



**HOTEL
PROPERTIES
LIMITED**

—
Annual
Report 2003

Experience that counts...





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Hotel Properties Limited

Business Review

Financial Review

In 2003, the world economy continued to be mired in weak market conditions that ensued from unremitting global security concerns, the US–Iraq war, and the Severe Acute Respiratory Syndrome (“SARS”) virus outbreak. In the face of these developments, particularly during the SARS outbreak, consumer sentiments languished and spending plummeted. The various business sectors in which the Group operate experienced challenging conditions.

Nevertheless, the Group remained profitable, recording a profit before income tax of \$14.3 million for the year ended December 31, 2003, 48.1% lower than the \$27.6 million recorded for the year ended December 31, 2002. Group turnover also decreased by 19.6% from \$348.2 million last year to \$279.9 million for year 2003.

As a result of the global socio-political and economic situation, the Hotel Division suffered during the first half of 2003. By third quarter 2003 however, the Division experienced recovery following the abatement of SARS. The Group benefited from its strategy of geographical diversification during this trying period, with Four Seasons Resort Maldives at Kuda Huraa unaffected by world events. This property continued to contribute significantly to Group bottomline. Hard Rock Hotel Pattaya in Thailand also achieved better results in 2003 compared to 2002.

The Retail Division recovered as a result of its disposal of the loss-making HPL-21 Holdings Pte Ltd Group, which operates Donna Karan and DKNY stores in Hong Kong and Taiwan.

Recent Developments

On the property front, work on the Robertson Blue condominium development is about to commence. This 36-unit riverside development is anticipated to attract interest with its contemporary-style design with all units having good facing of the Singapore River.

During the year, the Group acquired a 4.16-acre piece of land on South Sathorn Road in Bangkok’s Central Business District. The land will be developed for an exclusive residential project and an upscale hotel.

The Group soft-opened The Metropolitan, Bangkok in October 2003. A chic boutique hotel with luxurious rooms located on South Sathorn Road in the Central Business District, The Metropolitan is set to redefine the standards of luxury hospitality in Thailand.

The beachfront, rock ‘n’ roll-themed Hard Rock Hotel Pattaya, steadily establishing itself as the choice accommodation for vacationers to southern Thailand, also turned in a heartening performance for 2003.



Hotel Properties Limited

Business Review

The Group maintains equity interest in Shanghai Ning Xin Real Estate Development Co., Ltd ("Ning Xin") in the People's Republic of China. Ning Xin is currently developing Oasis Riviera, a 2,000-unit waterfront residential project in the choice district of Changning in Shanghai.

Prospects

The Group's performance is susceptible to the occurrence and threats of regional terrorist acts, outbreaks of communicable diseases, and adverse conditions in the world's major economies. However, barring unforeseen circumstances, the general business environment is anticipated to recover steadily, and the Group's operating results in 2004 are expected to improve over those of 2003.

The Group will continue to keenly seek out high-potential opportunities with caution in the local and global markets.



Hotel Properties Limited

Corporate Information

Board of Directors

Chairman

Peter Y. S. Fu

Managing Director

Ong Beng Seng

Members

Christopher Lim Tien Lock

Joseph Grimberg

Gordon Seow Li Ming

Michael S. Dobbs-Higginson

Arthur Tan Keng Hock

Leslie Mah Kim Loong

David Fu Kuo Chen

(Alternate director to Peter Y. S. Fu)

Nominating Committee

Chairman

Gordon Seow Li Ming

Members

Joseph Grimberg

Peter Y. S. Fu

(Alternate: 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

Boon Suan Lee

Chuang Sheue Ling

Principal Bankers

OCBC Bank

DBS Bank

United Overseas Bank

Auditors

Deloitte & Touche

Certified Public Accountants,

Singapore

Partner-in-charge

Cheung Pui Yuen

(appointed on May 28, 2002)

Registrar

Lim Associates (Pte) Ltd

10 Collyer Quay

#19-08 Ocean Building

Singapore 049315

Tel: 6536 5355

Registered Office

50 Cuscaden Road

#08-01 HPL House

Singapore 249724

Tel: 6734 5250



Hotel Properties Limited

Financial Report 2003



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, 2003.

1 DIRECTORS

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

Peter Y. S. Fu
 Ong Beng Seng
 Christopher Lim Tien Lock
 Joseph Grimberg
 Gordon Seow Li Ming
 Michael S. Dobbs-Higginson
 Arthur Tan Keng Hock
 Leslie Mah Kim Loong
 David Fu Kuo Chen (Alternate director to Peter Y. S. Fu)

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 paragraph 5(d) of this report.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

Name of director and company in which interests are held	At beginning of year	At end of year
The Company		
- Shares of \$1 each		
Peter Y. S. Fu	96,508,800*	99,308,800*
Ong Beng Seng	100,858,800**	103,658,800**



Hotel Properties Limited
(Incorporated in the Republic of Singapore)

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

Name of director and company in which interests are held	At beginning of year	At end of year
The Subsidiary		
- HPL Resorts (Maldives) Pvt Ltd		
Shares of Maldivian Rufiyaa 1,000 each		
Ong Beng Seng	10,000*	10,000*

* 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, 2003, 100,658,800 (as at January 1, 2003, 97,858,800) shares are held by other persons or bodies corporate in which the director has interest by virtue of Section 7 of the Singapore Companies Act.

By virtue of Section 7 of the Singapore Companies Act, Messrs Peter Y.S. Fu and Ong Beng Seng are 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, 2004.

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 Peter Y. S. Fu, 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) Messrs Peter Y. S. Fu and/or Ong Beng Seng are deemed to be interested in transactions and arrangements entered into between certain subsidiaries and certain companies in which they have substantial financial interest for the provision of management services to operate certain hotels.
- c) Messrs Peter Y. S. Fu and Ong Beng Seng are deemed to be interested in transactions and arrangements entered into between certain subsidiaries and certain companies in which they have substantial financial interest in relation to the operation of certain retail shops.



Hotel Properties Limited
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4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS (cont'd)

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

5 SHARE OPTIONS

At the end of the financial year, the Company has two share option schemes - the Hotel Properties Limited Executives' Share Option Scheme ("Scheme 1990") which was approved by the shareholders on November 19, 1990 and another known as Hotel Properties Limited Share Option Scheme 2000 ("Scheme 2000") which was approved by the shareholders on June 23, 2000.

Both the above Schemes are administered by the Remuneration Committee whose members are:

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

a) Share Options Granted

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.

b) Share Options Exercised

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



5 SHARE OPTIONS (cont'd)

c) Unissued Shares Under Option

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

Number of Share Options						
Date of grant	Balance at 1/1/03	Exercised	Expired/ Cancelled	Balance at 31/12/03	Exercise Price	Exercise Period
<u>Pursuant to Scheme 1990</u>						
29/04/1998	800,000	-	800,000	-	\$1.00	29/04/1999 - 28/04/2003
23/04/1999	1,010,000	-	250,000	760,000	\$1.10	23/04/2000 - 22/04/2004
Sub-total	1,810,000	-	1,050,000	760,000		
<u>Pursuant to Scheme 2000</u>						
13/11/2000	1,855,000	-	250,000	1,605,000	\$1.30	13/11/2002 - 12/11/2010
13/11/2000	250,000	-	-	250,000	\$1.21	13/11/2002 - 12/11/2010
27/09/2001	2,105,000	-	250,000	1,855,000	\$1.00	27/09/2002 - 26/09/2011
Sub-total	4,210,000	-	500,000	3,710,000		
Total	6,020,000	-	1,550,000	4,470,000		

Holders of the above share options granted have no right to participate by virtue of the options in any share issue of any other company.



Hotel Properties Limited
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5 SHARE OPTIONS (cont'd)

d) The information on directors participating in Schemes 1990 and 2000 and employees who received 5 per cent or more of the total number of options available under Schemes 1990 and 2000 are as follows:

Name of director / employee	Options granted during the financial year	Aggregate options granted since commencement of Schemes 1990 and 2000 to the end of the financial year	Aggregate options exercised since commencement of Schemes 1990 and 2000 to the end of the financial year	Aggregate options outstanding at the end of the financial year
<u>Pursuant to Scheme 1990</u>				
Director				
Christopher Lim Tien Lock	Nil	2,056,331	1,022,000	20,000 (excludes 1,014,331 options which have expired)
Employees				
Stephen Lau Buong Lik	Nil	1,797,331	722,331	200,000 (excludes 875,000 options which have expired)
Wilson Cheah	Nil	1,301,798	453,399	125,000 (excludes 723,399 options which have expired)
<u>Pursuant to Scheme 2000</u>				
Director				
Christopher Lim Tien Lock	Nil	1,000,000	Nil	1,000,000

No options under the Schemes were granted to controlling shareholders or their associates.



Hotel Properties Limited
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6 AUDIT COMMITTEE

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

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

The Committee held meetings since the last directors' report and performed the functions specified in the Singapore Companies Act. In performing its functions, the Committee reviewed the overall scope of the external audit and the assistance given by the Company's officers to the auditors. The Committee met with the Company's external auditors to discuss the audit plan and results of their examinations and their evaluation of the Company's system of internal accounting controls. The Committee also reviewed the financial statements of the Company and the consolidated financial statements of the Group for the year ended December 31, 2003 as well as the auditors' report thereon.

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

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

7 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Peter Y. S. Fu

Ong Beng Seng

March 8, 2004



Hotel Properties Limited
(Incorporated in the Republic of Singapore)

*Auditors' Report
To the Members of Hotel Properties Limited*

We have audited the accompanying financial statements of Hotel Properties Limited set out on pages 13 to 57 for the year ended December 31, 2003. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2003 and 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.

We have considered the financial statements and auditors' reports of all subsidiaries and of the hotel operations of Hilton Singapore, Four Seasons Hotel Singapore and Le Meridien Singapour, of which we have not acted as auditors, being financial statements included in the consolidated financial statements. The names of subsidiaries of which we have not acted as auditors are indicated in Note 35.

We are satisfied that the financial statements of the subsidiaries and the hotel operations of Hilton Singapore, Four Seasons Hotel Singapore and Le Meridien Singapour that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries and the hotel operations of Hilton Singapore, Four Seasons Hotel Singapore and Le Meridien Singapour were not subject to any qualification, and in respect of subsidiaries incorporated in Singapore did not include any comment made under Section 207(3) of the Act.

Deloitte & Touche

Certified Public Accountants

Cheung Pui Yuen

Partner

Singapore

March 8, 2004



Hotel Properties Limited
(Incorporated in the Republic of Singapore)

Balance Sheets
December 31, 2003

		Group		Company	
	Note	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
ASSETS					
Current assets:					
Cash	5	84,347	112,685	17,527	14,531
Short-term investments	6	6,428	22,623	-	-
Trade receivables	7	20,469	60,545	1,382	1,100
Other receivables and prepayments	8	19,503	19,042	802	867
Inventories	9	7,899	10,706	219	246
Development properties	10	27,367	18,589	-	-
Completed properties held for sale	11	10,349	14,941	-	-
Total current assets		176,362	259,131	19,930	16,744
Non-current assets:					
Associates	12	87,651	98,602	12,997	13,674
Subsidiaries	13	-	-	722,723	797,119
Other long-term investments	6	29,476	37,784	-	-
Property, plant and equipment	15	1,051,058	984,533	230,506	233,985
Investment properties	16	281,104	277,020	-	-
Expenditure carried forward	17	11,431	12,490	292	422
Negative goodwill	18	(16,833)	-	-	-
Total non-current assets		1,443,887	1,410,429	966,518	1,045,200
Total assets		1,620,249	1,669,560	986,448	1,061,944
LIABILITIES AND EQUITY					
Current liabilities:					
Bank loans	19	28,389	101,460	-	-
Trade payables		30,330	40,331	8,390	9,394
Other payables	20	33,347	28,707	-	-
Income tax payable		5,766	31,272	400	1,008
Total current liabilities		97,832	201,770	8,790	10,402
Non-current liabilities:					
Long-term bank loans	19	543,393	479,800	223,426	238,884
Advances from subsidiaries	13	-	-	62,637	118,943
Other long-term payables	21	-	1,086	-	-
Deferred tax liabilities	22	4,147	5,544	1,213	1,686
Total non-current liabilities		547,540	486,430	287,276	359,513
Minority interests	23	49,649	68,308	-	-
Share capital and reserves:					
Issued capital	24	453,024	453,024	453,024	453,024
Reserves		472,204	460,028	237,358	239,005
Total equity		925,228	913,052	690,382	692,029
Total liabilities and equity		1,620,249	1,669,560	986,448	1,061,944

See notes to financial statements set out on pages 20 to 57.



