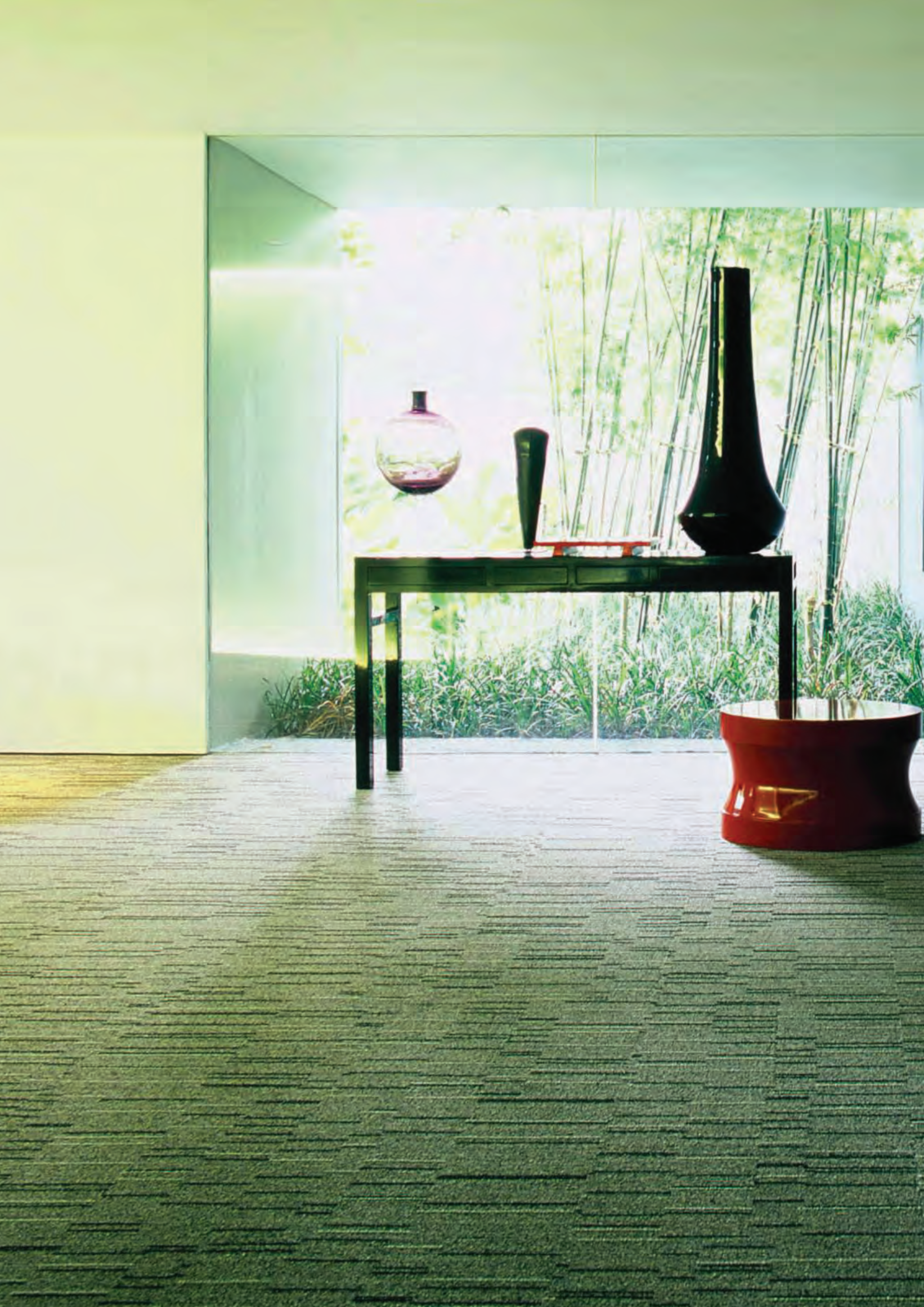




Our investments in Bali also contributed positively to the Group's earnings through higher room rates and occupancy levels. The Group owns the Four Seasons Resort at Jimbaran Bay, the Four Seasons Resort at Sayan and the Hard Rock Hotel Bali. The Jimbaran Bay resort, offering panoramic views of the Jimbaran Bay has been commended by the Daily Telegraph UK for its outstanding customer service. A sister property the Sayan Resort is nestled in the heart of nature and guests enjoy the enchanting beauty of the Ayung River and the verdant rice terraces. The Hard Rock Hotel Bali located on the famous Kuta beach has earned continuing popularity for the Hard Rock's signature rock 'n' roll theme.

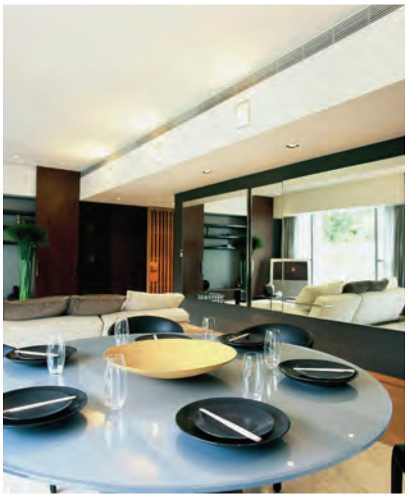
The construction of the Hard Rock Hotel Penang, Malaysia, is in progress and is scheduled to open in the second half of 2009. This will be the latest addition to the Hard Rock brand. Set on the beautiful Batu Ferringhi Beach, the hotel features a 2,400 square metres freeform pool along with Rock Spa, Little Rock Kids Club, Rock Gym, Rock Shop and a 300 seat ballroom along with 250 guest rooms and suites. The hotel is ideally suited for leisure travellers, families and conference groups.

The Group also has an interest in the Four Seasons Hotel Seychelles which was officially opened on 6 February 2009. Set on a sprawling 69 hectares of pristine beaches in Mahe, it offers 67 exclusive villas and suites, 2 restaurants, 2 lounges, a hilltop spa and a plethora of recreational activities for indulgence. Epitomising tranquillity and seclusion, this resort will captivate guests with its serene locale, plush and impeccably furnished interiors and unparalleled customer service.




Properties

Business Review: Properties



Over the years, the Group has established its position as a niche property developer of prime residential properties in Singapore and the Asia Pacific region. Some of its notable developments include Cuscaden Residences, Robertson Blue, Scotts 28, Nassim Jade and Four Seasons Park which have gained a reputation for their prime location, contemporary architecture, unique style, extravagant amenities and uncompromising quality.

The latest addition to our exclusive line-up of residential properties is the The Met, a high-end condominium right at the heart of Bangkok. Scheduled to complete in 2009,

this 66-storey architectural marvel has already won accolades for its design excellence and architectural ingenuity; AR MIPIM Future Project Award 2006 for the Tall Buildings category was conferred in recognition of excellence in architecture and environmental design. The Met provides all apartments with cross-ventilation and full exposure to light and views. In addition, there are outdoor living areas, planters and sky gardens creating dramatic yet human-scaled external spaces at a high level.

Other strategic investments include Forum The Shopping Mall, Concorde Shopping Mall, and a mixed portfolio of property in Kensington, London. Forum The Shopping Mall, an exclusive treasure trove of lifestyle products, designer wear and children's products featuring premium brands like DKNY, Emporio Armani, Calvin Klein to name a few, has become a favourite up-market haunt while the centrally-located shop units

"Over the years, the Group has established its position as a niche property developer of prime residential properties in Singapore and the Asia Pacific region."

at Concorde Shopping Mall continue to attract prudent businesses.

In London, the Group owns a 33% equity interest in a joint venture company which owns the landmark Derry and Toms Building – a mixed-use development at 99-121 Kensington High Street, an office building at Derry Street and a residential building at Kensington Square. The main building at 99-121 Kensington High Street is a seven storey mixed-use building comprising 20,522 square metres of retail space, 12,915 square metres of office space, the famous roof gardens, a club and a restaurant.

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
Stephen Lau Buong Lik

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 LLP
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
#08-01 Samsung Hub
Singapore 049483
Telephone: 6536 5355

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

Financial Statements 2008

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, 2008.

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
Stephen Lau Buong Lik (Appointed on May 13, 2008)

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 or date of appointment, if later	At end of year
Shares in the Company		
Ong Beng Seng	119,271,680**	119,271,680**
Christopher Lim Tien Lock	-	449,500
David Fu Kuo Chen	869,000	869,000
Stephen Lau Buong Lik	111,000	221,000

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

Name of director and company in which interests are held	At beginning of year or date of appointment, if later	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	585,000	765,000
Stephen Lau Buong Lik	445,000	595,000
Performance shares awarded under the		
Hotel Properties Limited Performance Share Plan		
Christopher Lim Tien Lock	253,000	506,000
Stephen Lau Buong Lik	220,000	440,000

* 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, 2008, 115,971,680 (as at January 1, 2008, 115,971,680) shares are held by other persons or bodies corporate in which the director has interest by virtue of Section 7 of the Singapore Companies Act.

By virtue of Section 7 of the Singapore Companies Act, Mr Ong Beng Seng is deemed to have an interest in the other related corporations of the Company.

There have been no changes in the above directors' interests as at January 21, 2009.

4. DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

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

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

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

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

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

5. SHARE OPTIONS AND PERFORMANCE SHARES

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

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

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

a) Share Options Granted

On May 20, 2008 ("Offering Date"), options were granted pursuant to the Scheme 2000 to 13 executives of the Company to subscribe for 950,000 ordinary shares in the Company at the subscription price of $2.33 per ordinary share ("Offering Price").

The options may be exercised during the period from May 20, 2010 to May 19, 2018, both dates inclusive, by notice in writing accompanied by a remittance for the full amount of the Offering Price (subject to adjustments under certain circumstances).

The Offering Price was set at a discount to the market price of the shares based on the average last business done price for the shares of the Company as shown in the Financial News issued by the Singapore Exchange Securities Trading Limited for the three consecutive market days preceding the Offering Date or failing which, the last three market days on which there was trading in the shares of the Company before the Offering Date.

The employees to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

No other options to take up unissued shares of the Company or any corporations in the Group was granted during the financial year.

b) Share Options Exercised

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

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

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

c) **Unissued Shares Under Option**

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

Date of Grant	Number of Share Options			Exercise Price	Exercise Period
	Balance at 1/1/08 or date of grant if later	Exercised	Balance at 31/12/08		
Pursuant to Scheme 2000					
28/02/2005	330,000	–	330,000	$1.000	28/02/2007 – 27/02/2015
17/03/2006	1,925,000	55,000	1,870,000	$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
20/05/2008	950,000	–	950,000	$2.330	20/05/2010 – 19/05/2018
Total	4,705,000	55,000	4,650,000		

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

Name of director	Options granted during the financial year	Aggregate options granted since commencement of Scheme 2000 to the end of the financial year	Aggregate options exercised since commencement of Scheme 2000 to the end of the financial year	Aggregate options outstanding at the end of the financial year
Christopher Lim Tien Lock	180,000	2,165,000	1,400,000	765,000
Stephen Lau Buong Lik	150,000	1,395,000	800,000	595,000

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, 2008		Performance shares granted during the year		Performance shares released during the year		Balance as at December 31, 2008	
Award	No. of holders	No. of shares	No. of holders	No. of shares	No. of holders	No. of shares	No. of holders	No. of shares
2007 award	2	473,000	–	–	2	236,500	2	236,500
2008 award	–	–	2	709,500	–	–	2	709,500
Total	2	473,000	2	709,500	2	236,500	2	946,000

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 LLP for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting of the Company.

