



Hotel Properties Limited

Annual Report 2002



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For The Finest Things In Life





HOTEL PROPERTIES LIMITED  
BUSINESS REVIEW

### Business Review

The Group achieved a turnover of \$348.2 million, a 31.9% decrease from that of \$511.6 million in 2001. Operating profit before share of results of associates, income tax, and minority interest decreased by 53.9% to \$32 million from \$69.5 million in 2001. The Group recorded a net profit after tax of \$16 million in 2002, as compared to \$39.1 million in 2001.

The Property Division achieved a turnover of \$30.6 million, an 83.4% decrease from that of \$184.3 million in 2001. The decrease in revenue is significantly attributed to the lower revenue following the completion of the condominium development of Cuscaden Residences in March 2002. Profit before tax and interest in 2002 for this division decreased from \$82.3 million in 2001 to \$13.1 million in 2002.

After the September 11 incident in 2001, the Hotel Division continued to face challenging business conditions amidst global uncertainty throughout the year under review. This was further aggravated by the terrorist bombings in Bali. The profit before interest and tax for the Hotel Division, however, improved from \$34.7 million to \$43.4 million. This was due to the gain on disposal of Circus Apartments, a 45-unit serviced apartment block in Canary Wharf, London and contribution from Fitzpatrick Hotel in New York which was acquired by the Group in June 2002. Four Seasons Resort Maldives at Kuda Huraa also contributed strongly to the Hotel Division for 2002. The losses from the Retail Division have also reduced as a result of rationalisation and cost control measures implemented.

### Recent Developments

Hard Rock Hotel Pattaya ended a successful first year of operation, enjoying a growing repute as one of the top accommodation choices in southern Thailand. The encouraging success of this beachfront, rock 'n' roll-themed hotel bodes well for the Group's future developments in Thailand.

Work on conversion of Bangkok's former YMCA Collins International House to the Bangkok Metropolitan Hotel is in progress. The 11-storey, two-wing building is being entirely renovated and refitted. It is situated within the central business and foreign embassy districts at South Sathorn Road. The hotel is expected to commence business in the fourth quarter of 2003.

In 2002 the Group continued with its strategy of diversifying its portfolio geographically to manage the challenges of fluctuating earnings from the countries in which the Group maintains interests.



HOTEL PROPERTIES LIMITED  
BUSINESS REVIEW

The Hotel Division acquired a 124-room hotel property in Manhattan, New York, in the year 2002. The acquisition marks the Group's first major foray into the hotel property market in the United States and is expected to contribute positively to the Group's operating results.

On the property front, the Group acquired a 19.4% interest in Shanghai Ning Xin Real Estate Development Co., Ltd ("Shanghai Ning Xin"), which will develop a residential project in Shanghai.

### Prospects

For 2003, the global travel and tourism industry is expected to continue to be impacted by the continuing security concerns and slower economic growth. Closer to home, trading conditions have been made more difficult following the impact of the Bali bombing in October 2002 as well as the recent outbreak of Severe Acute Respiratory Syndrome ("SARS") in a number of countries in the region. Having regard to the above, the Group expects the business environment to remain difficult and challenging in the short term.

The Group will continue in the direction of seeking growth and geographical diversity of revenue through hotel and property development and other investment opportunities in both local and overseas 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 2002





## REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements of the Company and of the Group for the financial year ended December 31, 2002.

### 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 PRINCIPAL ACTIVITIES

The principal activities of the Company are those of a hotelier and an investment holding company. The principal activities of the subsidiaries, associates and joint venture company are disclosed in Notes 33, 34 and 13 respectively to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

### 3 ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

During the financial year, the following subsidiaries were disposed / deregistered / dissolved:

|                                    | <b>Net tangible assets (liabilities) at date<br/>of disposal/deregistration/dissolution</b> | <b>Equity<br/>interest</b> |
|------------------------------------|---|----------------------------|
|                                    | \$'000  | %                          |
| <u>Disposed at nominal amount</u>  |   |                            |
| Asian Geographic Magazines Pte Ltd | (193)   | 85                         |
| <u>Deregistered</u>                |   |                            |
| Coralsand Pty Ltd                  | Nil   | 100                        |
| Elegant Hotel Holdings Pty Ltd     | Nil   | 100                        |
| <u>Dissolved</u>                   |   |                            |
| FP Asset Management Inc.           | Nil   | 100                        |

During the financial year, the Group acquired an additional 6% equity interest in the capital of Cleaton Investments Pte Ltd for a cash consideration of US\$3.9 million (\$6.8 million). The net tangible assets (based on book value) acquired were \$1.9 million. The Group's effective equity interest in Cleaton Investments Pte Ltd after the acquisition is 93.3%.

Details of subsidiaries that were incorporated during the year are set out in section 6 of this report and Note 33 to the financial statements.





**HOTEL PROPERTIES LIMITED**  
(INCORPORATED IN THE REPUBLIC OF SINGAPORE)

#### 4 RESULTS FOR THE FINANCIAL YEAR

|   | <b>Group</b><br>\$'000 | <b>Company</b><br>\$'000 |
|---|------------------------|--------------------------|
| Profit after income tax and share of results of associates<br>but before minority interests | 19,835                 | 11,945                   |
| Minority interests  | (3,828)                | -                        |
| Net profit attributable to shareholders   | 16,007                 | 11,945                   |

#### 5 MATERIAL TRANSFERS TO/FROM RESERVES AND PROVISIONS

During the financial year, there were no material transfers to or from reserves and provisions other than those disclosed in the attached financial statements.

#### 6 ISSUE OF SHARES AND DEBENTURES

During the 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 proceeds were used as working capital.