Hotel Properties Limited
(Incorporated in the Republic of Singapore)

*Consolidated Profit and Loss Statement
Year ended December 31, 2003*

		Group	
	Note	2003 \$'000	2002 \$'000
Revenue	25	279,860	348,233
Cost of sales		(214,558)	(256,548)
Gross profit		65,302	91,685
Other operating income	25	8,041	5,810
Distribution costs		(2,729)	(3,111)
Administrative expenses		(37,879)	(43,171)
Other operating expenses		(5,574)	(4,013)
Profit from operations		27,161	47,200
Finance costs		(14,735)	(18,250)
Other non-operating income	26	6,006	3,098
Profit before income tax and share of results of associates	26	18,432	32,048
Share of results of associates		(4,091)	(4,416)
Profit before income tax		14,341	27,632
Income tax expense	28	(5,773)	(7,797)
Profit after income tax		8,568	19,835
Minority interests		(3,861)	(3,828)
Net profit attributable to shareholders		4,707	16,007
Earnings per share (Cents):	29		
- basic		1.04	3.53
- fully diluted		1.04	3.53

See notes to financial statements set out on pages 20 to 57.



Hotel Properties Limited
(Incorporated in the Republic of Singapore)

*Statements of Changes in Equity
Year ended December 31, 2003*

Group	Note	Issued capital \$'000	Share premium \$'000	Asset revaluation reserve \$'000	Exchange fluctuation reserve \$'000	Reserve on consolidation \$'000	Retained profits \$'000	Dividend reserve \$'000	Total \$'000
Balance at January 1, 2002									
- As previously reported		452,999	121,089	205,363	(54,227)	19,899	151,938	8,550	905,611
- Effect of change in accounting policy	30	-	-	11,422	-	-	(11,422)	-	-
- As restated		452,999	121,089	216,785	(54,227)	19,899	140,516	8,550	905,611
Exchange fluctuation differences		-	-	-	2,472	-	-	-	2,472
Share of revaluation reserve of associates arising during the year		-	-	9	-	-	-	-	9
Adjustment arising from acquisition/ disposal of subsidiaries		-	-	-	(2,241)	-	-	-	(2,241)
Net profit not recognised in the profit and loss statement		-	-	9	231	-	-	-	240
Net profit for the year		-	-	-	-	-	16,007	-	16,007
Final dividend for the previous year, paid		-	-	-	-	-	(284)	(8,550)	(8,834)
Final dividend for the current year, proposed	31	-	-	-	-	-	(8,834)	8,834	-
Issue of share capital		25	3	-	-	-	-	-	28
Balance at December 31, 2002		453,024	121,092	216,794	(53,996)	19,899	147,405	8,834	913,052
Exchange fluctuation differences		-	-	-	17,382	-	-	-	17,382
Share of revaluation reserve of associates arising during the year		-	-	124	-	-	-	-	124
Adjustment arising from disposal of subsidiaries		-	-	-	(1,203)	-	-	-	(1,203)
Net profit not recognised in the profit and loss statement		-	-	124	16,179	-	-	-	16,303
Net profit for the year		-	-	-	-	-	4,707	-	4,707
Final dividend for the previous year, paid	31	-	-	-	-	-	-	(8,834)	(8,834)
Final dividend for the current year, proposed	31	-	-	-	-	-	(9,060)	9,060	-
Balance at December 31, 2003		453,024	121,092	216,918	(37,817)	19,899	143,052	9,060	925,228

See notes to financial statements set out on pages 20 to 57.



Hotel Properties Limited
(Incorporated in the Republic of Singapore)

Statements of Changes in Equity (cont'd)
Year ended December 31, 2003

Company	Note	Issued capital \$'000	Share premium \$'000	Asset revaluation reserve \$'000	Exchange fluctuation reserve \$'000	Retained profits \$'000	Dividend reserve \$'000	Total \$'000
Balance at January 1, 2002		452,999	120,882	110,785	(11,800)	1,716	8,550	683,132
Net gain not recognised in the profit and loss statement, being exchange fluctuation differences		-	-	-	5,758	-	-	5,758
Net profit for the year		-	-	-	-	11,945	-	11,945
Final dividend for the previous year, paid		-	-	-	-	(284)	(8,550)	(8,834)
Final dividend for the current year, proposed	31	-	-	-	-	(8,834)	8,834	-
Issue of share capital		25	3	-	-	-	-	28
Balance at December 31, 2002		453,024	120,885	110,785	(6,042)	4,543	8,834	692,029
Net gain not recognised in the profit and loss statement, being exchange fluctuation differences		-	-	-	374	-	-	374
Net profit for the year		-	-	-	-	6,813	-	6,813
Final dividend for the previous year, paid	31	-	-	-	-	-	(8,834)	(8,834)
Final dividend for the current year, proposed	31	-	-	-	-	(9,060)	9,060	-
Balance at December 31, 2003		453,024	120,885	110,785	(5,668)	2,296	9,060	690,382

See notes to financial statements set out on pages 20 to 57.



Hotel Properties Limited
(Incorporated in the Republic of Singapore)

Consolidated Cash Flow Statement
Year ended December 31, 2003

	Note	2003 \$'000	2002 \$'000
Cash flows from operating activities:			
Profit before income tax and share of results of associates		18,432	32,048
Adjustments for:			
Amortisation of expenditure carried forward		1,751	1,390
Depreciation expense		38,620	40,232
Expenditure carried forward written off		13	225
Goodwill written off		-	1,259
Plant and equipment written off		881	1,262
Impairment loss in investment in associates		72	640
Impairment loss in property, plant and equipment		742	4,445
(Write back of) Impairment loss in long-term investments		(1,077)	1,484
Interest expense		14,735	18,250
Interest income		(2,263)	(3,597)
Dividend income		(1,417)	(74)
Gain on disposal of property, plant and equipment		(479)	(12,168)
Gain on disposal of long-term investments		(832)	-
Gain on disposal of investment properties		(398)	-
Gain on disposal of subsidiaries		(4,160)	-
Loss on dilution of interest in an associate		294	-
Profit before working capital changes		64,914	85,396
Short-term investments		16,195	(17,914)
Receivables and prepayments		33,291	11,862
Inventories		(4,962)	1,161
Completed properties held for sale		4,592	(262)
Payables and accrued expenses		1,567	(4,680)
Cash generated from operations		115,597	75,563
Dividend paid		(8,834)	(8,834)
Dividend received		1,417	74
Interest paid		(14,735)	(18,250)
Interest received		2,263	3,597
Income tax paid		(31,568)	(8,242)
Net cash from operating activities		64,140	43,908

See notes to financial statements set out on pages 20 to 57.



Hotel Properties Limited
(Incorporated in the Republic of Singapore)

Consolidated Cash Flow Statement (cont'd)
Year ended December 31, 2003

	Note	2003 \$'000	2002 \$'000
Cash flows from investing activities:			
Acquisition of additional interest in subsidiary		(4,532)	(6,822)
Additional expenditure carried forward		(472)	(1,230)
Development properties and expenditure		(8,778)	69,294
Disposal of subsidiaries (see Note A on page 19)		864	(200)
Additional investment properties		(72)	(230)
Additional property, plant and equipment		(97,681)	(97,513)
Additional long-term investments		(1,965)	(2,725)
Advance (to) from minority shareholders		(365)	1,432
Net investment in associates		9,449	(2,214)
Proceeds from disposal of investment properties		4,758	-
Proceeds from disposal of long-term investments		2,626	-
Proceeds from disposal of property, plant and equipment		2,448	48,637
Net cash (used in) from investing activities		(93,720)	8,429
Cash flows from financing activities:			
Repayment of term loans		(2,967)	(91,775)
Long-term payable		-	(1,116)
Proceeds from issue of shares		-	28
Net cash used in financing activities		(2,967)	(92,863)
Net effect of exchange rate changes in consolidating subsidiaries		4,209	(1,468)
Net decrease in cash		(28,338)	(41,994)
Cash at beginning of year		112,685	154,679
Cash at end of year	5	84,347	112,685
Cash at end of year includes the following:			
Bank deposits		68,697	79,944
Cash and bank balances		15,650	32,741
		84,347	112,685

See notes to financial statements set out on pages 20 to 57.



Hotel Properties Limited
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Consolidated Cash Flow Statement (cont'd)
Year ended December 31, 2003

	Note	2003 \$'000	2002 \$'000
Note A: Summary of effects of disposal of subsidiaries			
The fair values of the assets and liabilities disposed were as follows:			
Current assets		14,938	169
Current liabilities		(14,449)	(391)
Net current assets (liabilities)		489	(222)
Property, plant and equipment		920	20
Other non-current (liabilities) assets		(351)	9
		1,058	(193)
Less: Minority interests		(265)	-
Net assets (liabilities) disposed		793	(193)
Realisation of exchange reserves		(1,203)	-
Gain on disposal of subsidiaries		4,160	-
Proceeds from disposal of subsidiaries		3,750	-
Cash of subsidiaries disposed		(2,886)	(7)
Cash flows arising from disposal of subsidiaries		864	(200)

See notes to financial statements set out on pages 20 to 57.



Notes to Financial Statements
December 31, 2003

1 GENERAL

The Company 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 financial statements are expressed in Singapore dollars.

The principal activities of the Company are those of a hotelier and an investment holding company. The principal activities of subsidiaries, significant associates and joint venture company are described in Notes 35, 36 and 14 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, 2003 were authorised for issue by the Board of Directors on March 8, 2004.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements are prepared in accordance with the historical cost convention, modified to include the revaluation of certain freehold and long-term leasehold land, development properties and investment properties. They are drawn up in accordance with the provisions of the Singapore Companies Act, Singapore Financial Reporting Standards ("FRS") and Interpretations of Financial Reporting Standards ("INT FRS").

The Company and the Group have adopted all the applicable new/revised FRS and INT FRS which became effective during the year. The adoption of the new/revised FRS and INT FRS does not affect the results of the Company and the Group except for the adoption of FRS 16 – Property, Plant and Equipment. The effect of the adoption of FRS 16, which is a change in accounting policy, is disclosed in Note 30 to the financial statements.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and the enterprises controlled by the Company (its subsidiaries) made up to December 31 each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. On acquisition, the assets and liabilities of the relevant subsidiaries are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. The results of subsidiaries acquired or disposed off 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 the accounting policies used in line with those used by other members of the Group. All significant intercompany transactions and balances between Group enterprises are eliminated on consolidation.

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

FINANCIAL ASSETS – Financial assets include cash, short-term investments, trade and other receivables, and other long-term investments. Trade and other receivables are stated at their nominal values as reduced by appropriate allowances, if any, for estimated irrecoverable amounts. The accounting policy for investments is stated below.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL LIABILITIES AND EQUITY – Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Financial liabilities include trade and other payables and bank loans. Trade and other payables are stated at their nominal values. Bank loans are recorded at the proceeds received. Finance costs are accounted for on an accrual basis. Equity instruments are recorded at the fair value of the consideration received, net of direct issue costs. Dividends on ordinary shares are recognised in shareholders' equity in the period in which they are declared. Share options are recorded when exercised and the exercise price is allocated between issued share capital and share premium, if any, accordingly.

INVESTMENTS - Quoted and unquoted investments (including shares in associates, subsidiaries and joint venture company) held for long-term purposes are stated at cost less any impairment in net recoverable value. Quoted and unquoted investments held for short-term purposes are stated at the lower of cost or market value determined on a portfolio basis.

INVENTORIES – Inventories are measured at the lower of cost (moving average/FIFO method) and net realisable value. Net realisable value represents the estimated selling price less all costs to be incurred in the 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 profit attributable to the actual sales contracts signed, but only to the extent that it relates to the stage of physical completion at the end of the year. When losses are expected, full provision is made in the financial statements after adequate allowance has been made for estimated costs to completion. Developments are considered complete upon the issue of temporary occupation permits.

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

ASSOCIATES - An associate is an enterprise over which the Group is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investee. The equity method of accounting is used. The carrying amount of such investments is reduced to recognise any decline in the net recoverable value of individual investments. Where a Group enterprise transacts with an associate of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate. The Group's investments in associates include goodwill (net of accumulated amortisation) on acquisition.

JOINT VENTURE COMPANY – Joint venture arrangements which involve the establishment of a separate entity in which each venturer has an interest and are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using proportionate consolidation – the Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis. Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture, except where unrealised losses provide evidence of an impairment of the asset transferred.

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



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Construction-in-progress consists of land cost, related acquisition expenses, construction costs and finance costs incurred during the period of construction.

Any revaluation surplus arising on the revaluation of freehold land is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation deficit for the same asset previously recognised as an expense, in which case the surplus is credited to the profit and loss statement to the extent of the deficit previously charged. A deficit in carrying amount arising on the revaluation of freehold land is charged as an expense to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

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

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

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

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

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

EXPENDITURE CARRIED FORWARD - These comprise franchise rights, bank facility fees and goodwill. Franchise rights are amortised using the straight-line method over their useful lives, but not exceeding 20 years. Bank facility fees are written off over the terms of the related bank facility, which ranges from 3 to 5 years. Expenditure carried forward are stated at cost less amortisation. Where an indication of impairment exists, the carrying amount of any intangible asset is assessed and written down immediately to its recoverable amount.