7. AUDITORS

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

ON BEHALF OF THE DIRECTORS

Joseph Grimberg

Ong Beng Seng

March 16, 2009

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, 2008, 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 25 to 83.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes: devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOTEL PROPERTIES LIMITED

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, 2008 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

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

Deloitte & Touche LLP
Public Accountants and
Certified Public Accountants

Philip Yuen Ewe Jin
Partner

Singapore
March 16, 2009

BALANCE SHEETS
December 31, 2008

	Note	Group 2008 $'000	Group 2007 $'000 (restated)	Company 2008 $'000	Company 2007 $'000
ASSETS					
Current assets					
Cash and bank balances	6	41,328	68,255	10,724	6,027
Held-for-trading investments	7	–	25,316	–	–
Trade receivables	8	168,544	29,752	2,703	2,567
Other receivables and prepayments	9	16,880	16,086	1,649	1,912
Derivative financial instruments	10	3,765	–	3,765	–
Amount due from associates	14	74,468	93,001	9,891	10,263
Amount due from subsidiaries	15	–	–	709,713	765,249
Amount due from jointly controlled entities	18	82,187	83,145	–	–
Inventories	11	8,271	7,091	501	315
Development properties	12	369,915	315,312	–	–
Completed properties held for sale	13	6,214	6,214	–	–
Total current assets		771,572	644,172	738,946	786,333
Non-current assets					
Associates	14	246,368	91,477	2,361	2,361
Jointly controlled entities	18	49,507	44,896	–	–
Subsidiaries	15	–	–	579,890	302,430
Available-for-sale investments	16	7,831	11,798	–	–
Other long-term receivables and prepayments	17	892	3,843	–	–
Property, plant and equipment	19	1,071,270	1,085,733	233,436	231,560
Investment properties	20	616,581	646,717	–	–
Deferred tax assets	25	128	253	–	–
Derivative financial instruments	10	–	4,256	–	3,798
Intangible assets	21	15,473	15,872	–	–
Total non-current assets		2,008,050	1,904,845	815,687	540,149
Total assets		**2,779,622**	**2,549,017**	**1,554,633**	**1,326,482**
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans	22	379,551	217,683	189,947	124,946
Trade payables	23	89,983	69,103	18,747	18,288
Other payables	24	31,508	28,893	–	–
Amount due to associates	14	457	457	–	–
Amount due to subsidiaries	15	–	–	44,537	44,509
Income tax payable		7,887	7,859	1,841	1,124
Total current liabilities		509,386	323,995	255,072	188,867
Non-current liabilities					
Long-term bank loans	22	959,754	897,728	383,586	313,341
Other long-term liabilities	22	14,734	17,941	–	–
Advances from subsidiaries	15	–	–	95,386	–
Derivative financial instruments	10	1,541	–	–	–
Deferred tax liabilities	25	28,897	20,705	918	681
Total non-current liabilities		1,004,926	936,374	479,890	314,022
Capital, reserves and minority interests					
Share capital	26	681,322	681,040	681,322	681,040
Reserves	27	502,922	526,647	138,349	142,553
Equity attributable to shareholders of the Company		1,184,244	1,207,687	819,671	823,593
Minority interests		81,066	80,961	–	–
Total equity		1,265,310	1,288,648	819,671	823,593
Total liabilities and equity		**2,779,622**	**2,549,017**	**1,554,633**	**1,326,482**

See accompanying notes to financial statements.

CONSOLIDATED PROFIT AND LOSS STATEMENT
Year ended December 31, 2008

	Note	Group 2008 $'000	Group 2007 $'000 (restated)
Revenue	28	612,013	458,191
Cost of sales		(427,438)	(314,344)
Gross profit		184,575	143,847
Other operating income	28	1,934	3,074
Administrative expenses		(51,706)	(49,582)
Other operating expenses		(17,273)	(2,089)
Finance costs		(33,846)	(40,077)
Other non-operating income (net)	29	8,713	9,249
Share of results of associates and jointly controlled entities before fair value changes in investment properties		1,853	9,114
Profit before income tax and fair value changes in investment properties		94,250	73,536
Fair value (loss) gain in investment properties	20	(30,254)	101,061
Share of fair value (loss) gain in investment properties of associates		(7,339)	2,658
Profit before income tax	29	56,657	177,255
Income tax expense	30	(16,641)	(14,973)
Profit for the year		**40,016**	**162,282**
Attributable to:			
Shareholders of the Company		32,880	150,079
Minority interests		7,136	12,203
		40,016	162,282
Earnings per share (Cents):	31		
- basic		6.52	30.73
- fully diluted		6.52	30.59

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY
Year ended December 31, 2008

Group	Share capital $'000	Retained profits $'000	Other reserves $'000	Attributable to shareholders of the Company $'000	Minority interests $'000	Total $'000
Balance as at January 1, 2007, as restated	576,486	330,603	175,494	1,082,583	69,054	1,151,637
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)
Share of reserves of associates and jointly controlled entities arising during the year	–	–	(2,837)	(2,837)	–	(2,837)
Net income (expense) recognised directly in equity	–	–	(9,616)	(9,616)	(1,869)	(11,485)
Transfer to profit and loss statement during the year	–	–	(595)	(595)	–	(595)
Profit for the year	–	150,079	–	150,079	12,203	162,282
Total recognised income (expense) for the year	–	150,079	(10,211)	139,868	10,334	150,202
Net movement during the year	–	–	–	–	1,573	1,573
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	361,135	165,512	1,207,687	80,961	1,288,648
Exchange fluctuation differences	–	–	(16,058)	(16,058)	(94)	(16,152)
Fair value changes in available-for-sale investments	–	–	(4,063)	(4,063)	–	(4,063)
Loss on cash flow hedge	–	–	(1,987)	(1,987)	–	(1,987)
Share of reserves of associates and jointly controlled entities arising during the year	–	–	(10,460)	(10,460)	–	(10,460)
Net income (expense) recognised directly in equity	–	–	(32,568)	(32,568)	(94)	(32,662)
Profit for the year	–	32,880	–	32,880	7,136	40,016
Total recognised income (expense) for the year	–	32,880	(32,568)	312	7,042	7,354
Net movement during the year	–	–	–	–	(6,937)	(6,937)
Transfer during the year	219	–	(219)	–	–	–
Share-based payments during the year	–	–	1,395	1,395	–	1,395
Final dividend for the previous year, paid	–	(25,213)	–	(25,213)	–	(25,213)
Issue of shares	63	–	–	63	–	63
Balance as at December 31, 2008	**681,322**	**368,802**	**134,120**	**1,184,244**	**81,066**	**1,265,310**

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY
Year ended December 31, 2008

Company	Share capital $'000	Retained profits $'000	Other reserves $'000	Total $'000
Balance as at January 1, 2007	576,486	21,727	111,547	709,760
Loss on cash flow hedge representing net income (expense) recognised directly in equity	–	–	(698)	(698)
Profit for the year	–	129,295	–	129,295
Total recognised income (expense) for the year	–	129,295	(698)	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	31,475	111,078	823,593
Gain on cash flow hedge representing net income (expense) recognised directly in equity	–	–	21	21
Profit for the year	–	19,812	–	19,812
Total recognised income (expense) for the year	–	19,812	21	19,833
Transfer during the year	219	–	(219)	–
Share-based payments during the year	–	–	1,395	1,395
Final dividend for the previous year, paid	–	(25,213)	–	(25,213)
Issue of shares	63	–	–	63
Balance as at December 31, 2008	**681,322**	**26,074**	**112,275**	**819,671**

See accompanying notes to financial statements.

CONSOLIDATED CASH FLOW STATEMENT
Year ended December 31, 2008

	Group	
	2008 $'000	2007 $'000 (restated)
Cash flows from operating activities		
Profit before income tax and share of results of associates and jointly controlled entities	62,143	165,483
Adjustments for:		
Amortisation of intangible assets	332	342
Depreciation expense	49,236	45,198
Share-based payments expense	1,395	658
Fair value loss (gain) in investment properties	30,254	(101,061)
Plant and equipment written off	65	263
Gain on divestment of a subsidiary	(505)	–
Gain on disposal of property, plant and equipment	–	(155)
Gain on disposal of available-for-sale investments	–	(134)
Gain on disposal of a property	(5,826)	–
Impairment loss in property, plant and equipment	–	299
Impairment loss in associates	–	361
Write-back of impairment loss in a development property	–	(1,318)
Finance costs	33,846	40,077
Interest income	(849)	(2,209)
Dividend income	(177)	(65)
Operating cash flows before movements in working capital	169,914	147,739
Trade and other payables	17,860	14,618
Completed properties held for sale	–	10,212
Development properties and expenditure	(40,189)	(25,057)
Receivables and prepayments	(137,552)	(1,062)
Held-for-trading investments	25,316	(6,183)
Inventories	(1,180)	(228)
Cash generated from operations	34,169	140,039
Dividend received	177	65
Interest received	849	2,209
Finance costs paid	(44,855)	(48,720)
Income tax paid	(7,809)	(10,733)
Net cash from operating activities	(17,469)	82,860

CONSOLIDATED CASH FLOW STATEMENT
Year ended December 31, 2008

	Group	
	2008 $'000	2007 $'000 (restated)
Investing activities		
Divestment of a subsidiary (see Note A below)	2,051	–
Acquisition of additional interest in a jointly controlled entity (see Note B below)	–	(83,176)
Additional investment properties	(118)	(16,230)
Additional property, plant and equipment	(69,590)	(67,474)
Additional available-for-sale investment	(96)	–
Net investment in associates	(159,850)	(94,741)
Net investment in jointly controlled entities	(349)	(86,621)
Proceeds from divestment of a jointly controlled entity	2,588	–
Proceeds from disposal of available-for-sale investments	–	4,286
Proceeds from disposal of investment properties	–	183
Proceeds from disposal of property, plant and equipment	739	1,571
Net cash used in investing activities	(224,625)	(342,202)
Financing activities		
Dividend paid	(25,213)	(18,774)
Additional bank loans	240,459	246,343
Advances from minority shareholders	269	2,229
Hire purchase creditors	(136)	–
Increase in deposits under pledge to banks (Note 6)	(487)	(3)
Proceeds from issue of shares	63	3,353
Net cash from financing activities	214,955	233,148
Net effect of exchange rate changes in consolidation	(275)	(559)
Net decrease in cash and cash equivalents	(27,414)	(26,753)
Cash and cash equivalents at beginning of year	68,061	94,814
Cash and cash equivalents at end of year	**40,647**	**68,061**

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

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

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

	$'000
Current assets	446
Current liabilities	(10,142)
Net current liabilities	(9,696)
Other non-current assets	378,304
Other non-current liabilities	(167,054)
Net assets acquired	201,554
Reclassification of investment in jointly controlled entity to subsidiary	(118,916)
Goodwill	687
Purchase consideration	83,325
Cash of jointly controlled entity acquired	(149)
Cash outflow arising from acquisition of additional interest in a jointly controlled entity	83,176

For the year ended December 31, 2007, if the additional interest in a jointly controlled entity had not been acquired, the Group's revenue and profit after tax for the year would have been $443.8 million and $145.8 million respectively. If the acquisition had been completed at the beginning of the last financial year, the Group's revenue and profit for the year would have been $461.0 million and $162.5 million respectively.