GOODWILL AND NEGATIVE GOODWILL - Goodwill arising on acquisition represents the excess of the cost of acquisition over the Group's interest in the fair values of identifiable assets and liabilities of the acquired subsidiary, associate or joint venture company at the date of acquisition. Goodwill is recognised as an asset and amortised on a straight-line basis over its estimated useful life, which ranges from 2 to 20 years.

On disposal of a subsidiary, associate or joint venture company, the attributable amount of unamortised goodwill is included in the determination of profit or loss on disposal.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Negative goodwill represents the excess of the Group's interest in the fair values of the identifiable assets and liabilities of a subsidiary, associate or joint venture company at the date of acquisition over the cost of acquisition. Negative goodwill is released to income based on an analysis of the circumstances from which the balance resulted. To the extent that the negative goodwill is attributable to losses or expenses anticipated at the date of acquisition, it is released to income in the period in which those losses or expenses arise. The remaining negative goodwill is recognised as income on a straight-line basis over the remaining average useful life of the identifiable acquired depreciable assets. To the extent that such negative goodwill exceeds the aggregate fair value of the acquired identifiable non-monetary assets, it is recognised as income immediately.

On disposal of a subsidiary, associate or joint venture company, the attributable amount of negative goodwill not recognised as income is included in the determination of profit or loss on disposal.

Prior to January 1, 2001, goodwill and negative goodwill arising from acquisition of subsidiaries, associates or joint venture companies were directly adjusted against shareholders' equity. With effect from January 1, 2001, the Group has adopted FRS 22 – Business Combinations, and now presents goodwill as an asset in the balance sheet and negative goodwill separately in the balance sheet as a deduction from assets.

Goodwill and negative goodwill on acquisition prior to January 1, 2001 adjusted directly against shareholders' equity has not been retrospectively capitalised and amortised as allowed under FRS 22.

IMPAIRMENT OF ASSETS – At each balance sheet date, the Group and Company review the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and Company estimate the recoverable amount of the cash-generating unit to which the asset belongs. 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. Impairment losses are recognised as an expense immediately, unless the relevant asset is land or building at a revalued amount, in which case the impairment loss is treated in the same manner as described under the accounting policies for investment properties and property, plant and equipment outlined above.

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 only to the extent 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 as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated in the same manner as described under the accounting policies for investment properties and property, plant and equipment outlined above.

MINORITY INTEREST – Minority interest is stated at the appropriate proportion of the post-acquisition fair values of the identifiable assets of the subsidiary.

SHARE OPTIONS – Share options are not recorded as an expense when granted. When exercised, the exercise price is allocated between issued capital and share premium accordingly.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - Transactions in foreign currencies are recorded using the rates ruling at the dates of the transactions. At each balance sheet date, recorded monetary balances and balances carried at fair values that are denominated in foreign currencies are reported at the rates ruling at the balance sheet date. All realised and unrealised exchange adjustment gains and losses are dealt with in the profit and loss statements, except that exchange differences arising on monetary items that, in substance, form part of the Group's net investment in foreign entities, are taken to exchange fluctuation reserve.

For inclusion in the consolidated financial statements, assets and liabilities of foreign entities (associates, subsidiaries and joint venture company) are translated at the rates of exchange approximating those ruling at the balance sheet date. The profit and loss statements are translated at the average rates of exchange for the year, and the opening net investment in the foreign entities are translated at historical rates. The resulting currency translation differences are taken to the exchange fluctuation reserve.

On disposal of a foreign entity, the accumulated currency translation and fluctuation differences are recognised in the consolidated profit and loss statement as part of the consolidated profit or loss on disposal.

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

REVENUE RECOGNITION -

- (a) Sales other than revenue from development properties are recognised when significant risks and rewards of ownership are transferred to the buyer and the amount of revenue and costs of the transaction (including future costs) can be measured reliably;
- (b) Hotel room revenue is recognised based on room occupancy while other hotel revenue are recognised when the goods are delivered or the services are rendered to the customers;
- (c) Rental income is recognised on a time proportion basis;
- (d) Management fee income is recognised when services are rendered;
- (e) Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable; and
- (f) Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

BORROWING COSTS – All borrowing costs are recognised in the net profit or loss in the period in which they are incurred on an accrual basis, except that borrowing costs relating to development properties are treated in the same manner as described under the accounting policy for development properties outlined above.

RETIREMENT BENEFIT COSTS – Payments to defined contribution retirement benefit plans (including state-managed retirement benefit schemes, such as the Singapore Central Provident Fund) are charged as an expense when incurred.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

INCOME TAX – Tax expense is determined on the basis of tax-effect accounting using the liability method and it is applied to all significant temporary differences arising between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit except that a debit to the deferred tax balance is not carried forward and that potential tax saving relating to a tax loss carryforward is not recorded as an asset unless there is a reasonable expectation of realisation in the foreseeable future.

Deferred tax is charged or credited to the profit and loss statement, except where 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 they relate to income taxes levied by the same tax authority.

3 FINANCIAL RISK AND MANAGEMENT

The main risks arising from the Group's financial instruments are interest rate risk, foreign exchange risk, credit 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 which are mainly on floating rate terms. The Group actively reviews its debt portfolio to achieve the most favourable interest rates available. Hedging instruments such as interest rate swaps are used where appropriate to minimise its exposure to interest rate volatility.

The notional principal amount of the Group's outstanding interest rate swap contracts as at December 31, 2003 was \$159,000,000 (2002: \$159,000,000). The fair values of the instruments, which represent a gain (2002: loss) should the instrument be exchanged in a current transaction between willing parties other than in a forced or liquidation sale, are approximately \$571,000 (2002: \$958,000).

Foreign exchange risk

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

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

Credit risk

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

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.



3 FINANCIAL RISK AND MANAGEMENT (cont'd)

Fair values of financial assets and financial liabilities

Short-term financial assets and liabilities

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

Long-term financial assets and liabilities

The fair values of long-term investments cannot be determined without incurring excessive costs and time due to a lack of quoted market prices and related information. The directors believe that the fair values would not differ significantly from the carrying amounts recorded in the balance sheet.

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

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

4 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Significant transactions with such related parties during the year are as follows:

	Group	
	2003	2002
	\$'000	\$'000
Transactions with companies in which certain directors are deemed to have interests:		
Management fee expense	590	899
Management fee income	(981)	(1,217)
Rental income	(6,453)	(4,933)
Disposal of certain subsidiaries	(3,750)	-
Transactions with associates:		
Management fee income	(1,173)	(1,163)
Interest income	(964)	(952)



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5 CASH

- a) As at December 31, 2002, cash and cash equivalent of \$27,094,000 were held under the Housing Developers (Project Account) Rules, withdrawals from which were restricted to payments for expenditure incurred on projects to which they relate.
- b) As at December 31, 2003, cash and cash equivalent of \$1,652,000 (2002: \$6,200,000) were pledged to the banks to secure credit facilities for certain subsidiaries of the Group.

6 INVESTMENTS

a) Short-term investments

	Group	
	2003	2002
	\$'000	\$'000
Quoted equity shares, at cost	8,326	26,593
Less: Impairment loss	(1,898)	(3,970)
Net	6,428	22,623
Market value of quoted equity shares	6,428	22,623
Movement in impairment loss:		
Balance at beginning of year	3,970	2,894
(Write back) Charge to other operating expenses	(2,072)	1,076
Balance at end of year	1,898	3,970



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6 INVESTMENTS (cont'd)

b) Long-term investments

	Group	
	2003	2002
	\$'000	\$'000
Quoted equity shares, at cost	21,407	20,994
Unquoted equity shares, at cost	15,438	19,116
Other unquoted investments, at cost	-	18,756
Less: Impairment loss	(7,369)	(21,082)
Net	29,476	37,784
Market value of quoted equity shares	17,701	13,814
Movement in impairment loss:		
Balance at beginning of year	21,082	19,598
Utilised	(12,636)	-
(Write back to) Charge against other non-operating income	(1,077)	1,484
Balance at end of year	7,369	21,082

7 TRADE RECEIVABLES

Included in trade receivables as at December 31, 2002, was an amount of \$43,277,000 transferred from development properties following the completion of Cuscaden Residences development during the financial year ended December 31, 2002.

Trade receivables are stated after the following allowances for doubtful debts:

	Group		Company	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	319	504	72	61
Charge to profit and loss	237	169	3	12
Utilised	(179)	(209)	(1)	(1)
Arising from deconsolidation of a subsidiary	-	(145)	-	-
Balance at end of year	377	319	74	72



Hotel Properties Limited
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8 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Amount receivable in respect of dilution of interest in an associate	1,195	-	-	-
Deposits for acquisition of capital assets	2,688	5,841	-	-
Due from companies in which certain directors have interests * :				
In respect of disposal of subsidiaries	3,750	-	-	-
Others	9	142	-	-
Other deposits	1,004	933	-	-
Other receivables	5,048	5,300	516	567
Prepayments	4,099	4,021	286	300
Rental deposits	545	2,682	-	-
Tax recoverable	1,165	123	-	-
Total	19,503	19,042	802	867

* Amounts due from companies in which certain directors have interests are unsecured and interest-free. Except for the amount receivable in respect of disposal of subsidiaries, which is due in January 2004, the remaining amounts have no fixed terms of repayment.

9 INVENTORIES

	Group		Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
At cost:				
Saleable merchandise	5,217	3,425	190	210
Operating supplies	2,032	1,972	29	36
	7,249	5,397	219	246
Inventories carried at net realisable value after the following allowances	650	5,309	-	-
Total	7,899	10,706	219	246



Hotel Properties Limited
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9 INVENTORIES (cont'd)

Movement in allowances:

	Group	
	2003	2002
	\$'000	\$'000
Balance at beginning of year	3,088	6,710
Reversal during the year *	(1,324)	(3,343)
Utilised	(22)	(7)
Arising from disposal of subsidiaries	(1,734)	-
Foreign exchange realignment	15	(272)
Balance at end of year	23	3,088

* Reversal of allowances arose from an assessment of net realisable value and sale of inventories.

10 DEVELOPMENT PROPERTIES

	Group	
	2003	2002
	\$'000	\$'000
Freehold land, at valuation	16,490	16,490
Leasehold land, at cost	1,318	1,318
Cost incurred and attributable profits	12,432	3,569
Total	30,240	21,377
Less: Impairment loss	(2,873)	(2,788)
Net	27,367	18,589

Movement in impairment loss:

Balance at beginning of year	2,788	2,713
Charge against other non-operating income	85	75
Balance at end of year	2,873	2,788



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10 DEVELOPMENT PROPERTIES (cont'd)

The freehold and leasehold land included in development properties consist of the following:

Location	Title	Description
Lots 263-12 (99275L), 263-11 (99276C), 263-10 (99277M) and 263-9 (99278W) in Town Sub-division 21 located at Robertson Quay, Singapore	Freehold	Residential and commercial development
Siemreap Province, Siemreap Town, Division 3, Section 1, Cambodia	Leasehold (70 years commencing August 10, 1994 and March 21, 1996 respectively)	Land for redevelopment

The cost of development properties includes the following cumulative amounts:

	Group	
	2003 \$'000	2002 \$'000
Development charges	8,333	-
Property tax	396	308

11 COMPLETED PROPERTIES HELD FOR SALE

Location	Title	Description
Four Seasons Park 10 and 12 Cuscaden Walk, Singapore 249692	Freehold	6 (2002: 6) condominium units with an aggregate floor area of approximately 19,018 (2002: 19,018) square feet
Cuscaden Residences 28 Cuscaden Road, Singapore 249723	Freehold	Nil (2002: 1) condominium unit with an aggregate floor area of approximately Nil (2002: 6,210) square feet
Sailmakers Court Townmead Road, London, England	Leasehold (999 years from December 25, 1989)	1 (2002: 1) apartment unit with an aggregate floor area of approximately 1,373 (2002: 1,373) square feet



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12 ASSOCIATES

	Group		Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Unquoted equity shares, at cost	171,549	180,943	- *	- *
Goodwill written off	(1,259)	(1,259)	-	-
Reserve on consolidation	5,616	5,616	-	-
	175,906	185,300	-	-
Share of other reserves	6,284	288	-	-
Due from associates	21,873	23,306	12,997	13,674
Less:				
Impairment loss	(2,939)	(2,916)	-	-
Share of post-acquisition results, net of dividend received	(113,473)	(107,376)	-	-
Net	87,651	98,602	12,997	13,674

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

Movement in impairment loss:

	Group	
	2003 \$'000	2002 \$'000
Balance at beginning of year	2,916	2,276
Charge against other non-operating income	72	640
Utilised	(49)	-
Balance at end of year	2,939	2,916

The amounts due from associates are substantially non-trade in nature, unsecured and interest-free.