1. GENERAL

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

The principal activities of the Company are those of a hotelier and an investment holding company. The principal activities of subsidiaries, significant associates and jointly controlled entities are described in Notes 37, 38 and 39 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, 2008 were authorised for issue by the Board of Directors on March 16, 2009.

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").

During the current financial year, the Group considered the exposure draft – Financial Reporting of Interests in Joint Ventures issued by the International Accounting Standards Board where the proportionate consolidation method will be eliminated. The Group believes that the equity method better presents the Group's interests in the jointly controlled entities. Therefore, the Group changed the accounting policy for interests in jointly controlled entities from the proportionate consolidation method to the equity method as allowed in FRS 31 – *Interest in Joint Ventures* for the current financial year ended December 31, 2008. The effect is disclosed in Note 41.

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 and the balance sheet and statement of changes in the equity of the Company except that the adoption of FRS 1 – *Presentation of Financial Statements (Revised)*, which is effective for annual periods beginning on or after January 1, 2009 will change the basis for presentation and structure of the financial statements. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other FRSs.

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, associates and jointly controlled entities 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 initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Appropriate allowances for estimated irrecoverable amounts are recognised in 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.

Financial liabilities

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

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

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

Equity instruments

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

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments such as interest rate 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 and 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.

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

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

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

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

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate or jointly controlled entity 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 or jointly controlled entity of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate or jointly controlled entity.

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. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

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

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in 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 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 20 years. 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 represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

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

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

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

The Group's policy for goodwill arising on the acquisition of an associate or a jointly controlled entity is described under "ASSOCIATES AND JOINTLY CONTROLLED ENTITIES" 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.

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

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

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.

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 Group; and
   - the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

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

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

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

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

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

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 and 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, associates and jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at 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 and financial derivatives; and
iii) the assessment of adequacy of provision for income taxes.

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

4. FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

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

	Group		Company	
	2008 $'000	2007 $'000 (restated)	2008 $'000	2007 $'000
Financial assets				
Held-for-trading investments	–	25,316	–	–
Derivative financial instruments	3,765	4,256	3,765	3,798
Advances and receivables (including cash and bank balances)	371,447	278,564	734,025	784,708
Available-for-sale investments	7,831	11,798	–	–
Financial liabilities				
Derivative financial instruments	1,541	–	–	–
Other financial liabilities	1,475,987	1,231,805	732,203	501,084

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.

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 $4.2 million and $0.8 million respectively (2007: $4.3 million and $1.1 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.

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

At the reporting date, the 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	
	2008 $'000	2007 $'000 (restated)	2008 $'000	2007 $'000 (restated)	2008 $'000	2007 $'000	2008 $'000	2007 $'000
United States dollars	82,118	119,568	83,679	94,447	11,961	–	57,852	45,502
Sterling pounds	11,592	15,566	28,637	39,783	11,592	15,566	11,183	15,356
Indonesian rupiah	3,925	4,585	2,064	2,866	–	–	–	–
Australian dollars	–	–	907	3,822	–	–	–	–
Hong Kong dollars	32,490	30,782	15,789	17,625	–	–	–	–
Chinese renminbi	–	–	137	711	–	–	–	–
Malaysian ringgit	–	–	11,288	11,964	–	–	–	–
Thai baht	–	–	4,446	3,890	–	–	–	–

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

Foreign currency sensitivity

The sensitivity analysis uses a 10% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity analysis includes only significant outstanding foreign currency denominated monetary items not designated as hedge and adjusts their translation at the year end for a 10% change in foreign currency rates. The analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. Based on the sensitivity analysis performed, a 10% increase/decrease in the functional currency against the relevant foreign currencies is expected to increase or decrease profit before tax and equity of the Group by $1.0 million (2007: $1.6 million) and $4.3 million (2007: $4.8 million) respectively, and the impact on the profit before tax of the Company is not significant.

Management is of the view that the above sensitivity analysis may not be representative of the inherent foreign exchange risk as year and 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.

The carrying amount of trade and other receivables, cash and cash equivalents and advances to associates and jointly controlled entities 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

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

		Contractual cash flows (including interest payments)			
	Carrying amount $'000	Total $'000	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000
Group					
2008					
Non-interest bearing	119,394	119,394	117,701	1,693	–
Interest bearing	1,358,134	1,444,368	425,840	1,013,800	4,728
	1,477,528	1,563,762	543,541	1,015,493	4,728
2007 (restated)					
Non-interest bearing	97,619	97,619	94,571	3,048	–
Interest bearing	1,134,577	1,243,194	264,076	972,521	6,597
	1,232,196	1,340,813	358,647	975,569	6,597

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

	Carrying amount $'000	Contractual cash flows (including interest payments) Total $'000	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000
Company					
2008					
Non-interest bearing	63,284	63,284	63,284	–	–
Interest bearing	668,919	706,430	207,650	498,780	–
	732,203	769,714	270,934	498,780	–
2007					
Non-interest bearing	62,797	62,797	62,797	–	–
Interest bearing	438,287	467,169	138,934	328,235	–
	501,084	529,966	201,731	328,235	–

Market risk

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

The Group has invested in various securities, the 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, 2008 would increase/decrease by Nil (2007: increase/decrease by $2.5 million) and $0.1 million (2007: $0.3 million) respectively.

Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value.

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

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 2007.

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	
	2008 **$'000**	**2007** **$'000** **(restated)**
Transactions with companies in which certain directors are deemed to have interests:		
Management fee expense	546	667
Rental income	(13,184)	(11,069)
Transactions with associates:		
Management fee income	(2,187)	(2,116)
Rental income	(113)	(117)
Transactions with a jointly controlled entity:		
Management fee income	(1,034)	(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	
	2008	2007
	$'000	$'000
Short-term benefits	6,910	7,146
Post-employment benefits	377	315
Share-based payments	810	543
	8,097	8,004

6. CASH AND BANK BALANCES

a) As at December 31, 2008, cash and bank balances of approximately $681,000 (2007: $194,000) were pledged to the banks to secure credit facilities for certain subsidiaries of the Group.

b) The bank deposits of the Group bear annual interest ranging from 0% to 7.5% (2007: 0% to 6.8%). The interest rate is re-fixed on a short-term basis typically 6 months or less.

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

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000 (restated)	$'000	$'000
United States dollars	11,023	16,677	140	127
Sterling pounds	373	421	369	407
Indonesian rupiah	844	1,471	–	–
Australian dollars	95	793	3	–

7. HELD-FOR-TRADING INVESTMENTS

	Group	
	2008	2007
	$'000	$'000
Quoted equity shares, at fair value	–	25,316

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

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

	Group	
	2008	2007
	$'000	$'000
Malaysian ringgit	–	426

8. TRADE RECEIVABLES

	Group		Company	
	2008 $'000	2007 $'000 (restated)	2008 $'000	2007 $'000
Trade receivables	168,846	29,929	2,771	2,596
Less: Allowances for doubtful receivables	(302)	(177)	(68)	(29)
	168,544	29,752	2,703	2,567
Movement in allowance for doubtful receivables:				
Balance at beginning of year	177	164	29	26
Amount written off during the year	(102)	–	–	–
Amount recovered during the year	(37)	(79)	–	–
Increase in allowance recognised in the profit and loss statement	269	95	39	3
Exchange realignment	(5)	(3)	–	–
Balance at end of year	302	177	68	29

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

	Group	
	2008 $'000	2007 $'000 (restated)
Indonesian rupiah	1,017	1,205
United States dollars	–	243
Chinese renminbi	137	711

Interest on certain overdue balances is charged at rates ranging from 14% to 18% (2007: 14% to 18%) per annum on the outstanding balance. Trade receivables are provided for based on estimated irrecoverable amounts from the sale of goods and services, determined by reference to past default experience and objective evidence of impairment which includes ageing of receivables and the financial condition of the debtor.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable. The concentration of credit risk is limited due to the customer base being large and unrelated to one another.

Included in the Group's trade receivables balance are debtors with a carrying amount of $5.5 million (2007: $5.5 million) which are past due as at balance sheet date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

9. OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000 (restated)**	**$'000**	**$'000**
Prepayments and deposits for acquisition of capital assets	5,211	4,895	1,228	1,414
Other deposits	1,081	1,726	–	–
Other receivables	3,998	1,213	196	263
Other prepayments	6,212	8,045	225	235
Rental deposits	71	28	–	–
Tax recoverable	307	179	–	–
Total	**16,880**	**16,086**	**1,649**	**1,912**

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

	Group	
	2008	**2007**
	$'000	**$'000**
Hong Kong dollars	3,002	–
Indonesian rupiah	203	190
United States dollars	263	765

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

10. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current				
Cross currency swaps	3,765	–	3,765	–
Non-current				
Interest rate swaps	(1,541)	(391)	–	–
Cross currency swaps	–	4,647	–	3,798
Total	**2,224**	**4,256**	**3,765**	**3,798**

The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings. Contracts with notional value of $100 million (2007: $125 million) have interest payments at a weighted average rate of 2.5% (2007: 3.6%) per annum as at December 31, 2008, and have floating interest receipts at Swap Offer Rate. A contract with notional value of $30 million had floating interest payments at Swap Offer Rate and fixed interest receipts at 3.96% per annum as at December 31, 2007. The interest rate swaps will mature in 2010 and 2011 and are settled on quarterly and semi-annually (2007: quarterly and 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 $50 million (2007: $73 million).

The fair values of swaps entered into at December 31, 2008 are estimated at $2,224,000 (2007: $4,256,000). 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.

11. INVENTORIES

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Saleable merchandise	5,632	4,365	494	304
Operating supplies	2,639	2,726	7	11
Total	**8,271**	**7,091**	**501**	**315**

12. DEVELOPMENT PROPERTIES

	Group	
	2008 $'000	2007 $'000 (restated)
Cost incurred and attributable profits	585,779	382,856
Less: Progress payments received and receivable	(215,864)	(67,544)
Net	**369,915**	**315,312**

Finance costs of $10,515,000 (2007: $7,958,000) arising from financing specifically entered into for the development properties were capitalised during the year. The rates of interest relating to finance costs capitalised ranged from 1.3% to 6.5% (2007: 4.3% to 6.5%) per annum.

Included in cost incurred is an amount of $300 million (2007: $255 million) relating to development properties of which no progress payments were received.

13. COMPLETED PROPERTIES HELD FOR SALE

Location	Title	Description
Four Seasons Park 12 Cuscaden Walk Singapore 249692	Freehold	1 (2007: 1) unit of condominium with an aggregate floor area of approximately 2,260 (2007: 2,260) square feet
Robertson Blue 86 Robertson Quay Singapore 238247	Freehold	4 (2007: 4) commercial units with an aggregate floor area of approximately 6,233 (2007: 6,233) square feet

14. ASSOCIATES

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Cost of investments in associates	154,338	149,044	245	245
Share of post-acquisition results and reserves net of dividend received	(142,205)	(109,191)	–	–
Advances to associates	234,235	51,624	2,116	2,116
Net	246,368	91,477	2,361	2,361

As at December 31, 2008, the advances to associates of $234,235,000 (2007: $51,624,000) are in substance net investment in the associates.