Information relating to significant associates is shown in Note 36 to the financial statements.



Hotel Properties Limited
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13 SUBSIDIARIES

	Company	
	2003 \$'000	2002 \$'000
Unquoted equity shares, at cost	190,778	184,247
Advances to subsidiaries	547,608	646,458
	738,386	830,705
Less: Impairment loss	(15,663)	(33,586)
Net	722,723	797,119
Movement in impairment loss:		
Balance at beginning of year	33,586	29,967
Charge against other non-operating income	69	3,619
Utilised	(17,992)	-
Balance at end of year	15,663	33,586

The advances to subsidiaries are unsecured, substantially non-trade in nature and not expected to be repaid within the next twelve months. About 18% (2002: 20%) of the advances to subsidiaries bears an annual interest rate ranging from 2.0% to 2.2% (2002: 1.9% to 2.4%) and the balance is non-interest bearing. During the financial year, interest income from subsidiaries amounted to \$1,895,000 (2002: \$1,859,000).

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

The advances from subsidiaries are unsecured, substantially non-trade in nature, interest-free and not expected to be repaid within the next twelve months.



Hotel Properties Limited
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14 JOINT VENTURE COMPANY

Information relating to the joint venture company is as follows:

Name of Joint Venture Company	Principal Activity	Country of Incorporation/ Place of Business	Group's Effective Equity Interest	
			2003	2002
Hermill Investments Pte Ltd	Investment holding and letting out of properties	Singapore	59%	59%

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

	2003 \$'000	2002 \$'000
Balance sheet		
Current assets	9,394	6,794
Property, plant and equipment	233	327
Investment property	197,952	197,880
Expenditure carried forward	143	41
Less: Current liabilities	(3,475)	(3,596)
Non-current liability	(118,000)	(118,000)
Net assets	86,247	83,446

Profit and loss statement

Revenue	9,158	9,419
Cost of sales	(2,552)	(2,694)
Other operating income	183	220
Expenses	(3,023)	(3,740)
Income tax	(965)	(687)
Share of profit after income tax	2,801	2,518

The above profit includes the following (charges) credits:

Amortisation of expenditure carried forward	(57)	(83)
Interest expense to non-related companies	(2,928)	(3,613)
Interest income from non-related companies	50	51
Rental income from enterprises in which certain directors are deemed to have interests	1,895	1,953
Rental income from investment property	8,489	8,849



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15 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 beginning of year	406,141	116,872	510,370	244,039	5,167	1,282,589
Additions	47,051	-	33,776	18,481	2,806	102,114
Disposals	-	-	(1,883)	(12,377)	-	(14,260)
Arising from disposal of subsidiaries	-	-	-	(9,794)	-	(9,794)
Foreign exchange realignment	4,097	-	3,281	2,183	(176)	9,385
At end of year	457,289	116,872	545,544	242,532	7,797	1,370,034
Represented by:						
Valuation	339,041	-	-	-	-	339,041
(Cost*: 2003: \$138,809,000 2002: \$136,915,000)						
Cost	118,248	116,872	545,544	242,532	7,797	1,030,993
	457,289	116,872	545,544	242,532	7,797	1,370,034
Accumulated depreciation:						
At beginning of year	6,506	18,393	97,097	171,615	-	293,611
Depreciation for the year	1,126	1,314	16,911	19,269	-	38,620
Disposals	-	-	(96)	(6,870)	-	(6,966)
Arising from disposal of subsidiaries	-	-	-	(8,874)	-	(8,874)
Foreign exchange realignment	(95)	-	718	1,245	-	1,868
At end of year	7,537	19,707	114,630	176,385	-	318,259
Impairment loss:						
At beginning of year	-	-	-	4,445	-	4,445
Charge against other non-operating income	740	-	2	-	-	742
Utilised	-	-	-	(4,445)	-	(4,445)
Foreign exchange realignment	(25)	-	-	-	-	(25)
At end of year	715	-	2	-	-	717
Depreciation for last year	1,312	1,313	16,230	21,377	-	40,232
Carrying amount:						
At beginning of year	399,635	98,479	413,273	67,979	5,167	984,533
At end of year	449,037	97,165	430,912	66,147	7,797	1,051,058



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15 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
Company						
Cost or valuation:						
At beginning of year	208,800	-	24,681	70,525	-	304,006
Additions	-	-	-	2,287	-	2,287
Disposals	-	-	-	(768)	-	(768)
At end of year	208,800	-	24,681	72,044	-	305,525
Represented by:						
Valuation	208,800	-	-	-	-	208,800
(Cost*: 2003: \$98,015,000 2002: \$98,015,000)						
Cost	-	-	24,681	72,044	-	96,725
	208,800	-	24,681	72,044	-	305,525
Accumulated depreciation:						
At beginning of year	-	-	13,324	56,697	-	70,021
Depreciation for the year	-	-	417	5,056	-	5,473
Disposals	-	-	-	(475)	-	(475)
At end of year	-	-	13,741	61,278	-	75,019
Depreciation for last year	-	-	396	4,908	-	5,304
Carrying amount:						
At beginning of year	208,800	-	11,357	13,828	-	233,985
At end of year	208,800	-	10,940	10,766	-	230,506

* This represents the carrying amount of the freehold and long-term leasehold land had they been carried at cost.

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 Edmund N S Tie & Company Pte Ltd (now known as DTZ Debenham Tie Leung) and its associates. The valuation is carried out as and when the directors consider it necessary and appropriate. The revaluation surplus of the Company and of the Group has been recorded in the asset revaluation reserve in the respective financial statements.

The impairment loss for the year comprises \$742,000 relating to the carrying amount of a subsidiary's leasehold land in Indonesia.

As at December 31, 2003, certain property, plant and equipment with a carrying amount of \$882 million (2002: \$856 million) were mortgaged to banks to secure credit facilities for the Company and respective subsidiaries of the Group.



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15 PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Group's freehold and leasehold land, buildings and leasehold property comprise the following:

Location	Title	Description
581 Orchard Road Singapore 238883	Freehold and long-term leasehold (999 years from October 30, 1871)	A 24-storey hotel building with 423 rooms/suites (known as Hilton Singapore)
50 Cuscaden Road Singapore 249724	Freehold	A 9-storey building (known as HPL House)
190 Orchard Boulevard Singapore 248646	Freehold	A 20-storey hotel building with 257 rooms/suites (known as Four Seasons Hotel Singapore)
100 Orchard Road Singapore 238840	Leasehold (99 years from August 17, 1979)	A 9-storey hotel building with 407 rooms/suites (known as Le Meridien Singapore)
Ringlet Cameron Highlands Malaysia	Freehold and leasehold (99 years from September 19, 1940)	A 3-storey holiday resort (known as The Lake House)
Pattaya Beach Road Cholburi, Thailand	Freehold	A 10-storey hotel building with 325 rooms (known as Hard Rock Hotel Pattaya)
South Sathorn Road Bangkok, Thailand	Freehold	2 inter-connecting hotel buildings of 10 and 11 storeys with 174 rooms (known as The Metropolitan, Bangkok)
South Sathorn Road Bangkok, Thailand	Freehold	Land for development
Sathorn Park Place Bangkok, Thailand	Freehold	A condominium unit
Jimbaran, Bali Indonesia	Leasehold (two leases of 30 years each commencing September 14, 1991 and October 30, 1991 respectively)	A resort hotel with 147 villas (known as Four Seasons Resort Bali at Jimbaran)
Ubud, Bali Indonesia	Leasehold with certain local restrictions (30 years commencing August 4, 1994 with an option to extend for another 30 years)	A resort hotel with 60 villas (known as Four Seasons Resort Bali at Sayan)
Kuta, Bali Indonesia	Leasehold with certain local restrictions (30 years commencing October 31, 1996 with an option to extend for another 30 years)	A holiday resort with 418 rooms (known as Hard Rock Hotel Bali)



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15 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Location	Title	Description
Jimbaran Village, Bali Indonesia	Leasehold with certain local restrictions (30 years commencing June 27, 1996 with an option to extend for another 30 years)	A resort hotel with 9 villas (known as Four Seasons Private Estates at Jimbaran Bay)
Badung, Bali Indonesia	Leasehold with certain local restrictions (30 years commencing May 1, 2000 with an option to extend for another 30 years)	Land for development
North Male' Atoll Republic of Maldives	Leasehold (21 years commencing May 1, 1994)	A resort (known as Four Seasons Resort Maldives at Kuda Huraa)
Ferny Avenue Surfers Paradise Queensland, Australia	Freehold	A hotel building with 199 rooms (known as Concorde Hotel Gold Coast)
Port Vila Vanuatu	Leasehold (two leases of 75 years each from July 13, 1980 and July 8, 1992 respectively)	A holiday resort (known as Le Meridien Port Vila Resort and Casino)
127 East, 55 th Street New York City New York, U.S.A.	Freehold	A hotel building with 124 rooms (known as Fitzpatrick Hotel)
Westferry Circus London, United Kingdom	Long-term leasehold (999 years from February 5, 1997)	2 (2002: 4) apartment units



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16 INVESTMENT PROPERTIES

In accordance with the accounting policy of the Group, the investment properties are stated at valuation based on the professional valuation carried out by two independent firms of valuers, DTZ Debenham Tie Leung and FPD Savills (Singapore) Pte Ltd, for the different investment properties at December 31, 2001 on the basis of open market value for existing use. Additions subsequent to December 31, 2001 are carried at cost until the next valuation. The investment properties are:

Description and location	Title
5 shop units at 21 Cuscaden Road, Ming Arcade Singapore 249720	Freehold
Office and shop units at 583 Orchard Road Singapore 238884	Freehold
61 shop units at 100 Orchard Road, Meridien Shopping Centre Singapore 238840	Leasehold (99 years commencing August 17, 1979)
2 shop units at 150 Orchard Road, Orchard Plaza Singapore 238841	Leasehold (99 years commencing June 2, 1977)
3 commercial and 15 residential units at Shun Hing Square Shenzhen, People's Republic of China	Leasehold (50 years commencing January 2, 1995)

As at December 31, 2003, certain investment properties amounting to approximately \$268 million (2002: \$268 million) were mortgaged to banks to secure credit facilities for the respective subsidiaries of the Group.



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17 EXPENDITURE CARRIED FORWARD

	Goodwill \$'000	Franchise Rights \$'000	Deferred Charges \$'000	Total \$'000
Group				
Cost:				
At beginning of year	8,905	6,623	3,086	18,614
Additions	-	17	455	472
Write off	-	(38)	(482)	(520)
Foreign exchange realignment	681	227	14	922
At end of year	9,586	6,829	3,073	19,488
Accumulated amortisation:				
At beginning of year	3,810	1,108	1,206	6,124
Amortisation charge against other non-operating income	894	367	490	1,751
Write off	-	(25)	(482)	(507)
Foreign exchange realignment	643	8	38	689
At end of year	5,347	1,458	1,252	8,057
Amortisation for last year	599	420	371	1,390
Carrying amount:				
At beginning of year	5,095	5,515	1,880	12,490
At end of year	4,239	5,371	1,821	11,431
Company				
Cost:				
At beginning and end of year	-	-	649	649
Accumulated amortisation:				
At beginning of year	-	-	227	227
Amortisation charge against other non-operating income	-	-	130	130
At end of year	-	-	357	357
Amortisation for last year	-	-	129	129
Carrying amount:				
At beginning of year	-	-	422	422
At end of year	-	-	292	292



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18 NEGATIVE GOODWILL

The negative goodwill arises on the Group's acquisition of an additional 20% equity interest in a subsidiary in December 2003. The amortisation of negative goodwill is not material for the financial year ended December 31, 2003.

19 CREDIT FACILITIES

	Group		Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
<u>Due after twelve months</u>				
Long-term bank loans (a)				
- secured	393,393	329,713	73,426	88,884
- unsecured	150,000	150,087	150,000	150,000
	543,393	479,800	223,426	238,884
<u>Due within twelve months</u>				
Current portion of long-term bank loans (a)				
- secured	14,361	88,634	-	-
- unsecured	-	2,607	-	-
Short-term bank loans (b)				
- secured	14,028	-	-	-
- unsecured	-	10,219	-	-
	28,389	101,460	-	-
Bankers' guarantees (c)	2,998	10,782	290	694

- (a) Long-term bank loans bear annual interest rates ranging from 0.5% to 1.7% (2002: 0.5% to 1.75%) above prime rate and cost of funds of the lender banks. The facilities are repayable from 2004 to 2010 (2002: 2003 to 2009). Securities include legal mortgages on properties of the Company and certain subsidiaries; fixed and floating charges on the assets of the Company and certain subsidiaries; pledge of shares of certain subsidiaries and corporate guarantee from the Company, a subsidiary and certain minority shareholders.
- (b) Short-term bank loan bears annual interest rate at 1.5% above bank bill rate of the lender bank. Securities include a legal mortgage on property of a subsidiary and corporate guarantee from the Company (2002: short-term bank loan bore annual interest rates ranging from 2.22% to 3.13% and was guaranteed by the Company and certain minority shareholder).
- (c) 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 pledge of fixed deposits of certain subsidiaries.



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20 OTHER PAYABLES

	Group	
	2003	2002
	\$'000	\$'000
Accruals for employee-related expenses	5,135	5,648
Accrued operating expenses	11,599	12,151
Deposit received	1,455	990
Due to companies in which certain directors have interests*	634	727
Interest payable to non-related companies	1,436	1,185
Other payables	4,852	5,696
Payable arising from acquisition of an associate (Note 21)	1,063	1,086
Renovation/construction cost accruals	7,173	1,224
Total	33,347	28,707

* Amounts due to companies in which certain directors have interests are unsecured, interest-free and have no fixed terms of repayment.

21 OTHER LONG-TERM PAYABLES

	Group	
	2003	2002
	\$'000	\$'000
Payables arising from acquisition of an associate	1,063	2,172
Less: current portion (Note 20)	(1,063)	(1,086)
Non-current portion	-	1,086

The above is guaranteed by a bank, interest-free and is repayable in 4 equal annual instalments commencing from 2001. Final repayment is due in June 2004.



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22 DEFERRED TAX LIABILITIES

The movement for the year in deferred tax position is as follows:

	Group		Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
At beginning of year	5,544	33,635	1,686	2,406
(Reversal from) Charge to profit and loss	(1,379)	25	(473)	(477)
Transfer to current tax payable	-	(24,520)	-	-
Foreign exchange realignment	(18)	7	-	-
Effect of change in tax rate	-	(3,603)	-	(243)
At end of year	4,147	5,544	1,213	1,686

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

	Accelerated tax depreciation \$'000	Other temporary differences \$'000	Total \$'000
Group			
At beginning of year	3,043	2,501	5,544
Charge to (Reversal from) profit and loss	94	(1,473)	(1,379)
Foreign exchange realignment	(14)	(4)	(18)
Total	3,123	1,024	4,147
Company			
At beginning of year	1,686	-	1,686
Reversal from profit and loss	(473)	-	(473)
Total	1,213	-	1,213

23 MINORITY INTERESTS

	Group	
	2003 \$'000	2002 \$'000
Minority shareholders' share of issued share capital and reserves	54,076	69,229
Advances from minority shareholders	15,522	18,600
Advances to minority shareholders	(19,949)	(19,521)
Net	49,649	68,308

Advances from and to minority shareholders are unsecured, interest-free and not expected to be repaid within the next twelve months.



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24 ISSUED SHARE CAPITAL AND OPTIONS

	Group and Company	
	2003	2002
	\$'000	\$'000
Authorised		
1,000,000,000 ordinary shares of \$1 each	1,000,000	1,000,000
Issued and fully paid		
453,024,410 (2002: 453,024,410) ordinary shares of \$1 each	453,024	453,024

i) Issue of shares

No new ordinary shares were issued during the financial year.

During the preceding financial year, the Company issued 25,000 new ordinary shares of \$1 each at a price of \$1.10 per ordinary share for cash following the exercise of options by an executive of the Company granted in conjunction with the Hotel Properties Limited Executives' Share Option Scheme. The newly issued shares ranked *pari passu* in all respects with the existing shares of the Company.

ii) Options

As at the end of the financial year, there are options granted to certain executives of the Group under the two Executives' Share Option Schemes approved in 1990 and 2000 to take up unissued shares totalling 4,470,000 (2002: 6,020,000) ordinary shares of \$1 each. Details on the options exercised and options outstanding as at end of the financial year are described in paragraph 5 of the Directors' report. No option (2002: 25,000 options) was exercised during the financial year.

25 REVENUE AND OTHER OPERATING INCOME

	Group	
	2003	2002
	\$'000	\$'000
Revenue		
Sales	49,053	86,492
Hotel revenue	211,776	242,653
Rental income	17,414	16,465
Management fee	1,617	2,623
Total	279,860	348,233



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25 REVENUE AND OTHER OPERATING INCOME (cont'd)

	Group	
	2003	2002
	\$'000	\$'000
Other operating income		
Interest income	2,263	3,597
Dividend income (gross)	1,417	74
Gain on disposal of short-term investments	1,221	-
Write back of impairment loss in short-term investments	2,072	-
Others	1,068	2,139
Total	8,041	5,810

Included in sales for the financial year ended December 31, 2002 was an amount of \$14,497,000 being revenue recognised based on percentage of completion method on development properties.

26 PROFIT BEFORE INCOME TAX AND SHARE OF RESULTS OF ASSOCIATES

	Group	
	2003	2002
Number of employees at end of year	4,200	4,250

	Group	
	2003	2002
	\$'000	\$'000
Staff costs	72,914	73,134
Cost of defined contribution plans included in staff costs	6,437	6,878
Directors' fees and remuneration:		
Company's directors	991	1,011
Subsidiaries' directors	1,084	981
Non-audit fees paid to auditors:		
Auditors of the Company	67	28
Other auditors	113	85
Impairment loss arising from:		
Investment in associate*	72	640
Development property*	85	75
Property, plant and equipment*	742	4,445
Long-term investments*	-	1,484
Short-term investments	-	1,076



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26 PROFIT BEFORE INCOME TAX AND SHARE OF RESULTS OF ASSOCIATES (cont'd)

	Group	
	2003	2002
	\$'000	\$'000
Reversal of impairment loss arising from:		
Long-term investments*	(1,077)	-
Short-term investments	(2,072)	-
Allowance for inventories written back	(1,324)	(3,343)
Foreign exchange adjustment (gain) loss*	(1,082)	71
Gain on disposal of:		
Property, plant and equipment*	(479)	(12,168)
Subsidiaries*	(4,160)	-

* These are included in Other Non-Operating Income.

27 DIRECTORS' REMUNERATION

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

	2003	2002
\$500,000 and above	1	1
\$250,000 to below \$500,000	-	-
Below \$250,000	8	8
Total	9	9

28 INCOME TAX EXPENSE

	Group	
	2003	2002
	\$'000	\$'000
Current	7,090	7,691
Deferred	(1,379)	(3,578)
	5,711	4,113
(Over) Under provision in prior years	(1,115)	2,496
Share of tax attributable to associates	1,177	1,188
	5,773	7,797



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28 INCOME TAX EXPENSE (cont'd)

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 22% (2002: 22%) to profit before income tax and share of results of associates as a result of the following differences:

	Group	
	2003	2002
	\$'000	\$'000
Profit before income tax and share of results of associates	18,432	32,048
Tax calculated at a tax rate of 22% (2002: 22%)	4,055	7,051
Non-taxable items	(3,275)	(646)
Tax exemption	(183)	(186)
Utilisation of unabsorbed tax losses brought forward	(554)	(2,666)
Utilisation of unabsorbed capital allowances brought forward	(74)	(339)
Deferred tax asset on tax losses arising during the year not recorded	3,954	3,253
Effect of change in tax rate	-	(3,603)
Effect of different tax rate of overseas operations	374	444
Others	1,414	805
	5,711	4,113
Effective tax rate	31.0%	12.8%

Subject to the agreement with the relevant tax authorities and compliance with certain conditions of the relevant tax legislations, in the respective countries in which the subsidiaries operate, the Group has unabsorbed tax losses and capital allowances totalling approximately \$90,911,000 and \$847,000 respectively (2002: \$98,983,000 and \$517,000 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 unabsorbed tax losses and capital allowances amounting to approximately \$21,514,000 (2002: \$21,930,000) due to unpredictability of future profit stream.

Group relief:

Subject to the satisfaction of the conditions for group relief, tax losses of \$775,000 (2002: \$1,032,000) and capital allowances of \$80,000 (2002: \$161,000) 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.



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29 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group profit after income tax and minority interests of \$4,707,000 (2002: \$16,007,000) divided by the weighted average number of ordinary shares of 453,024,410 (2002: 453,017,492) in issue during the year.

Fully diluted earnings per share is based on 453,065,854 (2002: 453,017,492) ordinary shares assuming the full exercise of outstanding share options (Paragraph 5 of Directors' report) during the year and adjusted group earnings of \$4,707,000 (2002: \$16,007,000) after adjusting the weighted average number of ordinary shares to reflect the effect of all potentially dilutive ordinary shares.

	Group	
	2003	2002
	\$'000	\$'000
Net profit attributable to shareholders used to compute basic and fully diluted earnings per share	4,707	16,007
	No. of shares ('000)	No. of shares ('000)
Weighted average number of ordinary shares used to compute basic earnings per share	453,024	453,017
Adjustment for potential dilutive ordinary shares	42	-
Weighted average number of ordinary shares used to compute fully diluted earnings per share	453,066	453,017
Basic earnings per share	1.04 cents	3.53 cents
Fully diluted earnings per share	1.04 cents	3.53 cents

30 CHANGE IN ACCOUNTING POLICY

The Company and the Group adopted FRS 16 – Property, Plant and Equipment which no longer defines “same assets” as “a class of assets”. Before the adoption of FRS 16, any net revaluation surplus from revaluation of fixed assets of the Group is credited to the asset revaluation reserve, except to the extent that it reverses a net revaluation deficit for fixed assets of the Group previously recognised as an expense, in which case the surplus is credited to the profit and loss statement to the extent of the deficit previously charged. A net deficit in carrying amount arising on the revaluation of fixed assets of the Group is charged as an expense to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of the Group’s fixed assets. The same treatment was applied to revaluation of investment properties.



30 CHANGE IN ACCOUNTING POLICY (cont'd)

With the adoption of FRS 16, the revaluation surplus or deficit of an asset is accounted for individually. Revaluation surplus from the revaluation of an asset is credited to the asset revaluation reserve unless it relates to a previous deficit for that same asset that was charged as an expense, in which case the surplus not exceeding the amount of deficit previously charged as an expense is credited to profit and loss statement. A revaluation deficit of an asset is charged as an expense unless it offset a previous surplus of that same asset.

Following the adoption of FRS 16, an amount of \$11,422,000, relating to deficit prior to January 1, 2002, has been adjusted against the consolidated retained profits and asset revaluation reserve retrospectively with no impact to the shareholders' funds.

31 DIVIDENDS

The Company declared and paid final dividend of 2.5 cents per ordinary share less tax of 22% on the ordinary shares of the Company totalling \$8,833,976 in respect of the financial year ended December 31, 2002.

Subsequent to December 31, 2003, the directors of the Company recommended that final dividend be paid at 2.5 cents per ordinary share less tax of 20% totalling \$9,060,488 for the financial year ended December 31, 2003 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.

32 CAPITAL COMMITMENTS

	Group	
	2003	2002
	\$'000	\$'000
Capital expenditure not provided for in the financial statements:		
Approved and contracted for	25,338	74,478

33 OPERATING LEASE COMMITMENTS

	Group	
	2003	2002
	\$'000	\$'000
Minimum lease payments under operating lease commitments	9,475	15,337
Within 1 year	2,331	11,271
Within 2 to 5 years	4,909	13,391
After 5 years	9,316	3,109



34 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.

Distribution and retail

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

Others

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

b) Segment information:

- i) Segment revenue and expenses are revenue and expenses reported in the Group's profit and loss statement that either are directly attributable to a segment or can be allocated on a reasonable basis to a segment.
- ii) Segment revenue and expenses include transfers between business segments. Inter-segment sales are charged at cost plus a percentage profit mark-up. These transfers are eliminated on consolidation.
- 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.
- 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.