As at December 31, 2008, the amounts due from associates (classified as current asset) to the Group and Company of $74,468,000 (2007: $93,001,000) and $9,891,000 (2007: $10,263,000) respectively are unsecured, interest-free and repayable on demand. The amount due to associate of $457,000 (2007: $457,000) are unsecured, interest-free and repayable on demand.

14. ASSOCIATES (cont'd)

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

	Group	
	2008	2007
	$'000	$'000
Non-current:		
Malaysian ringgit	10,613	10,613
Sterling pounds	28,264	39,071
Current:		
Malaysian ringgit	675	925
Hong Kong dollars	15,789	14,766
United States dollars	10,728	13,255
Sterling pounds	–	291

Information relating to significant associates is shown in Note 38 to the financial statements.

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

	Group	
	2008	2007
	$'000	$'000
Balance sheet		
Total assets	2,825,091	2,551,693
Total liabilities	(2,792,366)	(2,439,735)
Net assets	32,725	111,958
Group's share of associates' net assets	12,133	39,853
Profit and loss statement		
Revenue	231,773	336,991
(Loss) Profit for the year	(32,122)	56,433
Group's share of results of associates	(7,370)	10,161

The Group had not recognised profit arising in the current financial year amounting to $127,000 (2007: $683,000) in an associate. The accumulated losses not recognised were $624,000 (2007: $751,000).

15. SUBSIDIARIES

	Company	
	2008	2007
	$'000	$'000
Total advances to subsidiaries	1,131,342	898,318
Less: Impairment loss	(16,017)	(4,917)
	1,115,325	893,401
Less: Amount due from subsidiaries classified as current asset	(709,713)	(765,249)
Non-current advances to subsidiaries	405,612	128,152
Unquoted equity shares, at cost	174,278	174,278
Total	**579,890**	**302,430**

As at December 31, 2008, the advances to subsidiaries of $405,612,000 (2007: $151,472,000) bear interest at rates ranging from 2.8% to 3.2% (2007: 3.4% to 4.3%) per annum, are unsecured and substantially non-trade in nature.

The amounts due from subsidiaries of $709,713,000 (2007: $741,929,000) are unsecured, interest-free and repayable on demand.

Impairment loss recognised during the year amounted to $11,100,000 (2007: reversal amounted to $6,870,000). Impairment loss is determined based on estimated irrecoverable amounts by reference to the financial conditions of these subsidiaries.

As at December 31, 2008, the amounts due to subsidiaries of $44,537,000 (2007: $44,509,000) are unsecured, interest-free and repayable on demand. The advances from subsidiaries of $95,386,000 (2007: Nil) bear interest at 3.1% per annum and are unsecured.

During the financial year, interest income from subsidiaries amounted to $10,122,000 (2007: $3,997,000).

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

	Company	
	2008	2007
	$'000	$'000
Current:		
United States dollars	57,712	45,375
Sterling pounds	10,814	14,949

Information relating to subsidiaries is shown in Note 37 to the financial statements.

16. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2008 $'000	2007 $'000
Quoted equity shares, at fair value	812	3,029
Unquoted equity shares, at fair value	7,019	8,769
Total	7,831	11,798

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.

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

	Group	
	2008 $'000	2007 $'000
Australian dollars	812	3,029
United States dollars	6,884	8,554

17. OTHER LONG-TERM RECEIVABLES AND PREPAYMENTS

	Group	
	2008 $'000	2007 $'000
Other long-term receivables	–	2,859
Prepaid rent	986	1,078
Less: Current portion of prepaid rent included in prepayments (Note 9)	(94)	(94)
	892	3,843

The other long-term receivables as at December 31, 2007 were denominated in Hong Kong dollars and represented the net present value expected to be received in 2009. The amount was unsecured and interest-free. This amount has been reclassified as other receivables (current) as at December 31, 2008 (Note 9).

18. JOINTLY CONTROLLED ENTITIES

	Group	
	2008 $'000	2007 $'000
Cost of investments in jointly controlled entities	41,210	39,610
Share of post-acquisition results and reserves	3,851	1,396
Advances to a jointly controlled entity	4,446	3,890
Total	49,507	44,896

As at December 31, 2008, the advances to a jointly controlled entity of $4,446,000 (2007: $3,890,000) bears interest at a weighted average rate of 6.5% (2007: 5.5%) per annum, is unsecured and subordinated to a bank loan extended to the jointly controlled entity. The shares of the jointly controlled entity are pledged as security for the bank loan.

As at December 31, 2008, the amounts due from jointly controlled entities (classified as current asset) to the Group of $82,187,000 (2007: $83,145,000) are unsecured, interest-free and repayable on demand.

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

	Group	
	2008 $'000	2007 $'000
Current:		
United States dollars	54,778	54,714
Non-Current:		
Thai Baht	4,446	3,890

Information relating to significant jointly controlled entities is shown in Note 39 to the financial statements.

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

	Group	
	2008 $'000	2007 $'000
Balance sheet		
Total assets	571,849	406,559
Total liabilities	(464,333)	(308,786)
Net assets	107,516	97,773
Group's share of jointly controlled entities' net assets	45,061	41,006
Profit and loss statement		
Revenue	–	2,799
Profit for the year	1,890	160
Group's share of results of jointly controlled entities	1,884	1,611

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, 2007, as restated	466,423	116,872	591,034	271,488	7,434	1,453,251
Additions	2	–	7,844	24,327	35,986	68,159
Arising from acquisition of additional interest in a jointly controlled entity	–	–	–	304	–	304
Amount written off against impairment	(632)	–	(1)	–	–	(633)
Disposals	(3)	–	(350)	(4,861)	–	(5,214)
Exchange realignment	(2,902)	–	(21,361)	(7,332)	(1,848)	(33,443)
At December 31, 2007	462,888	116,872	577,166	283,926	41,572	1,482,424
Additions	1,323	–	10,953	32,885	27,436	72,597
Arising from divestment of subsidiary	(15,888)	–	(5,246)	(200)	(6,678)	(28,012)
Reclassification	–	–	49,397	10,783	(60,180)	–
Disposals	–	–	(121)	(3,035)	–	(3,156)
Exchange realignment	(2,635)	–	(5,569)	(3,499)	(1,180)	(12,883)
At December 31, 2008	445,688	116,872	626,580	320,860	970	1,510,970
Comprising:						
December 31, 2007						
At cost	92,588	116,872	577,166	283,926	41,572	1,112,124
At valuation	370,300	–	–	–	–	370,300
	462,888	116,872	577,166	283,926	41,572	1,482,424
December 31, 2008						
At cost	90,762	116,872	626,580	320,860	970	1,156,044
At valuation	354,926	–	–	–	–	354,926
	445,688	116,872	626,580	320,860	970	1,510,970

For the year ended December 31, 2008, the Group acquired property, plant and equipment with an aggregate cost of $72,597,000 of which $2,513,000 was acquired by means of finance lease. For the year ended December 31, 2007, no property, plant and equipment were acquired through finance lease.

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
Accumulated depreciation:						
At January 1, 2007, as restated	9,884	23,647	145,524	183,903	–	362,958
Depreciation for the year	1,453	1,313	22,224	20,208	–	45,198
Disposals	–	–	(79)	(3,456)	–	(3,535)
Exchange realignment	(638)	–	(5,671)	(1,918)	–	(8,227)
At December 31, 2007	10,699	24,960	161,998	198,737	–	396,394
Depreciation for the year	1,256	1,313	22,824	23,843	–	49,236
Disposals	–	–	(11)	(2,341)	–	(2,352)
Exchange realignment	(17)	–	(2,891)	(889)	–	(3,797)
Arising from divestment of subsidiary	(1)	–	(37)	(27)	–	(65)
At December 31, 2008	11,937	26,273	181,883	219,323	–	439,416
Impairment loss:						
At January 1, 2007	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
Exchange realignment	(13)	–	–	–	–	(13)
At December 31, 2008	284	–	–	–	–	284
Carrying amount:						
At December 31, 2008	433,467	90,599	444,697	101,537	970	1,071,270
At December 31, 2007	451,892	91,912	415,168	85,189	41,572	1,085,733

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, 2007	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
Additions	–	–	7,221	7,221
Disposals	–	–	(2,910)	(2,910)
At December 31, 2008	208,800	24,955	87,349	321,104
Comprising:				
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
December 31, 2008				
At valuation	208,800	–	–	208,800
At cost	–	24,955	87,349	112,304
	208,800	24,955	87,349	321,104
Accumulated depreciation:				
At January 1, 2007	–	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
Depreciation for the year	–	420	4,581	5,001
Disposals	–	–	(2,566)	(2,566)
At December 31, 2008	–	15,843	71,825	87,668
Carrying amount:				
At December 31, 2008	208,800	9,112	15,524	233,436
At December 31, 2007	208,800	9,532	13,228	231,560

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*.

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 $224 million (2007: $241 million) and $98 million (2007: $98 million) respectively.

Finance costs of $494,000 (2007: $685,000) arising from financing specifically entered into for the development of property are capitalised during the financial year. The rates of interest relating to finance costs range from 3.7% to 6.0% (2007: 4.0% to 7.8%) per annum.

As at December 31, 2008, certain property, plant and equipment with total carrying amount of $993 million (2007: $984 million) were mortgaged to banks to secure credit facilities for the Company and respective subsidiaries of the Group. The carrying amount of the Group's plant and equipment include an amount of $2,429,000 (2007: Nil) held under finance lease.

20. INVESTMENT PROPERTIES

Gross rental income and direct operating expenses arising from investment properties amounted to $25.4 million (2007: $21.9 million) and $7.7 million (2007: $6.7 million) respectively for the year ended December 31, 2008.

Additions during the year were $0.1 million (2007: $394.2 million) of which Nil (2007: $378 million) arose due to acquisition of additional interest in a jointly controlled entity. Sale of properties during the year ended December 31, 2007 amounted to $0.2 million.

Fair value loss recognised during the year amounted to $30.3 million (2007: fair value gain of $101.1 million).

Certain investment properties amounting to approximately $590 million as at December 31, 2008 (2007: $619 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, 2008 and 2007 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, 2007	11,615	6,312	17,927
Arising from acquisition of additional interest in a jointly controlled entity	687	–	687
Exchange realignment	(426)	17	(409)
At December 31, 2007	11,876	6,329	18,205
Exchange realignment	8	(113)	(105)
At December 31, 2008	11,884	6,216	18,100
Accumulated amortisation:			
At January 1, 2007	–	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
Amortisation charged against other non-operating income	–	332	332
Exchange realignment	–	(38)	(38)
At December 31, 2008	–	2,627	2,627
Carrying amount:			
At December 31, 2008	11,884	3,589	15,473
At December 31, 2007	11,876	3,996	15,872

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 (2007: $0.7 million) and $11.2 million (2007: $11.2 million) respectively.

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

The value-in-use calculations use cash flow projections based on financial budgets. Cash flow projections are prepared for the next five years or longer based on estimated growth rates ranging from 8% to 12% (2007: 7% to 9%). The rates used to discount the forecasted cash flow range from 8% to 16% (2007: 3% to 10%).