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34 BUSINESS SEGMENT INFORMATION (cont'd)

c) Information by business segment:

	Hotels		Properties		Retail & Distribution		Others		Eliminations		Consolidated	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
REVENUE												
External Sales	213,791	245,199	23,917	30,364	42,152	70,243	-	2,427			279,860	348,233
Inter-segment sales	-	-	352	221	-	-	-	-	(352)	(221)	-	-
Total revenue	213,791	245,199	24,269	30,585	42,152	70,243	-	2,427	(352)	(221)	279,860	348,233
RESULTS												
Segment results	12,628	43,388	15,866	13,141	2,326	(7,269)	84	(2,559)			30,904	46,701
Interest expense											(14,735)	(18,250)
Interest income											2,263	3,597
Share of results of associates	(224)	(1,259)	(1,118)	(1,008)	(2,653)	(482)	(96)	(1,667)			(4,091)	(4,416)
Income tax expense											(5,773)	(7,797)
Minority Interests											(3,861)	(3,828)
Net profit											4,707	16,007
OTHER INFORMATION												
Segment assets	983,478	965,483	464,455	457,991	12,508	22,200	19,329	37,744			1,479,770	1,483,418
Investment in equity method associates	39,972	32,809	33,329	46,491	10,171	15,027	4,179	4,275			87,651	98,602
Unallocated corporate assets											52,828	87,540
Consolidated total assets											1,620,249	1,669,560
Segment liabilities	51,815	42,976	8,618	19,889	2,570	6,799	595	384			63,598	70,048
Unallocated corporate liabilities											581,774	618,152
Consolidated total liabilities											645,372	688,200
Capital expenditure	52,796	102,121	47,781	203	2,010	1,358	-	1,259			102,587	104,941
Depreciation and amortisation	37,214	36,008	1,028	1,053	2,129	4,561	-	-			40,371	41,622
Non-cash (income) expenses other than depreciation and amortisation	(999)	(11,804)	(291)	(103)	(1,414)	(364)	56	418			(2,648)	(11,853)
Impairment losses (reversals)	(5,168)	-	157	1,538	50	5,092	2,711	1,090			(2,250)	7,720



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34 BUSINESS SEGMENT INFORMATION (cont'd)

d) Information by geographic regions:

	Revenue		Identifiable assets		Total capital expenditure	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Singapore	127,574	153,660	953,140	1,040,191	5,611	8,195
The rest of Asia	124,731	168,199	473,077	404,511	95,782	38,786
Australasia	15,846	15,887	32,915	26,105	834	754
U.S.A.	11,587	6,606	57,699	59,820	360	57,165
United Kingdom	122	3,881	50,590	51,393	-	41
Total	279,860	348,233	1,567,421	1,582,020	102,587	104,941

35 SUBSIDIARIES

Information relating to subsidiaries is as follows:

Subsidiary	Principal Activity	Country of Incorporation/ Place of Business	Group's Effective Equity Interest	
			2003 %	2002 %
<u>Held by the Company</u>				
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



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35 SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation/ Place of Business	Group's Effective Equity Interest	
			2003 %	2002 %
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	65
Maxford Investments Pte Ltd	Investment holding company	Singapore	100	100
Pinedale Holdings Pte Ltd	Investment holding company	Singapore	100	100
Poussain Pte Ltd	Property development	Singapore	50	50
Super Vista Sdn Bhd ¹	Hotelier	Malaysia	100	100
<u>Held by subsidiaries of the Company</u>				
21 st Century Holdings Pte Ltd	Investment holding company	Singapore	100	100
Admor Investments Pte Ltd	Property development	Singapore	100	100
Alkaff Mansion Pte Ltd	Restaurant operator	Singapore	100	100
Allegro Investments Pte Ltd	Property development and investment holding company	Singapore	100	100
Amberwood Investments Pte Ltd	Investment holding company	Singapore	100	100
Apsara Holdings Cambodia Company Limited ⁶	Investment holding company	Cambodia	80	80
Apsara Holdings Private Limited	Investment holding company	Singapore	80	80
Asia Hotel Growth Fund ¹	Hotelier	Thailand	100	100
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
Central Perk Sdn Bhd #	Café operator	Malaysia	-	100
Cleaton International B.V. ⁶	Investment holding company	Netherlands	93.3	93.3
Concorde Hotels & Resorts (Malaysia) Sdn Bhd ¹	Hotel management	Malaysia	100	100



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35 SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation/ Place of Business	Group's Effective Equity Interest	
			2003 %	2002 %
Coralbell Pty Ltd ¹	Investment holding company	Australia	100	100
Eastpoint Investments Limited ¹	Investment holding company	United Kingdom	100	100
Hard Rock Hotels & Resorts Management Pte Ltd	Hotel management	Singapore	80	80
Hotel Holdings USA Inc ⁵	Investment holding company	U.S.A.	100	100
HPL (Brash) Holdings Pte Ltd	Investment holding company	Singapore	100	100
HPL (Eaton) Ltd ¹	Operation of serviced apartments	United Kingdom	100	100
HPL Hotels Pty Ltd ⁴	Provision of administrative services	Australia	100	100
HPL Investors 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 Marketing Sdn Bhd ¹	Food distribution and retail	Malaysia	100	100
HPL Properties (North Asia) Pte Ltd	Investment holding company	Singapore	100	100
HPL Resorts (Maldives) Pvt Ltd ²	Hotelier and investment holding company	Maldives	70	70
HPL Resorts (Cayman) Limited [#]	Investment holding company	Cayman Islands/ Maldives	-	70
HPL Retail Pte Ltd	Investment holding company	Singapore	100	100
HPL Services Pte Ltd	Privilege card services operations and investment holding company	Singapore	100	100
HPL Sri Lanka Holdings Pte Ltd	Investment holding company	Singapore	100	100
HPL (UK) Limited ¹	Provision of information and services	United Kingdom	100	100
HPL-21 (China) Limited [#]	Dormant	Hong Kong	-	75
HPL-21 (Hong Kong) Limited [#]	Fashion retail	Hong Kong	-	75



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35 SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation/ Place of Business	Group's Effective Equity Interest	
			2003 %	2002 %
HPL-21 Holdings Pte Ltd #	Investment holding company	Singapore	-	75
HPL-21 (Taiwan) Pte Ltd #	Fashion retail	Singapore/Taiwan	-	38.25
Landaa Giraavaru Private Limited ¹	Construction manager and investment holding company	Hong Kong/ Maldives	70	70
Luxury Complex Pte Ltd @	Investment holding company	Singapore	85	65
Luxury Hotels (1989) Pte Ltd @	Hotelier	Singapore	85	65
Luxury Properties Pte Ltd @	Investment holding company	Singapore	85	65
McMing Investments Pte Ltd	Investment holding company	Singapore	100	100
McShope Investments Pte Ltd	Investment holding company	Singapore	100	100
Minwyn Investments Pte Ltd	Investment holding company	Singapore	100	100
Moonstone Investments Pte Ltd	Investment holding company	Singapore	100	100
Nawarat Land Pte Ltd	Investment holding company	Singapore	70	70
NYC 55., Corp. ⁴	Hotelier	U.S.A.	100	100
OP Investments Pte Ltd	Investment holding company	Singapore	100	100
Pebble Bay (Thailand) Co. Ltd ³	Property development	Thailand	39**	39**
Pinedale Trading (Macau) Limited ⁶	Dormant	Macau	100	100
Pinedale Trading Pte Ltd	Food distribution and retail and investment holding company	Singapore	100	100
PT Amanda Arumdhani ²	Hotelier	Indonesia	95	95
PT Amanda Citra ²	Retailer	Indonesia	80	80
PT Amanda Krya Sentosa #	Retailer	Indonesia	-	75
PT Amanda Natha ²	Hotelier	Indonesia	100	100
PT Amanda Pramudita ²	Hotelier	Indonesia	76	76
PT Amanda Surya ²	Investment holding company	Indonesia	100	100
PT Bali Girikencana ¹	Hotelier	Indonesia	70	70



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35 SUBSIDIARIES (cont'd)

Subsidiary	Principal Activity	Country of Incorporation/ Place of Business	Group's Effective Equity Interest	
			2003 %	2002 %
Quin Properties Pte Ltd	Investment holding company	Singapore	100	100
Scoops Cafe Pte Ltd	Investment holding company	Singapore	100	100
Seaside Hotel (Thailand) Co. Ltd ¹	Hotelier	Thailand	49**	49**
Seaside Properties (Thailand) Co. Ltd ³	Hotelier	Thailand	49**	49**
South West Pacific Investments Limited ⁴	Hotelier/Casino operator	Vanuatu	100	100
Supreme Prospects Sdn Bhd ^{1 ##}	Hotelier	Malaysia	100	-
Suseem Pty Ltd ¹	Hotelier	Australia	100	100
Travel Bug Holiday Sdn Bhd [#]	Dormant	Malaysia	-	100
Travel Bug Touring Pte Ltd	Investment holding company	Singapore	100	100
Wesclove Investments Pte Ltd	Investment holding company	Singapore	80	80
Xspand Investments Pte Ltd	Investment holding company	Singapore	100	100
Yarra Investments Pte Ltd	Investment holding company	Singapore	100	100

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

- 1 Audited by overseas practices of Deloitte Touche Tohmatsu
 - 2 Audited by overseas practices of KPMG International
 - 3 Audited by overseas practices of Ernst & Young
 - 4 Audited by overseas practices of BDO International B.V.
 - 5 Audited by Cohen & Schaeffer P.C.
 - 6 Not required to be audited by law in country of incorporation and subsidiary not considered material.
- # Disposed/Dissolved during the current financial year.
- ## Incorporated during the current financial year.
- ** These companies are considered subsidiaries as the Group has the power to determine and control the financial and operating policies of the companies.
- @ During the current financial year, the Group acquired an additional 20% equity interest in Luxury Holdings Pte Ltd and its subsidiaries, increasing the effective equity interest from 65% to 85%. The purchase consideration paid was approximately \$4.5 million.



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36 ASSOCIATES

Information relating to significant associates is as follows:

Associate	Principal Activity	Country of Incorporation/ Place of Business	Group's Effective Equity Interest	
			2003 %	2002 %
Held by subsidiaries of the Company				
Canary Riverside Development Pte Ltd ¹	Real estate developer, agent and lessor	Singapore/ United Kingdom	37.5	37.5
Canary Riverside Holdings Pte Ltd ¹	Investment holding company	Singapore/ United Kingdom	37.5	37.5
HRC Holdings Pte Ltd	Investment holding company	Singapore	50	50
Leisure Ventures Pte Ltd	Investment holding company	Singapore	50	50
Shanghai Ning Xin Real Estate Development Co. Ltd ^{1*}	Property developer	People's Republic of China	16.49	19.4

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

1 Audited by KPMG, Singapore or its overseas practices

* During the current financial year, the Group disposed 2.91% of its equity interest in the associate, decreasing the effective equity interest from 19.4% to 16.49%.



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Statement of Directors

In the opinion of the directors, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company set out on pages 13 to 57 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, 2003 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

ON BEHALF OF THE DIRECTORS

Peter Y. S. Fu

Ong Beng Seng

March 8, 2004



Hotel Properties Limited

Additional Information



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Corporate Governance Report

The Board of Hotel Properties Limited has adopted the measures and practices as set out in 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:

Name of Directors	HPL Board		Audit Committee		Remuneration Committee		Nominating Committee	
	No. of Meeting Held	No. of Meeting Attended	No. of Meeting Held	No. of Meeting Attended	No. of Meeting Held	No. of Meeting Attended	No. of Meeting Held	No. of Meeting Attended
Peter Y. S. Fu (Alternate: David Fu Kuo Chen)	4	3	N.A	N.A	N.A	N.A	3	3
Ong Beng Seng	4	4	N.A	N.A	1	1	N.A	N.A
Christopher Lim Tien Lock	4	4	N.A	N.A	N.A	N.A	N.A	N.A
Joseph Grimberg	4	3	N.A	N.A	1	1	3	3
Gordon Seow Li Ming	4	4	4	4	N.A	N.A	3	3
Arthur Tan Keng Hock	4	4	4	4	N.A	N.A	N.A	N.A
Leslie Mah Kim Loong	4	3	4	3	N.A	N.A	N.A	N.A
Michael S. Dobbs-Higginson	4	2	N.A	N.A	1	1	N.A	N.A

The Board is responsible for:

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



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

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

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

Principle 2 : Board Composition and Balance

The Board comprises eight directors and one alternate director of whom two are executive directors, two non-executive and non-independent directors and five non-executive and independent directors.

The Chairman of the Board is Mr Peter Y. S. Fu (non-executive and non-independent). His alternate director is Mr David Fu Kuo Chen (non-executive and non-independent).

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

The majority of our Directors are non-executive and independent of management and include 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 Peter Y. S. Fu

Date of appointment as Director	:	March 5, 1980
Date of last re-election	:	May 28, 2003
Nature of Appointment	:	Non-executive and Non-independent
Board Committees served on	:	Member of Nominating Committee since November 1, 2002

Mr Peter Y. S. Fu has been the Chairman of the Company since 1980. He is the founder and Chairman of the Kuo Group, which has extensive interests in hotels, hotel management, real estate, international oil trading and shipping industries.



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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 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	:	May 23, 2001
Nature of Appointment	:	Group Executive Director

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

Mr Joseph Grimberg

Date of appointment as Director	:	March 21, 1991
Date of last re-election	:	May 28, 2003
Nature of Appointment	:	Non-Executive and Independent
Board Committees served on	:	Chairman of the Remuneration Committee since November 1, 2002 Member of the Nominating Committee since November 1, 2002

Mr Joseph Grimberg joined Drew & Napier in 1957. He was senior Partner of Drew & Napier prior to being appointed a Judicial Commissioner of the Supreme Court of Singapore from 1987 to 1989. Upon completion of his term of office, he returned to Drew & Napier as Senior Consultant to the firm. He has an active practice as Arbitrator and Mediator in a wide variety of disputes. Mr Grimberg has a B.A.(Law) from England and is a Barrister-at-law. He also served as Fellow of the Singapore Academy of Law, Member of the Singapore Academy of Law, Arbitrator of the ICC International Court of Arbitration, Paris, Member of the Permanent Court of Arbitration, The Hague, Member of the Chartered Institute of Arbitrators, Member of the Panel of Arbitrators, Singapore International Arbitrator Centre and Fellow of the Singapore Institute of Arbitrators. He also sits on the boards of Jurong Cement Limited and F.J. Benjamin Holdings Limited.



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Mr Gordon Seow Li Ming

Date of appointment as Director	:	February 3, 1993
Date of last re-election	:	May 28, 2003
Nature of Appointment	:	Non-Executive and Independent
Board Committees served on	:	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 boards of Pacific Century Regional Developments Limited and Zindart Limited (Hong Kong). His past directorships include Kim Eng Holdings Ltd and Adroit Innovations Ltd.

Mr Michael S. Dobbs-Higginson

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

Mr Dobbs-Higginson was formerly a member of the Executive Committee of Credit Suisse First Boston and was responsible for its business activities in the Asia Pacific region. Subsequently, he joined Merrill Lynch & Co., and became a member of Merrill Lynch's Capital Markets Executive Committee in New York and was based in Hong Kong as Chairman of the Asia Pacific region. He has business interests primarily in technology and a variety of strategic investments. Mr Dobbs-Higginson has also been advisor to the Chairman and President of Banque Indosuez, Paris and the Bangkok Bank Company Public Limited, Thailand. In addition, he has published two books titled "Asia Pacific and its Role in the New World Disorder" and "The Investment Manual for Fixed Income Securities in the International and major Domestic Capital Markets". He attended the Trinity College, Ireland, the Kyoto University, Japan and the School of Oriental and African Studies, London University.

Mr Arthur Tan Keng Hock

Date of appointment as Director	:	July 5, 1996
Date of last re-election	:	May 28, 2002
Nature of Appointment	:	Non-Executive and Independent
Board Committees served on	:	Chairman of the Audit Committee since March 13, 1997 Member of the Audit Committee since July 5, 1996

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



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Mr Leslie Mah Kim Loong

Date of appointment as Director	:	August 5, 1997
Date of last re-election	:	May 23, 2001
Nature of Appointment	:	Non-Executive and Independent
Board Committees served on	:	Member of the Audit Committee since November 1, 2002

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

Mr David Fu Kuo Chen

Date of appointment as Director	:	August 23, 1995 (Alternate to Mr Peter Fu Yun Siak)
Date of last re-election	:	Alternate Director not subject to rotation
Nature of Appointment	:	Non-Executive and Non-Independent
Board Committees served on	:	Member of Nominating Committee (Alternate to Mr Peter Fu Yun Siak since November 1, 2002)

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 sits on the board of Natsteel Ltd.

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

The Nominating Committee is of the view that the current board size of eight directors and one alternate director 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 non-independent director who, either personally or through his alternate, 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.



Principle 6 : Access to Information

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

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

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

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

Board Committees

Nominating Committee

Principle 4 : Board Membership

Principle 5 : Board Performance

The Nominating Committee was formed on November 1, 2002 and comprises three non-executive directors of whom two are independent directors. The Nominating Committee is chaired by Mr Gordon Seow Li Ming. The other members are Mr Joseph Grimberg and Mr Peter Y. S. Fu (Alternate : 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. Following the formation of the Nominating Committee, such future nomination shall be subject to approval of the committee. 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.



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For the purpose of its evaluation of the directors' performance, the Nominating Committee takes into consideration the Company's stock price performance against STI Index, indices of other related sectors and other quantitative considerations in comparing Company's performance with its industry peers.

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

Audit Committee

Principle 11 : Audit Committee

Principle 12 : Internal Controls

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

The Audit Committee comprises three non-executive directors namely, Mr Arthur Tan Keng Hock, Mr Gordon Seow Li Ming and Mr Leslie Mah Kim Loong, all of whom are independent directors. The Audit Committee is chaired by Mr Arthur Tan Keng Hock, an independent director, who was an investment banker for over 15 years. The other members of the Audit Committee have many years of experience in accounting, finance and business management.

The Audit Committee performs the following main functions:

- review with the external auditor, their audit plan, and results of their examination and evaluation of the Group's system of internal accounting controls, impact of new, revised or proposed changes in accounting policies, legislation and regulations;
- review the quarterly, half-yearly 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;
- review interested party transactions;
- review the co-operation given by the Company's officers to the internal and external auditors; and
- make recommendations to the Board on the appointment of the internal and external auditors.

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

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

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

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

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



Principle 13: Internal Audits

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

The internal audit function was initially outsourced to Deloitte & Touche Enterprise Risk Services Pte Ltd who reported directly to the Audit Committee. The internal auditors supported 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.

In view of the amendments to the Public Accountants Board Rules on auditor independence, which prohibits the provision of certain non-audit services to a public company by its own auditors, Deloitte & Touche Enterprise Risk Services Pte Ltd had ceased to provide internal audit services to the Group from October 1, 2003. The Audit Committee has appointed LTC & Associates to take over the internal audit function.

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

Remuneration Committee

Principle 7 : Procedures for Developing Remuneration Policies

Principle 8 : Level and Mix of Remuneration

Principle 9 : Disclosure on Remuneration

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

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

The Remuneration Committee's principal responsibilities are to:

- review periodically and recommend to the Board an appropriate framework of compensation practices to attract, retain and motivate management staff of the required calibre to manage the Group successfully;
- review and recommend senior management remuneration package and those of the executive directors whose remuneration packages include a variable bonus component which is performance-related, and also stock options which have been designed to align their interests with those of the shareholders;
- review the recommendation of the executive directors, for approval of the Board, the directors' fees and such payment as may be payable pursuant to Article 73 of the Company's Articles of Association; and
- administer the Hotel Properties Limited Executives' Share Option Scheme which was approved by the shareholders on November 19, 1990 ("Scheme 1990") and Hotel Properties Limited Executives' Share Option Scheme which was approved by the shareholders on June 23, 2000 ("Scheme 2000"). Any matter pertaining or pursuant to the Scheme 1990 and Scheme 2000 and any dispute and uncertainty as to the interpretation of the Scheme 1990 and Scheme 2000, any rule, regulation or procedure thereafter or any rights under the Scheme 1990 and Scheme 2000 shall be determined by the Remuneration Committee.



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

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

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

The Remuneration Committee recommends the payment of the directors' fees to be approved by shareholders at the Annual General Meeting of the Company. A breakdown, showing the level and mix of each individual director's remuneration payable for FY2003 is as follows:

	Fee ** %	Salary %	Bonus %	Other benefits* %	Total %
i) Between \$500,000 to \$750,000					
Christopher Lim Tien Lock	5%	65%	16%	14%	100%
ii) Below \$250,000					
Peter Y. S. Fu	100%	-	-	-	100%
Ong Beng Seng	60%	-	-	40%	100%
Joseph Grimberg	100%	-	-	-	100%
Gordon Seow Li Ming	100%	-	-	-	100%
Michael S. Dobbs-Higginson	100%	-	-	-	100%
Arthur Tan Keng Hock	100%	-	-	-	100%
Leslie Mah Kim Loong	100%	-	-	-	100%
David Fu Kuo Chen	100%	-	-	-	100%

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

** these fees are subject to approval by shareholders as a lump sum at the AGM for FY2003.

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

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



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The Remuneration Committee administers Scheme 1990 and Scheme 2000 in accordance with the rules as approved by shareholders. This administrative function was formerly performed by the Share Option Committee. Executive directors (except Mr Ong Beng Seng who is also a deemed substantial shareholder of the Company) were granted share options under the two Schemes but not non-executive directors. The Company holds the view that, at this point in its development, the interests of maintaining the objectivity and independence of the non-executive directors is best served by a cash-based remuneration package. The objectives of Scheme 1990 and Scheme 2000 are to motivate the executives of the Group to optimise their performance standards and efficiency and to retain key executives whose contributions are important to the long term growth and profitability of the Group.

The aggregate nominal amount of shares over which the Remuneration Committee may grant options on any date, when added to the nominal amount of shares issued and issueable in respect of all options granted under Scheme 1990 and Scheme 2000 shall not exceed 5 per cent and 15 per cent of the issued share capital of the Company for Scheme 1990 and Scheme 2000 respectively, on the date preceding that date. In granting options to the executives, the Remuneration Committee takes into account criteria such as the individual's rank, performance, years of service and potential for future development.

Other details of the Scheme 1990 and Scheme 2000 are found in the Directors' Report.

Communication with Shareholders

Principle 10 : Accountability and Audit

Principle 14 : Communication with Shareholders

Principle 15 : Greater Shareholder Participation

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

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



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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 in order to comply with Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited’s Listing Manual. Details of the significant interested person transactions for the financial year ended December 31, 2003 are as follows:

Name of Interested Person	Aggregate value of all IPT during the financial year ended December 31, 2003 (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)
	\$’000	\$’000
* Associates of		
Mr Peter Y. S. Fu /		
Mr Ong Beng Seng /		
Mr David Fu Kuo Chen		
Management fee expense	331	259
Management fee income	698	283
Rental income	4,352	2,101
Disposal of certain subsidiaries	3,750	-

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.

Dealing in Securities

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



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Particulars of Group Properties

The main properties as at December 31, 2003 are as follows:

A Classified as Group Property, Plant and Equipment (Note 15 to the financial statements)

	Land \$'000	Buildings \$'000	Leasehold Property \$'000
FREEHOLD AND LONG-TERM LEASEHOLD			
Singapore			
A 24-storey hotel building with 423 rooms/suites (known as Hilton Singapore) at 581 Orchard Road, Singapore 238883 (lease expires 999 years from October 30, 1871)	208,800	10,940	-
United Kingdom			
2 apartment units at Canary Riverside, 38 Westferry Circus, London, United Kingdom (lease expiring 999 years from February 5, 1997)	-	1,759	-
Total Freehold and Long-term Leasehold	208,800	12,699	-
FREEHOLD			
Singapore			
A 20-storey hotel building with 257 rooms/suites (known as Four Seasons Hotel Singapore) at 190 Orchard Boulevard, Singapore 248646	50,000	107,751	-
A 9-storey building (known as HPL House) at 50 Cuscaden Road, Singapore 249724	76,000	15,054	-
Thailand			
A 10-storey hotel building with 325 rooms (known as Hard Rock Hotel Pattaya) at Pattaya Beach Road, Cholburi, Thailand	11,966	21,061	-
2 inter-connecting hotel buildings of 10 and 11 storeys with 174 rooms (known as The Metropolitan, Bangkok) at 28 South Sathorn Road, Bangkok, Thailand	13,810	38,577	-
A plot of land located at South Sathorn Road, Bangkok, Thailand	48,026	481	-
A condominium unit at Sathorn Park Place, Bangkok, Thailand	-	472	-
Australia			
A hotel building with 199 rooms (known as Concorde Hotel Gold Coast) at Ferny Avenue, Surfers Paradise, Queensland, Australia	4,241	15,944	-
United States of America			
A hotel building with 124 rooms (known as Fitzpatrick Hotel) at 127 East, 55th Street, New York City, New York, U.S.A.	10,627	35,665	-
Total Freehold	214,670	235,005	-



Hotel Properties Limited
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A Classified as Group Property, Plant and Equipment (Note 15 to the financial statements) (cont'd)

	Land \$'000	Buildings \$'000	Leasehold Property \$'000
LEASEHOLD			
Singapore			
A 9-storey hotel building with 407 rooms/suites (known as Le Meridien Singapour) at 100 Orchard Road, Singapore 238840 (lease expiring 99 years from August 17, 1979)	-	-	97,165
Malaysia			
A 3-storey holiday resort (known as The Lake House) at Ringlet, Cameron Highlands, Malaysia (lease expiring 99 years from September 19, 1940)	435	497	-
Indonesia			
A resort hotel with 147 villas (known as Four Seasons Resort Bali at Jimbaran) located at Bukit Permai, Jimbaran, Denpasar 80361, Bali, Indonesia (2 leases expiring 30 years from September 14, 1991 and October 30, 1991 respectively)	5,946	12,251	-
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)	1,741	48,455	-
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)	6,392	82,150	-
A resort hotel with 9 villas (known as Four Seasons Private Estates at Jimbaran Bay) located at Jimbaran Village, Bali, Indonesia (lease expiring 30 years from June 27, 1996 with an option to extend for another 30 years)	2,135	6,440	-
Vanuatu			
A holiday resort (known as Le Meridien Port Vila Resort and Casino) located at Port Vila, Vanuatu (2 leases expiring 75 years from July 13, 1980 and July 8, 1992 respectively)	1,348	7,641	-
Maldives			
A resort (known as Four Seasons Resort Maldives at Kuda Huraa) located at North Male' Atoll, Republic of Maldives (lease expiring 21 years from May 1, 1994)	7,570	25,774	-
Total Leasehold	25,567	183,208	97,165
TOTAL (Classified as Group Property, Plant and Equipment)	449,037	430,912	97,165