22. BORROWINGS AND OTHER LONG-TERM LIABILITIES

	Group		Company	
	2008 $'000	2007 $'000 (restated)	2008 $'000	2007 $'000
Due after twelve months				
Long-term bank loans (a)	720,134	682,953	143,966	98,566
Notes payable (a)	239,620	214,775	239,620	214,775
	959,754	897,728	383,586	313,341
Other long-term liabilities (c)	11,025	14,893	–	–
Advance receipts	1,693	3,048	–	–
Hire purchase creditors (d)	2,016	–	–	–
	974,488	915,669	383,586	313,341
Due within twelve months				
Current portion of long-term bank loans (a)	28,095	8,716	–	–
Notes payable (a)	189,947	124,946	189,947	124,946
Short-term bank loans (b)	161,509	84,021	–	–
	379,551	217,683	189,947	124,946
Current portion of other long-term liabilities (c)	3,886	3,882	–	–
Current portion of advance receipts	1,354	1,354	–	–
Current portion of hire purchase creditors (d)	361	–	–	–
	385,152	222,919	189,947	124,946
Bankers' guarantees and letters of credit (e)	28,257	25,008	396	393

(a) Long-term bank loans (secured) and notes payable (unsecured) bear annual interest rates ranging from 0.6% to 2.0% (2007: 0.3% to 1.7%) above cost of funds of the lender banks, certain long-term bank loans bear annual interest rates at the bank's prevailing minimum lending rate (2007: 1.5% below bank's prevailing minimum lending rate), and certain notes payable bear annual interest rates ranging from 2.5% to 4.3% (2007: 3.1% to 4.7%). The facilities are repayable from 2009 to 2013 (2007: 2008 to 2015). 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 1.0% to 2.0% (2007: 0.6% to 1.0%) above cost of funds of the lender banks and certain short-term bank loan bears annual interest rates at 1.0% (2007: 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% (2007: 1.5%) above SIBOR. The facilities are repayable from 2009 to 2026 (2007: 2008 to 2026). Securities include subordinated mortgages over certain subsidiaries' lease rights.

(d) The Group entered into a finance lease arrangement during the year to acquire certain equipment. The lease term is 5 years and interest rate is fixed at 6% per annum. The minimum lease payments payable and its present value amounted to $2.8 million and $2.4 million respectively. Approximately 82% and 85% of the minimum lease payments and its present value are payable in the second to fifth year (inclusive) respectively. The lease obligations are denominated in Thai Baht.

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

(f) Interest rates on borrowings are re-fixed on a short-term basis typically six months or less.

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

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

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
United States dollars	80,734	117,392	11,961	–
Sterling pounds	11,592	15,566	11,592	15,566
Hong Kong dollars	32,490	30,782	–	–

23. TRADE PAYABLES

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

	Group	
	2008 $'000	2007 $'000 (restated)
United States dollars	553	705
Indonesian rupiah	1,636	1,789

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

24. OTHER PAYABLES

	Group	
	2008 $'000	2007 $'000 (restated)
Accrued employee-related expenses	8,591	9,364
Accrued operating expenses	9,398	9,435
Amount payable relating to acquisition of capital assets	2,242	728
Current portion of other long-term liabilities (Note 22)	3,886	3,882
Current portion of advance receipts (Note 22)	1,354	1,354
Current portion of hire purchase creditors (Note 22)	361	–
Due to companies in which certain directors have interests*	259	205
Interest payable to non-related companies	3,031	1,816
Others	2,386	2,109
Total	31,508	28,893

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

24. OTHER PAYABLES (cont'd)

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

	Group	
	2008 $'000	2007 $'000 (restated)
United States dollars	831	1,471
Indonesian rupiah	2,289	2,796

25. DEFERRED TAX ASSETS / LIABILITIES

	Group		Company	
	2008 $'000	2007 $'000 (restated)	2008 $'000	2007 $'000
Deferred tax assets	(128)	(253)	–	–
Deferred tax liabilities	28,897	20,705	918	681
Net	28,769	20,452	918	681

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	Temporary differences arising from recognition of profits on uncompleted projects $'000	Temporary differences arising from fair value changes $'000	Other temporary differences $'000	Total $'000
Group						
At January 1, 2007, as restated	(2,657)	6,906	(1,578)	6,078	(136)	8,613
Charge to profit and loss statement	820	724	1,392	7,170	2,706	12,812
Effect of changes in tax rate	–	(170)	–	(548)	–	(718)
Exchange realignment	127	(343)	(67)	(1)	29	(255)
At December 31, 2007	(1,710)	7,117	(253)	12,699	2,599	20,452
Charge to (Reversal from) profit and loss statement	148	709	8,725	(478)	452	9,556
Effect of changes in tax rate	96	(875)	–	–	–	(779)
Arising from divestment of subsidiary	–	–	–	(298)	–	(298)
Exchange realignment	6	(6)	(156)	–	(6)	(162)
At December 31, 2008	(1,460)	6,945	8,316	11,923	3,045	28,769

25. DEFERRED TAX ASSETS / LIABILITIES (cont'd)

	Accelerated tax depreciation $'000	Other temporary differences $'000	Total $'000
Company			
At January 1, 2007	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
Charge to profit and loss statement	233	4	237
At December 31, 2008	902	16	918

26. SHARE CAPITAL AND OPTIONS

	Group and Company			
	2008	2007	2008	2007
	Number of ordinary shares		$'000	$'000
Issued and fully paid:				
At beginning of year	504,211,851	455,374,410	681,040	576,486
Issue of shares	291,500	48,837,441	63	104,125
Transfer from option reserve account	–	–	219	429
At end of year	504,503,351	504,211,851	681,322	681,040

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

During the financial year ended December 31, 2007, 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.

26. SHARE CAPITAL AND OPTIONS (cont'd)

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

	Group and Company			
	2008		2007	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	3,755,000	2.27	4,835,000	1.19
Granted during the year	950,000	2.33	1,500,000	4.00
Exercised during the year	(55,000)	1.15	(2,795,000)	1.15
Adjusted during the year	–	–	215,000	1.12
Outstanding at the end of the year	4,650,000	2.30	3,755,000	2.27
Exercisable at the end of the year	2,200,000		330,000	

The weighted average market price at the date of exercise for share options exercised during the year was $2.91 (2007: $4.29). The options outstanding at the end of the year have a weighted average remaining contractual life of 7.57 (2007: 7.93) years.

During the financial year ended December 31, 2007, 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 $0.84 (2007: $1.15). The fair value determined using The Black-Scholes pricing model was based on a share price of $3.00 (2007: $4.74) at the date of grant, and an expected life of 2 years (2007: 2 years). The expected life used in the model has been adjusted based on management's best estimate for the effects of 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 44% (2007: 40%) based on historical volatility of the Company's share prices over the previous 2.5 years (2007: 2.5 years).

26. SHARE CAPITAL AND OPTIONS (cont'd)

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	
	2008 Number of performance shares	2007 Number of performance shares
Outstanding at the beginning of the year	473,000	–
Granted during the year	709,500	709,500
Released during the year	(236,500)	(236,500)
Outstanding at the end of the year	946,000	473,000

The estimated average fair value of the performance shares granted during the year is $0.70 (2007: $0.82). The fair value determined using The Black-Scholes pricing model was based on a share price of $2.94 (2007: $6.00) at the date of grant, and an average expected life or vesting period of 3.5 years (2007: 1.7 years). The expected life used in the model has been adjusted based on management's best estimate for the effects of 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 45% (2007: 37%) based on historical volatility of the Company's share prices over the previous 2.5 years (2007: 2.5 years).

The Group recognised total expenses of $1,395,000 (2007: $658,000) related to equity-settled share-based payment transactions during the year.

27. RESERVES

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Other reserves				
Asset revaluation reserve	222,498	222,498	110,785	110,785
Hedge reserve	(9,081)	1,040	(601)	(622)
Option reserve	2,091	915	2,091	915
Exchange fluctuation reserve	(79,694)	(63,636)	–	–
Other capital reserves	(1,694)	4,695	–	–
	134,120	165,512	112,275	111,078
Retained profits	368,802	361,135	26,074	31,475
	502,922	526,647	138,349	142,553

27. RESERVES (cont'd)

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

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

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

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

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

28. REVENUE AND OTHER OPERATING INCOME

An analysis of the Group's revenue and other operating income for the year is as follow:

	Group	
	2008	**2007**
	$'000	**$'000**
		(restated)
Revenue		
Sales	160,274	52,459
Hotel revenue	421,256	380,740
Rental income	26,762	21,579
Management fee	3,721	3,413
Total	612,013	458,191
Other operating income		
Interest income	849	2,209
Dividend income (gross)	177	65
Others	908	800
Total	1,934	3,074

Included in sales is an amount of $157,361,000 (2007: $42,784,000) being revenue recognised based on percentage of completion method on development properties.

29. PROFIT BEFORE INCOME TAX

This is determined after charging (crediting):

	Group	
	2008 $'000	2007 $'000 (restated)
Staff costs (including share-based payments)	103,724	95,363
Cost of defined contribution plans included in staff costs	5,227	5,718
Cost of inventories recognised as expense	35,099	34,334
Depreciation and amortisation	49,568	45,540
Non-audit fees paid to auditors:		
Auditors of the Company	39	41
Other auditors	24	44
Allowance for doubtful debts on trade receivables	269	95
Impairment loss (reversed) on:		
Development properties*	–	(1,318)
Associates*	–	361
Property, plant and equipment*	–	299
Insurance proceeds*	(1,026)	(8,737)
Gain on disposal of:		
Available-for-sale investments*	–	(134)
Property, plant and equipment*	–	(155)
Gain on divestment of subsidiary*	(505)	–
Foreign exchange adjustment (gain) loss (net)*	(859)	689

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

30. INCOME TAX EXPENSE

	Group	
	2008	2007
	$'000	$'000
		(restated)
Current tax	10,065	9,646
Deferred tax	8,777	12,094
	18,842	21,740
Overprovision in prior years	(2,201)	(6,767)
	16,641	14,973

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 18% (2007: 18%) to profit before income tax and share of results of associates and jointly controlled entities as a result of the following differences:

	Group	
	2008	2007
	$'000	$'000
		(restated)
Profit before income tax and share of results of associates and jointly controlled entities	62,143	165,483
Tax calculated at a tax rate of 18% (2007: 18%)	11,186	29,787
Non-deductible (Non-taxable) items	5,349	(8,248)
Tax exemption	(261)	(308)
Utilisation of unabsorbed tax losses brought forward	(2,239)	(1,645)
Deferred tax asset on tax losses arising during the year not recorded	898	2,424
Effect of changes in tax rate	(779)	(718)
Effect of different tax rate of overseas operations	4,688	675
Others	–	(227)
	18,842	21,740
Effective tax rate	30.3%	13.1%

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 $62,061,000 and $78,000 (2007: $87,603,000 and $1,902,000) 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 $17,327,000 (2007: $25,249,000) due to unpredictability of future profit stream. Tax losses approximating $38,979,000 (2007: $54,341,000) will expire within the next 5 years.

Group relief:
Subject to the satisfaction of the conditions for group relief, tax losses of $3,509,000 (2007: $1,478,000) and capital allowances of $17,000 (2007: $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.

31. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group net profit attributable to shareholders of the Company of $32,880,000 (2007: $150,079,000) divided by the weighted average number of ordinary shares of 504,258,383 (2007: 488,442,106) in issue during the year.

Fully diluted earnings per share is based on 504,598,057 (2007: 490,556,811) 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 $32,880,000 (2007: $150,079,000) after adjusting the weighted average number of ordinary shares to reflect the effect of all potentially dilutive ordinary shares.

	Group	
	2008	**2007**
	$'000	**$'000**
Profit attributable to shareholders of the Company used to compute basic and fully diluted earnings per share	32,880	150,079

	Group	
	2008	**2007**
	No. of shares ('000)	**No. of shares ('000)**
Weighted average number of ordinary shares used to compute basic earnings per share	504,258	488,442
Adjustment for potential dilutive ordinary shares	340	2,115
Weighted average number of ordinary shares used to compute fully diluted earnings per share	504,598	490,557
Basic earnings per share	6.52 cents	30.73 cents
Fully diluted earnings per share	6.52 cents	30.59 cents

32. DIVIDENDS

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.

In 2007, 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.

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

Subsequent to December 31, 2008, the directors of the Company recommended that a final one-tier tax exempt dividend be paid at 1 cent per ordinary share totaling $5,045,000 for the financial year ended December 31, 2008 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*.

33. CAPITAL COMMITMENTS

	Group	
	2008	**2007**
	$'000	**$'000**
		(restated)
Capital expenditure not provided for in the financial statements:		
Approved and contracted for	86,247	97,598
Approved but not contracted for	2,077	14,195

34. OPERATING LEASE COMMITMENTS

	Group	
	2008	**2007**
	$'000	**$'000**
		(restated)
The Group as lessee		
Minimum lease payments under operating lease included in the profit and loss statement	5,772	3,200

34. 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	
	2008 $'000	2007 $'000 (restated)
Future minimum lease payable:		
Within 1 year	7,763	6,938
Within 2 to 5 years	33,975	30,775
After 5 years	66,086	69,550
Total	107,824	107,263

The Group as lessor

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

	Group	
	2008 $'000	2007 $'000
Future minimum lease receivable:		
Within 1 year	24,908	21,202
Within 2 to 5 years	23,147	17,854
Total	48,055	39,056

The tenancy arrangements range from one to five years.

35. CONTINGENT LIABILITY

The Company has provided corporate guarantees of $109,507,000 (2007: $89,202,000) to financial institutions to secure credit facilities granted to certain associates and jointly controlled entity.

36. 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 and jointly controlled entities are allocated as they are specifically attributable to a segment.

iii) Segment assets are all operating assets that are employed by a segment in its operating activities and are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets exclude interest-producing assets. Investments in associates and jointly controlled entities are included as segment assets of the Group.

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

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

36. BUSINESS SEGMENT INFORMATION (cont'd)

c) Information by business segment:

	Hotels		Properties		Others		Elimination		Consolidation	
	2008 $'000	2007 $'000 (restated)	2008 $'000	2007 $'000 (restated)	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000 (restated)
REVENUE										
External sales	427,679	387,336	184,244	70,752	90	103	–	–	612,013	458,191
Inter-segment sales	–	–	346	260	–	–	(346)	(260)	–	–
Total revenue	**427,679**	**387,336**	**184,590**	**71,012**	**90**	**103**	**(346)**	**(260)**	**612,013**	**458,191**
RESULTS										
Earnings before interest, tax and fair value changes in investment properties	88,435	82,211	49,283	20,067	(12,324)	12			125,394	102,290
Fair value (loss) gain in investment properties			(30,254)	101,061					(30,254)	101,061
Segment results	88,435	82,211	19,029	121,128	(12,324)	12			95,140	203,351
Finance costs									(33,846)	(40,077)
Interest income									849	2,209
Share of results of equity accounted investees before fair value changes in investment properties	1,585	1,404	(1,857)	5,872	2,125	1,838			1,853	9,114
Share of fair value (loss) gain in investment properties of equity accounted investees			(7,339)	2,658					(7,339)	2,658
Income tax expense									(16,641)	(14,973)
Minority interests									(7,136)	(12,203)
Net profit									**32,880**	**150,079**
OTHER INFORMATION										
Segment assets	1,111,711	1,132,876	1,186,576	1,030,082	8,011	38,767			2,306,298	2,201,725
Investment in equity accounted investees	90,437	71,483	353,765	231,568	8,328	9,468			452,530	312,519
Unallocated corporate assets									20,794	34,773
Consolidated total assets									**2,779,622**	**2,549,017**

36. BUSINESS SEGMENT INFORMATION (cont'd)

	Hotels		Properties		Others		Elimination		Consolidation	
	2008 $'000	2007 $'000 (restated)	2008 $'000	2007 $'000 (restated)	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000 (restated)
Segment liabilities	75,274	77,248	49,292	21,623	2,493	2,497			127,059	101,368
Unallocated corporate liabilities									1,387,253	1,159,001
Consolidated total liabilities									**1,514,312**	**1,260,369**
Capital expenditure	70,972	67,948	1,625	211	–	–			72,597	68,159
Depreciation and amortisation	48,678	44,891	885	643	5	6			49,568	45,540
Non-cash (income) expenses other than depreciation and amortisation	(843)	500	(117)	20	101	170			(859)	690
Impairment losses	–	299	–	(1,318)	–	361			–	(658)

d) Information by geographic regions:

	Revenue		Identifiable assets		Total capital expenditure	
	2008 $'000	2007 $'000 (restated)	2008 $'000	2007 $'000 (restated)	2008 $'000	2007 $'000 (restated)
Singapore	196,740	184,161	1,706,159	1,571,588	19,554	12,604
The rest of Asia	390,204	244,627	975,108	834,748	51,494	52,572
Australasia	13,510	15,477	10,450	12,543	1,108	2,562
U.S.A.	10,953	11,242	37,042	38,380	423	354
United Kingdom	606	2,684	30,069	56,985	18	67
	612,013	458,191	2,758,828	2,514,244	72,597	68,159

37. SUBSIDIARIES

Information relating to subsidiaries is as follow:

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2008 %	Group's Effective Interest 2007 %
Held by the Company				
Cleaton Investments Pte Ltd	Investment holding company	Singapore	93.3	93.3
HPL Hotels & Resorts Pte Ltd	Hotel management and investment holding company	Singapore	100	100
HPL Investment & Development Pte Ltd	Investment holding company and letting out of properties	Singapore	100	100
HPL Leisure Holdings Pte Ltd	Investment holding company	Singapore	100	100
HPL Orchard Place Pte Ltd	Investment holding company	Singapore	100	100
HPL Properties Pte Ltd	Property development, hotelier and investment holding company	Singapore	100	100
HPL Properties (Australasia) Pte Ltd	Investment holding company	Singapore	100	100
HPL Properties (SEA) Pte Ltd	Investment holding company	Singapore	100	100
HPL Properties (West) Pte Ltd	Investment holding company	Singapore	100	100
HPL Properties (West Asia) Pte Ltd	Investment holding company	Singapore	100	100
HPL Singapore Pte Ltd	Investment holding company	Singapore	100	100
HPL Tourism & Leisure Pte Ltd	Investment holding company	Singapore	100	100
Luxury Holdings Pte Ltd	Investment holding company	Singapore	85	85
Maxford Investments Pte Ltd	Investment holding company	Singapore	100	100
Super Vista Sdn Bhd (1)	Hotelier	Malaysia	100	100

37. SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2008 %	Group's Effective Interest 2007 %
Held by subsidiaries of the Company				
21st Century Holding Pte Ltd	Investment holding company	Singapore	100	100
Admor Investments Pte Ltd #	Dormant	Singapore	–	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 #	Investment holding company	Cambodia	–	80
Apsara Holdings Private Limited #	Investment holding company	Singapore	–	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
Chatsworth Development Management 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	100
Hotel Holdings USA Inc (5)	Investment holding company	U.S.A.	100	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

37. SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2008 %	Group's Effective Interest 2007 %
HPL Investers Pte Ltd	Trading in quoted investments and share dealing	Singapore	100	100
HPL Investments (1990) Pte Ltd	Property development and investment holding company	Singapore	100	100
HPL Property Management Pte Ltd	Investment holding company	Singapore	100	100
HPL Properties (North Asia) Pte Ltd	Investment holding company	Singapore	100	100
HPL Residential Pte Ltd	Investment holding company	Singapore	100	100
HPL Resorts (Maldives) Pvt Ltd (2)	Hotelier and investment holding company	Maldives	70	70
HPL Retail Pte Ltd	Trading in quoted investments and investment holding	Singapore	100	100
HPL Services Pte Ltd	Privilege card services operations and investment holding company	Singapore	100	100
HPL (UK) Limited (1)	Provisions of information and services	United Kingdom	100	100
Landaa Giraavaru Private Limited (2)	Hotelier	Hong Kong/Maldives	70	70
Landeal Properties Pte Ltd (6)	Dormant	Singapore	100	100
Leisure Holidays Private Limited (2)	Developer and hotelier	Maldives	70	70
Luxury Complex Pte Ltd	Investment holding company	Singapore	85	85
Luxury Hotels (1989) Pte Ltd	Hotelier	Singapore	85	85
Luxury Properties Pte Ltd	Investment holding company	Singapore	85	85
MAT Maldives Pvt Ltd (2)	Hotelier	Maldives	66.5	66.5
McMing Investments Pte Ltd	Investment holding company	Singapore	100	100
McShope Investments Pte Ltd	Investment holding company	Singapore	100	100
Minwyn Investments Pte Ltd	Investment holding company	Singapore	100	100
Moonstone Investments Pte Ltd	Investment holding company	Singapore	100	100
Nawarat Land Pte Ltd	Investment holding company	Singapore	70	70

37. SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2008 %	Group's Effective Interest 2007 %
NYC 55., Corp. [4]	Hotelier	U.S.A.	100	100
Palmco Hotels Sdn Bhd	Hotelier	Malaysia	–*	70
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]	Dormant	Australia	100	100
The Island Development Pte Ltd	Investment holding company	Singapore	100	100
Travel Bug Touring Pte Ltd	Investment holding company	Singapore	100	100
Wesclove Investments Pte Ltd	Investment holding company	Singapore	100	100
Xspand Investments Pte Ltd	Investment holding company	Singapore	100	100
Yarra Investments Pte Ltd	Property development and investment holding company	Singapore	100	100

37. SUBSIDIARIES (cont'd)

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

(1) Audited by overseas practices of Deloitte Touche Tohmatsu
(2) Audited by overseas practices of KPMG International
(3) Audited by overseas practices of Ernst & Young
(4) Audited by overseas practices of BDO International 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 divestment of 20% interest in this subsidiary during the year, this subsidiary has become an associate.
** This company is considered a subsidiary as the Group has the power to determine and control the financial and operating policies of the company.

38. ASSOCIATES

Information relating to significant associates is as follow:

Associate	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2008 %	2007 %
808 Holdings Pte Ltd (2)	Investment holding company	Singapore	33.33	33.33
Ankerite Pte Ltd (2)	Property developer	Singapore	25	25
HRC Holdings Pte Ltd	Investment holding company	Singapore	50	50
Leisure Ventures Pte Ltd	Investment holding company	Singapore	50	50
Lucky New Investment Limited (1)	Property developer	Hong Kong	20	20
Morganite Pte Ltd (2)	Property developer	Singapore	22.5	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 LLP, 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.