Hotel Properties Limited
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B Classified as Group Investment Properties (Note 16 to the financial statements)

Property Description/Location	Title	Net Lettable Area (sqm)	Effective Stake (%)
Singapore			
5 shop units at 21 Cuscaden Road, Ming Arcade, Singapore 249720	Freehold	697	100
1 shop unit at 100 Orchard Road, Meridien Shopping Centre, Singapore 238840	Leasehold 99 years from August 17, 1979	132	100
2 shop units at 150 Orchard Road, Orchard Plaza, Singapore 238841	Leasehold 99 years from June 2, 1977	1,182	100
60 shop units at 100 Orchard Road, Meridien Shopping Centre, Singapore 238840	Leasehold 99 years from August 17, 1979	7,575	85
Office and shop units at 583 Orchard Road, Singapore 238884	Freehold	16,557	59
People's Republic of China			
3 commercial and 15 residential units at Shun Hing Square, Shenzhen People's Republic of China	Leasehold 50 years from January 2, 1995	2,540	100

C Classified as Development Properties (Note 10 to the financial statements)

Location	Title	Expected Year of Completion	Site Area (sqm)	Proposed Gross Floor Area (sqm)	Effective Stake (%)	Description and Existing Use
RESIDENTIAL						
Singapore						
Lot 263-12 (99275L), Lot 263-11 (99276C), Lot 263-10 (99277M), and Lot 263-9 (99278W) in Town Sub-division 21 at Robertson Quay, Singapore	Freehold	2006	1,978	5,538	100	Proposed commercial/residential development comprising a 10-storey residential apartment (36 units) and a single storey commercial building



Hotel Properties Limited
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C Classified as Development Properties (Note 10 to the financial statements) (cont'd)

Location	Title	Expected Year of Completion	Site Area (sqm)	Proposed Gross Floor Area (sqm)	Effective Stake (%)	Description and Existing Use
HOTEL/LEISURE						
Cambodia						
Siemreap Province Siemreap Town Division 3 Section 1 Cambodia	Leasehold (70 years from August 10, 1994 and March 21, 1996 respectively)	Not yet started	38,721	-	80	Land for redevelopment

D Classified as Completed Properties Held for Sale (Note 11 to the financial statements)

Property Description/Location	Title	Net Lettable Area (sqm)	Effective Stake (%)
Singapore			
6 condominium units at Four Seasons Park 10 and 12 Cuscaden Walk, Singapore 249692	Freehold	1,767	100
United Kingdom			
1 apartment unit at Sailmakers Court Townmead Road, London, England	Leasehold 999 years from December 25, 1989	128	100



Hotel Properties Limited
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*Statistics of Shareholdings
As at March 4, 2004*

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	116	1.85	48,873	0.01
1,000 - 10,000	5,443	86.71	18,237,904	4.03
10,001 - 1,000,000	703	11.20	28,216,882	6.23
1,000,001 and above	15	0.24	406,520,751	89.73
Total :	6,277	100.00	453,024,410	100.00

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1	Oversea-Chinese Bank Nominees Pte Ltd	142,821,650	31.53
2	United Overseas Bank Nominees Pte Ltd	107,102,797	23.64
3	Citibank Nominees Singapore Pte Ltd	49,578,421	10.94
4	HSBC (Singapore) Nominees Pte Ltd	35,310,754	7.79
5	DBS Nominees Pte Ltd	17,983,769	3.97
6	DBS Vickers Securities (S) Pte Ltd	15,160,000	3.35
7	UOB Kay Hian Pte Ltd	9,853,000	2.17
8	Morgan Stanley Asia (Singapore) Securities Pte Ltd	8,591,000	1.90
9	Raffles Nominees Pte Ltd	6,341,860	1.40
10	Kim Eng Securities Pte. Ltd.	4,069,000	0.90
11	Phillip Securities Pte Ltd	3,000,500	0.66
12	OCBC Securities Private Ltd	2,435,000	0.54
13	The Asia Life Assurance Society Ltd - S'pore Life Fund	2,043,000	0.45
14	Ow Chio Kiat	1,124,000	0.25
15	Chan U Seek	1,106,000	0.24
16	Golden Rajah Restaurant (Pte) Ltd	981,000	0.22
17	Ong Teik Bee	560,000	0.12
18	G K Goh Stockbrokers Pte Ltd	541,589	0.12
19	Singapore Reinsurance Corporation Ltd - SIF General	500,000	0.11
20	Soo Eng Hiong	420,000	0.09
Total :		409,523,340	90.39



Hotel Properties Limited
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*Substantial Shareholders
As at March 4, 2004 as shown in the
Company's Register of Substantial Shareholders*

Substantial Shareholder	Direct/Beneficial Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Coldharbour Limited	66,289,800	14.63	-	-
Como Holdings Inc	67,139,800	14.82	-	-
Born Free Investments Limited	33,144,900	7.32	-	-
Holmshaw Services Limited	31,019,000	6.85	-	-
Peter Fu Yun Siak	-	-	99,308,800 (1)	21.92
Ong Beng Seng	3,000,000	0.66	100,658,800 (2)	22.22
Peter Fu Chong Cheng	-	-	64,163,900 (3)	14.16
Kuo Investments Limited	-	-	31,019,000 (4)	6.85
FCC Holdings Pte Ltd	95,230,000	21.02	-	-
First Capital Corporation Limited	-	-	■ 95,230,000	21.02
Guoco Investment Pte Ltd	-	-	■ 95,230,000	21.02
Guoco Group Limited	-	-	■ 95,230,000	21.02
Guoline Overseas Limited	-	-	■ 95,230,000	21.02
Guoline Capital Assets Limited	-	-	■ 95,230,000	21.02
Hong Leong Company (Malaysia) Bhd	-	-	■ 95,230,000	21.02
HL Holdings Sdn Bhd	-	-	■ 95,230,000	21.02
Mr Quek Leng Chan	-	-	■ 95,230,000	21.02
Hong Leong Investment Holdings Pte Ltd	-	-	● 96,211,000	21.24

Notes:

- (1)** Mr Peter Fu Yun Siak is deemed to have an interest in the shares of Coldharbour Limited, Jermaine Limited, Holmshaw Services Limited by virtue of the provisions under Section 7 of the Companies' Act, Cap 50.
 - (2)** 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.
 - (3)** Mr Peter Fu Chong Cheng is deemed to have an interest in the shares of Born Free Investments Limited, Holmshaw Services Limited, by virtue of the provisions under Section 7 of the Companies' Act, Cap 50.
 - (4)** Kuo Investments Limited is deemed to have an interest in the 31,019,000 shares held by Holmshaw Services Limited by virtue of the provisions under Section 7 of the Companies' Act, Cap 50.
- First Capital Corporation Ltd ("FCC"), Guoco Investment Pte Ltd, Guoco Group Limited, Guoline Overseas Limited, Guoline Capital Assets Limited, Hong Leong Company (Malaysia) Berhad ("HLCMB"), HL Holdings Sdn Bhd and Mr Quek Leng Chan are deemed to have an interest in the 95,230,000 shares held by FCC Holdings Pte Ltd by virtue of the provisions under Section 7 of the Companies' Act, Cap 50.
 - Hong Leong Investment Holdings Pte Ltd ("HLIH") is deemed to have an interest in the following shares (i) 95,230,000 shares held by FCC Holdings Pte Ltd and (ii) 981,000 shares held by Golden Rajah Restaurant (Private) Limited ("GRR") by virtue of the provisions under Section 7 of the Companies' Act, Cap 50 through (i) HLIH's deemed interest in FCC held through HLCMB's intermediate companies; and (ii) HLIH's deemed interest in GRR held through HLIH's intermediate companies, respectively .

Approximately 33.48% 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.



Hotel Properties Limited
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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Fourth Annual General Meeting of the Company will be held at the Crescent Ballroom, Level 2, Four Seasons Hotel Singapore, 190 Orchard Boulevard, Singapore 248646 on Thursday, April 29, 2004 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, 2003 and the auditor's report thereon. | Resolution 1 |
| 2. To declare a first and final dividend of 2.5 cents per ordinary share less tax of 20% for the year ended December 31, 2003. | Resolution 2 |
| 3. To approve the proposed Directors' fees of \$240,000 for the year ended December 31, 2003. (2002: \$240,000) | 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 Peter Fu Yun Siak be and is hereby re-appointed as a Director of the Company to hold such office until the next Annual General Meeting. | Resolution 5 |
| 7. That pursuant to Section 153(6) of the Companies Act, Cap 50., Mr Gordon Seow Li Ming be and is hereby re-appointed as a Director of the Company to hold such office until the next Annual General Meeting. | Resolution 6 |
| 8. 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 7 |
| 9. To re-elect Mr Leslie Mah Kim Loong pursuant to Article 80 of the Articles of Association. | Resolution 8 |
| 10. To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:- | |
| (a) That pursuant to Section 161 of the Companies Act, Cap 50. and the listing rules of the Singapore Exchange Securities Trading Limited, the Directors be and are hereby authorised to issue shares in the Company (whether by way of bonus issue, rights issue or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit provided that: | Resolution 9 |
| (i) the aggregate number of shares to be issued pursuant to this Resolution does not exceed 50% of the issued share capital of the Company, of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders of the Company does not exceed 20% of the Company's issued share capital; | |



Hotel Properties Limited
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SPECIAL BUSINESS (cont'd)

- (ii) for the purpose of determining the aggregate number of shares that may be issued under (i) above, the percentage of issued share capital shall be based on the issued share capital of the Company at the time this Resolution is passed, after adjusting for
 - (a) new shares arising from the conversion or exercise of any convertible securities or employee share options or the vesting of share awards that are outstanding when this Resolution is passed, and
 - (b) any subsequent consolidation or subdivision of shares; and
 - (iii) unless revoked or varied by the Company in general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.
- (b) That the directors of the Company be and are hereby authorised to offer and grant options over ordinary shares in the Company in accordance with the regulations of the Hotel Properties Limited Share Option Scheme 2000 ("the Scheme 2000") and pursuant to Section 161 of the Companies Act, Cap 50., the directors be and are hereby authorised to issue and allot ordinary shares upon the exercise of any such options and to do all such acts and things as may be necessary or expedient to carry the same into effect provided that the total number of shares allotted and issued under the Scheme 2000 is limited to fifteen (15) per cent of the total issued share capital of the Company or such other limit as may be specified in the Listing Manual of the Singapore Exchange Securities Trading Limited from time to time.

Resolution 10

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed from May 7, 2004 to May 10, 2004 (both dates inclusive), for the preparation of dividend warrants.

Duly completed transfers received by the Company's Registrar, Lim Associates (Pte) Ltd of 10 Collyer Quay #19-08 Ocean Building Singapore 049315, up to the close of business at 5 p.m. on May 6, 2004 will be registered to determine shareholders' entitlement to the proposed dividend. The dividend, if approved, will be paid on May 18, 2004 to shareholders registered in the books of the Company on May 6, 2004.

In respect of shares in securities accounts with the Central Depository (Pte) Limited ("CDP"), the said first and 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

Boon Suan Lee / Chuang Sheue Ling
Company Secretaries

March 26, 2004
Singapore



Explanatory Notes on Special Business to be transacted:-

- (a) Ordinary Resolutions 5, 6 and 7 are to re-appoint directors who are over 70 years of age in accordance to Section 153(6) of the Companies Act, Cap 50.
- (b) Mr Peter Y. S. Fu, a non-independent Director who is over seventy years of age, if re-appointed, will remain as a Nominating Committee member.
- (c) Mr Gordon Seow Li Ming who is over seventy years of age, if re-appointed, will remain as Audit Committee member and Chairman of the Nominating Committee. He is considered an independent director pursuant to Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.
- (d) Mr 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.
- (e) Mr Leslie Mah Kim Loong, if re-elected, will remain as a member of the Audit Committee and will be considered an independent director pursuant to Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.
- (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 does not exceed 15% of the issued share capital of the Company from time to time.

Notes:

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

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