39. JOINTLY CONTROLLED ENTITIES

Information relating to significant jointly controlled entities is as follow:

Jointly Controlled Entity	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest	
			2008 %	2007 %
HPL-Hines Development Pte Ltd	Investment holding	Singapore	85	85
Shanghai 21st Century Real Estate (subsidiary of HPL-Hines Development Pte Ltd)	Property developer	People's Republic of China	61.85	61.85

The above jointly controlled entities are audited by Deloitte & Touche LLP, Singapore or its overseas practices for consolidation purposes.

40. SUBSEQUENT EVENTS

During the financial year ended December 31, 2007, a jointly controlled entity 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.

During the year, certain objectors to the sale of the above properties appealed to the High Court and subsequently the Court of Appeal of the Republic of Singapore objecting against the above transactions.

On February 9, 2009, the Court of Appeal dismissed the appeal made against the Gillman Heights transaction.

The outcome of the appeal made against the Horizon transaction is still unknown as at the date of this report.

41. RESTATEMENTS AND COMPARATIVE FIGURES

Certain restatement have been made to the prior year's financial statements to enhance comparability with the current year's financial statements following the change in accounting policy for interests in jointly controlled entities.

As a result, certain line items have been amended on the consolidated financial statements. Comparative figures have been adjusted to conform with the current year's presentation.

The items were restated as follows:

	Previously reported 2007 $'000	Adjustment	After restatement 2007 $'000
Balance Sheet			
Cash and bank balances	123,485	(55,230)	68,255
Trade receivables	29,755	(3)	29,752
Other receivables and prepayments	42,609	(26,523)	16,086
Amount due from jointly controlled entities	–	83,145	83,145
Development properties	416,041	(100,729)	315,312
Total current assets	743,512	(99,340)	644,172
Jointly controlled entities	–	44,896	44,896
Property, plant and equipment	1,183,060	(97,327)	1,085,733
Total non-current assets	1,957,276	(52,431)	1,904,845
Total assets	**2,700,788**	(151,771)	**2,549,017**
Bank loans	227,499	(9,816)	217,683
Trade payables	84,974	(15,871)	69,103
Other payables	43,702	(14,809)	28,893
Income tax payable	7,876	(17)	7,859
Total current liabilities	364,508	(40,513)	323,995
Long-term bank loans	932,527	(34,799)	897,728
Deferred tax liabilities	25,137	(4,432)	20,705
Total non-current liabilities	975,605	(39,231)	936,374
Minority interests	152,988	(72,027)	80,961
Total equity	1,360,675	(72,027)	1,288,648
Total liabilities and equity	**2,700,788**	(151,771)	**2,549,017**
Equity attributable to shareholders of the Company	**1,207,687**	**–**	**1,207,687**

41. RESTATEMENTS AND COMPARATIVE FIGURES (cont'd)

	Previously reported 2007 $'000	Adjustment	After restatement 2007 $'000
Profit and Loss Statement			
Revenue	459,842	(1,651)	458,191
Cost of sales	(314,821)	477	(314,344)
Gross profit	145,021	(1,174)	143,847
Other operating income	3,319	(245)	3,074
Administrative expenses	(49,676)	94	(49,582)
Other operating expenses	(3,517)	1,428	(2,089)
Finance costs	(40,808)	731	(40,077)
Other non-operating income (net)	12,815	(3,566)	9,249
Share of results of associates and jointly controlled entities before fair value changes in investment properties	7,503	1,611	9,114
Profit before income tax and fair value changes in investment properties	74,657	(1,121)	75,536
Fair value gain in investment properties	101,061	–	101,061
Share of fair value gain in investment properties of associates	2658	–	2,658
Profit before income tax	178,376	(1,121)	177,255
Income tax expense	(15,080)	107	(14,973)
Profit for the year	163,296	(1,014)	162,282
Attributable to:			
Shareholders of the Company	**150,079**	–	**150,079**
Minority interests	13,217	(1,014)	12,203
	163,296	(1,014)	162,282
Statement of Changes in Equity			
Minority interest - Balance as at January 1, 2007	152,988	(83,934)	69,054

STATEMENTS 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 25 to 83 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, 2008 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

Joseph Grimberg

Ong Beng Seng

March 16, 2009

Additional Information

This report describes Hotel Properties Limited's corporate governance processes and activities in 2008 with specific reference to the principles of the Code of Corporate Governance for listed companies in Singapore issued by the Singapore Exchange Securities Trading Limited ("SGX").

BOARD OF DIRECTORS

Principle 1: Board's Conduct of its Affairs

The Board meets at least four times a year and as warranted by circumstances. The Company's Articles of Association provides for telephonic and videoconference meetings. The number of meetings held in the year and the attendance of the directors is as follows:

	HPL Board	Audit Committee	Remuneration Committee	Nominating Committee
	No. of Meetings held : 4	No. of Meetings held : 4	No. of Meetings held : 1	No. of Meetings held : 1
Name of Directors	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended
Joseph Grimberg	4	N.A.	1	1
Ong Beng Seng	4	N.A.	1	N.A.
Christopher Lim Tien Lock	4	N.A.	N.A.	N.A.
Gordon Seow Li Ming	4	4	N.A.	1
Arthur Tan Keng Hock	4	4	N.A.	N.A.
Leslie Mah Kim Loong	4	4	N.A.	N.A.
Michael S. Dobbs-Higginson	2	N.A.	1	N.A.
David Fu Kuo Chen	4	N.A.	N.A.	1
Stephen Lau Buong Lik*	2	N.A.	N.A.	N.A.

* Mr Stephen Lau Buong Lik was appointed as Director of the Company on May 13, 2008.

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 for the full Board's decisions are those involving material acquisitions and disposals of assets, corporate or financial restructuring, share issuances and dividends. Additionally, the Board delegates certain of its functions to the Committee of Directors, Audit, Nominating and Remuneration Committees.

The Committee of Directors, established in May 1993, comprises three directors, namely Messrs Ong Beng Seng, Christopher Lim Tien Lock and David Fu Kuo Chen. The Committee of Directors is authorised and delegated by the Board to approve and/ or carry into effect certain operational and administrative matters as stipulated in the Regulations of the Committee of Directors.

The Company worked closely with its company secretaries to provide its directors with regular updates on the latest governance and listing policies.

Principle 2: Board Composition and Balance

The Board comprises nine directors of whom three are executive directors, 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) and Mr Stephen Lau Buong Lik.

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

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

Mr. Joseph Grimberg

Date of appointment as Director	:	March 21, 1991
Date of appointment as Chairman	:	August 10, 2005
Date of last re-election	:	April 25, 2008
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 F.J. Benjamin Holdings Limited and the Asian Civilisations Museum.

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 25, 2008
Nature of Appointment	:	Group Executive Director

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

Mr. Gordon Seow Li Ming

Date of appointment as Director	:	February 3, 1993
Date of last re-election	:	April 25, 2008
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 Gordon Seow will not be seeking for re-appointment as a Director pursuant to section 153(6) of the Companies Act, Chapter 50, at the forthcoming Annual General Meeting of the Hotel Properties Limited.

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 Credit Suisse First Boston and was responsible for all its business activities in the Asia Pacific and African regions. Subsequently, he joined Merrill Lynch & Co. ("ML"), and became a member of both Merrill Lynch's Capital Markets Executive Committee and Compensation Committee in New York and was based in Hong Kong as Chairman of the Asia Pacific region, where he was responsible for all ML's activities in the Asia Pacific region. He currently has business interests primarily in technology and a variety of strategic investments. Mr. Dobbs-Higginson has also been advisor, *inter alia*, to the Sasakawa Peace Foundation, Japan, to the Banque Indosuez, France and the Bangkok Bank Company Public Limited, Thailand and he is currently Advisor to Crescent Point, Cayman Islands, Doran Capital Partners, Seoul, Korea; Livescribe Limited, California, USA, the Eikon Fund, Athens, Greece and China BoQi, Beijing, PRC. In addition, he has published two books titled "Asia Pacific and its Role in the New World Disorder" and "The Investment Manual for Fixed Income Securities in the International and major 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.

Mr. David Fu Kuo Chen

Date of appointment as Director	:	August 5, 2005
Date of last re-election	:	April 25, 2008
Nature of Appointment	:	Non-Executive and Non-Independent
Board Committees served on	:	Member of Nominating Committee since August 5, 2005

Mr. David Fu is a director of Kuo Properties Pte Ltd. He graduated from the University of Southern California with a degree in Engineering and has extensive experience in property development and investment in USA and Singapore. He also sits on the board of NSL Ltd.

Mr. Stephen Lau Buong Lik

Date of appointment as Director	:	May 13, 2008
Date of last re-election	:	N/A
Nature of Appointment	:	Executive Director

Mr. Stephen Lau was appointed on May 13, 2008 as Executive Director. He holds a B.A. Hons major in Accounting. He is a Member of the Institute of Chartered Accountants in England and Wales and a Fellow of The Association of Chartered Certified Accountants. He is currently Head of the Hotel Division. Previously, he headed positions in the Retail and Leisure divisions of the Company.

The Nominating Committee annually reviews the composition of the Board and independence of each director.

The Nominating Committee is of the view that the current board size of nine directors is appropriate after taking into account the nature and scope of the Group's operations.

Having regard to the depth and breadth of commercial knowledge, management expertise as well as business experiences of the individual directors, the Nominating Committee is of the view that the current Board comprises persons who as a group, provide core competencies necessary to govern and manage the Group's affairs.

Principle 3: Role of Chairman and Managing Director

The Company has a separate Chairman and Managing Director. The Chairman is a non-executive and independent director who bears responsibility for the workings of the Board while the Managing Director is the most senior executive in the Company who bears executive responsibility for the management of the Company and Group. The Chairman, Managing Director and Group Executive Director set the board meeting agenda in consultation with the other directors. Both the Chairman and Managing Director are responsible for the conformity by management to Corporate Governance policies as laid down by the Board.

BOARD COMMITTEES

To facilitate effective management, certain functions have been delegated to various Board committees, each with its own terms of reference.

Nominating Committee

Principle 4: Board Membership
Principle 5: Board Performance

The Nominating Committee was formed on November 1, 2002 and comprises three non-executive directors of whom two are independent directors. The Nominating Committee is chaired by Mr. 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.

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.

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

Principle 13: Internal Audits

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

The internal audit function is currently outsourced to Eltici e-Risk Pte Ltd who reports directly to the Audit Committee. The internal auditors support the Audit Committee in their role to assess the effectiveness of the Group's overall system of operational and financial controls as well as assist in the implementation of a risk management framework.

The Audit Committee reviews and approves the internal audit plan proposed by the internal auditors. Material non-compliance and internal control weaknesses noted during the internal audits are reported together with the internal auditors' recommendations to the Audit Committee periodically.

Remuneration Committee

Principle 7: Procedures for Developing Remuneration Policies
Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure on Remuneration

The Remuneration Committee was formed on November 1, 2002 and comprises three directors, of whom two, including the Chairman, are non-executive and independent directors.

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

The Remuneration Committee's principal responsibilities are to:

- review periodically and recommend to the Board an appropriate framework of compensation practices to attract, retain and motivate management staff of the required calibre to manage the Group successfully;
- review and recommend senior management remuneration package and that of the executive 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 specialises in the area of executive compensation, the Committee is entitled to have access to independent industry data and professional advice if necessary. Moreover, they have unrestricted access to the Company's records and information so as to enable them to carry out their duties.

The remuneration for executive 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 share options and performance shares which are performance-based.

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

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

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

Details of remuneration and benefits of directors for the financial year ended December 31, 2008 are set out below (within bands of $250,000):

	Fees**	Salary	Bonus	Other benefits*	Total
	%	%	%	%	%
Between $1,000,001 to $1,250,000:					
Christopher Lim Tien Lock	3	66	6	25	100
Between $750,001 to $1,000,000:					
Stephen Lau Buong Lik	3	73	6	18	100
Below $250,000:					
Joseph Grimberg	100				100
Ong Beng Seng	32			68	100
Gordon Seow Li Ming	100				100
Michael S Dobbs-Higginson	100				100
Arthur Tan Keng Hock	100				100
Leslie Mah Kim Loong	100				100
David Fu Kuo Chen	100				100

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

** these fees are subject to approval by shareholders as a lump sum at the AGM for FY2008.

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

There is no employee who is related to a director or the CEO whose remuneration exceeds $150,000 in the Group's employment for the financial year ended 31 December 2008.

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 compliments Scheme 2000 in its continuing effects to reward, retain and motivate employees to achieve superior performance which creates and enhances economic value for shareholders.

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

Principle 6: Access to Information

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

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 31 December 2008 are as follows:

Name of Interested Person	Aggregate value of all IPT during the financial year ended December 31, 2008 (excluding transactions below $100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPT conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions below $100,000)
***Associates of Mr Ong Beng Seng / Mr David Fu Kuo Chen**	$'000	$'000
Rental Income	13,184	–
Management Fee expense	546	–

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, 2008 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	9,112	–
Total Freehold and Long-term Leasehold	208,800	9,112	–
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	94,450	–
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	3,390	–
Malaysia			
A plot of land located at Port Dickson, Negeri Sembilan, Malaysia	8,492	–	–
Thailand			
A 10-storey hotel building with 320 rooms (known as Hard Rock Hotel Pattaya) at Pattaya Beach Road, Cholburi, Thailand	12,221	18,641	–
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	13,340	32,112	–
A plot of land located at South Sathorn Road, Bangkok, Thailand	15,145	377	–
A condominium unit at Sathorn Park Place, Bangkok, Thailand	–	422	–

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)			
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.	8,992	26,144	–
Total Freehold	127,886	175,536	–
LEASEHOLD			
Singapore			
A 9-storey hotel building with 407 rooms/suites (known as Concorde Hotel Singapore) at 100 Orchard Road, Singapore 238840 (lease expiring 99 years from August 17, 1979)	–	–	90,599
Malaysia			
A 3-storey holiday resort (known as The Lake House) at Ringlet, Cameron Highlands, Malaysia (lease expiring 99 years from September 19, 1940)	388	735	–
Indonesia			
A resort hotel with 147 villas (known as Four Seasons Resort Bali at Jimbaran) located at Bukit Permia, Jimbaran Denpasar 80361, Bali, Indonesia (2 leases expiring 30 years from September 14, 1991 and October 30, 1991 respectively)	76,431	7,524	–
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)	1,126	32,300	–
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)	4,224	57,719	–
A resort hotel with 9 villas (known as Four Seasons Private Estates at Jimbaran Bay) located at Jimbaran Village, Bali, Indonesia (lease expiring 30 years from June 27, 1998 with an option to extend for another 30 years)	1,395	4,452	–
Vanuatu			
A holiday resort (known as Le Meridien Port Vila Resort and Casino) located at Port Vila, Vanuatu (2 leases expiring 75 years from July 30, 1980)	1,027	5,377	–

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

	Land $'000	Buildings $'000	Leasehold Property $'000
LEASEHOLD (cont'd)			
Maldives			
A resort (known as Four Seasons Resort Maldives at Kuda Huraa) located at North Male' Atoll, Republic of Maldives (lease expiring 35 years from April 16, 1995)	4,027	36,061	–
A resort (known as Four Seasons Resort Maldives at Landaa Giraavaru) located at Baa Atoll, Republic of Maldives (lease expiring 35 years from December 27, 1999)	8,163	60,617	–
A resort (known as Rihiveli Resort) located at Kaafu Atoll, Republic of Maldives (lease expiring 20 years from December 1, 1995)	–	1,177	–
A resort (known as Kandooma Maldives) located at South Male Atoll, Republic of Maldives (lease expiring 15 years from April 15, 2005)	–	54,087	–
Total Leasehold	96,781	260,049	90,599
TOTAL (Classified as Group Property, Plant and Equipment)	433,467	444,697	90,599

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

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, Concorde Shopping Mall, Singapore 238840	Leasehold 99 years from August 17, 1979	132	100
61 shop units at 100 Orchard Road, Concorde Shopping Mall, Singapore 238840	Leasehold 99 years from August 17, 1979	7,627	85

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 16, 2009

Distribution Of Shareholdings

Size Of Shareholdings	No. Of Shareholders	%	No. Of Shares	%
1 – 999	430	5.53	74,530	0.01
1,000 – 10,000	6,260	80.59	20,173,446	4.00
10,001 – 1,000,000	1,054	13.57	38,444,732	7.62
1,000,001 and above	24	0.31	445,810,643	88.37
Total:	7,768	100.00	504,503,351	100.00

Twenty Largest Shareholders

No.	Name	No. Of Shares	%
1.	Oversea-Chinese Bank Nominees Pte Ltd	146,078,170	28.95
2.	Nassim Developments Pte. Ltd.	100,936,000	20.01
3.	Citibank Nominees Singapore Pte Ltd	50,641,442	10.04
4.	HSBC (Singapore) Nominees Pte Ltd	42,264,083	8.38
5.	DBSN Services Pte Ltd	19,464,232	3.86
6.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	14,048,000	2.78
7.	DBS Nominees Pte Ltd	14,037,284	2.78
8.	UOB Kay Hian Pte Ltd	8,525,273	1.69
9.	DBS Vickers Securities (S) Pte Ltd	7,988,620	1.58
10.	United Overseas Bank Nominees Pte Ltd	7,588,358	1.50
11.	Tengku Idris Shah Ibni Sultan Salahuddin Abdul Aziz Shah	5,345,100	1.06
12.	Phillip Securities Pte Ltd	5,163,208	1.02
13.	OCBC Securities Private Ltd	3,327,781	0.66
14.	Reef Holdings Pte Ltd	3,025,000	0.60
15.	Como Holdings Inc	3,020,000	0.60
16.	Raffles Nominees Pte Ltd	2,679,945	0.53
17.	Kim Eng Securities Pte. Ltd.	2,407,412	0.48
18.	OCBC Nominees Singapore Pte Ltd	2,081,280	0.41
19.	CIMB-GK Securities Pte. Ltd.	1,410,042	0.28
20.	Goei Siang Hoey	1,318,710	0.26
Total :		441,349,940	87.47

SUBSTANTIAL SHAREHOLDERS
as at March 16, 2009
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	14.45	–	
Como Holdings Inc	77,175,780	15.30	–	
Born Free Investments Limited	36,459,390	7.23	–	
Holmshaw Services Limited	34,120,900	6.76	–	
Ong Beng Seng	3,300,000	0.65	115,971,680 (1)	22.99
Peter Fu Chong Cheng	–		145,699,070 (2)	28.88
Kuo Investments Limited	–		34,120,900 (3)	6.76
Nassim Developments Pte. Ltd.	104,753,000	20.76	–	–
Wheelock Properties (Singapore) Limited	–		■ 104,753,000	20.76
Star Attraction Limited	–		■ 104,753,000	20.76
Wheelock Properties Limited	–		■ 104,753,000	20.76
Wheelock and Company Limited	–		■ 104,753,000	20.76

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 Limited 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 32.69% of the issued ordinary shares are held in the hands of the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has accordingly been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Ninth Annual General Meeting of the Company will be held at Crescent Ballroom, Level 2, Four Seasons Hotel Singapore, 190 Orchard Boulevard, Singapore 248646 on Wednesday, April 29, 2009 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, 2008 and the auditor's report thereon. **Resolution 1**

2. To declare a final one-tier tax-exempt dividend of 1 cent per ordinary share for the year ended December 31, 2008. **Resolution 2**

3. To approve the proposed Directors' fees of $310,500 for the year ended December 31, 2008. (2007: $388,000) **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. To re-elect Mr Stephen Lau Buong Lik pursuant to Article 70 of the Articles of Association. **Resolution 6**

8. To re-elect Mr Arthur Tan Keng Hock pursuant to Article 80 of the Articles of Association. **Resolution 7**

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

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

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

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

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

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

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

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

provided that:

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

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

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

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

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(iv) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

11. **Hotel Properties Limited Share Option Scheme 2000** **Resolution 10**

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 SGX-ST from time to time.

12. **Hotel Properties Limited Performance Share Plan** **Resolution 11**

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, the 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.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed from May 14, 2009 to May 15, 2009 (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 5.00 p.m. on May 13, 2009 will be registered to determine shareholders' entitlement to the proposed dividend. The dividend, if approved, will be paid on May 26, 2009 to shareholders registered in the books of the Company on May 13, 2009.

In respect of shares in securities accounts with the Central Depository (Pte) Limited ("CDP"), the said final dividend will be paid by the Company to CDP which will in turn distribute the dividend entitlements to holders of shares in accordance with its practice.

By Order of the Board

Chuang Sheue Ling/Lo Swee Oi
Company Secretaries
April 14, 2009
Singapore

Explanatory Notes on Special Business to be transacted:-

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

(b) Mr Joseph Grimberg, 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, a Director retiring at the Meeting pursuant to Section 153(6) of the Companies Act, Cap 50, has notified the Company that he will not be seeking re-appointment as a Director of the Company at the Meeting.

(d) Mr Arthur Tan Keng Hock, a Non-Executive Independent Director, if re-elected, will remain as Chairman of the Audit Committee. He is considered an independent director pursuant to Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

(e) Mr Michael S. Dobbs-Higginson, a Non-Executive Independent Director, if re-elected, will remain as a member of the Remuneration Committee.

(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 per cent 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 28 April 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.

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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-Ninth Annual General Meeting of the Company to be held at Crescent Ballroom, Level 2, Four Seasons Hotel Singapore, 190 Orchard Boulevard, Singapore 248646 on Wednesday, April 29, 2009 at 4.00 p.m. and at any adjournment thereof.

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

No.	**Resolutions relating to:**	**For**	**Against**
1.	Adoption of Directors’ Reports and Accounts		
2.	Declaration of a First and Final Dividend		
3.	Approval of Directors’ Fees		
4.	Re-appointment of Auditors		
5.	Re-appointment of Director (Mr Joseph Grimberg)		
6.	Re-election of Director (Mr Stephen Lau Buong Lik)		
7.	Re-election of Director (Mr Arthur Tan Keng Hock)		
8.	Re-election of Director (Mr Michael S. Dobbs-Higginson)		
9.	Authority to issue shares pursuant to Share Issue Mandate		
10.	Authority to issue shares pursuant to Hotel Properties Limited Share Option Scheme 2000		
11.	Authority to grant awards and issue shares pursuant to Hotel Properties Limited Performance Share Plan		

Dated this ______________ day of ______________ 2009

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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