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

Shares issued by subsidiaries in the Group during the financial year were as follows:

| <b>Subsidiary</b>                 | <b>Shares issued</b>   | <b>Purpose</b>                                  |
|-----------------------------------|--|---|
| Eastpoint Investments Limited*    | 2 shares of £1 each at par for cash  | Subscriber's shares                             |
| HPL Properties Pte Ltd            | 2,000,000 shares of \$1 each at par by capitalisation of advances from holding company | Capitalisation of advances from holding company |
| HPL Resorts (Cayman) Limited*     | 2 shares of US\$1 each at par for cash   | Subscriber's shares                             |
| Landaa Giraavaru Private Limited* | 10 shares of HKD1 each at par for cash   | Subscriber's shares                             |
| NYC 55., Corp*                    | 200 shares of US\$1 each at par for cash   | Subscriber's shares                             |
| Pebble Bay (Thailand) Co. Ltd*    | 25,000 shares of BHT100 each at par for cash   | Subscribers' shares and for working capital     |
| Seaside Hotel (Thailand) Co. Ltd  | 200,000 shares of BHT100 each at par for cash  | For working capital                             |

\* Subsidiaries incorporated during the financial year.

Other than as disclosed above, there were no shares issued by the other companies in the Group during the financial year.

The Company and its subsidiaries did not issue any debentures during the financial year.



## 7 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 section 18 (d) of this report.

## 8 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 and debentures 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<br>in which interests are held | At<br>beginning of year | At<br>end of year |
|---|-------------------------|-------------------|
| The Company   |                         |                   |
| - <u>Shares of \$1 each</u>                                 |                         |                   |
| Peter Y. S. Fu  | 96,508,800*             | 96,508,800*       |
| Ong Beng Seng   | 100,858,800**           | 100,858,800**     |
| The Subsidiaries  |                         |                   |
| - HPL Resorts (Maldives) Pvt Ltd                            |                         |                   |
| <u>Shares of Maldivian Rufiyaa 1,000 each</u>               |                         |                   |
| Ong Beng Seng   | 10,000*                 | 10,000*           |
| - HPL-21 Holdings Pte Ltd                                   |                         |                   |
| <u>Shares of \$1 each</u>                                   |                         |                   |
| Ong Beng Seng   | 20,000,000*             | 20,000,000*       |

\* 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, 2002, 97,858,800 (as at January 1, 2002, 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, 2003.



## 9 DIVIDENDS

Dividends paid or declared since the end of the Company's last financial year were as follows:

|   | <u>\$'000</u> |
|---|---------------|
| a) Final dividend of 2.5% less tax of 22% on the ordinary shares of the Company paid during the financial year in respect of the previous financial year                          | <u>8,834</u>  |
| b) The directors of the Company recommend a first and final dividend of 2.5% less tax of 22% on the ordinary shares of the Company for the financial year ended December 31, 2002 | <u>8,834</u>  |

## 10 DIRECTORS' ACTIONS RELATING TO BAD AND DOUBTFUL DEBTS

Before the profit and loss statement and the balance sheet were made out, the directors of the Company took reasonable steps to ascertain that proper action had been taken in relation to the writing off and providing for bad and doubtful debts of the Company and have satisfied themselves that all known bad debts of the Company have been written off and that adequate provision has been made for doubtful debts.

At the date of this report, the directors of the Company are not aware of any circumstances which would render the amounts written off or provided for bad and doubtful debts for the group of companies in the consolidated financial statements of the Company inadequate to any substantial extent.

## 11 DIRECTORS' ACTIONS RELATING TO CURRENT ASSETS

Before the profit and loss statement and the balance sheet were made out, the directors of the Company took reasonable steps to ascertain that any current assets of the Company which were unlikely to realise their book values, in the ordinary course of business, have been written down to their estimated realisable values or were adequately provided for.

At the date of this report, the directors of the Company are not aware of any circumstances which would render the values attributable to current assets in the consolidated financial statements misleading.

## 12 CHARGES ON ASSETS AND EXISTENCE OF CONTINGENT LIABILITIES AFTER YEAR END DATE

At the date of this report:

- a) there does not exist any charge on the assets of the Company or any corporation in the Group which has arisen since the end of the financial year which secures the liability of any other person; and
- b) there does not exist any contingent liability of the Company or any corporation in the Group which has arisen since the end of the financial year.



### **13 ABILITY TO MEET OBLIGATIONS**

No contingent or other liability of the Company or any corporation in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors of the Company, will or may substantially affect the ability of the Company and of the Group to meet their obligations as and when they fall due.

### **14 OTHER CIRCUMSTANCES AFFECTING FINANCIAL STATEMENTS**

At the date of this report, the directors of the Company are not aware of any circumstances not otherwise dealt with in this report or consolidated financial statements which would render any amount stated in the financial statements of the Company and the consolidated financial statements misleading.

### **15 UNUSUAL ITEMS**

In the opinion of the directors of the Company, the results of the operations of the Company and of the Group have not been substantially affected by any item, transaction or event of a material and unusual nature during the financial year.

### **16 UNUSUAL ITEMS AFTER YEAR END DATE**

In the opinion of the directors of the Company, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially the results of the operations of the Company and of the Group for the financial year in which this report is made.

### **17 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 Ong Beng Seng are deemed to be interested in transactions and arrangements entered into between a subsidiary and a company in which they have substantial financial interest for the provision of management services to operate a hotel.
- 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.
- 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 for the provision of management services to operate certain serviced apartments.
- 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 operation of a restaurant.



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(INCORPORATED IN THE REPUBLIC OF SINGAPORE)

## 18 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 were administered by the Share Option Committee whose members were:

Peter Y. S. Fu  
Ong Beng Seng  
Christopher Lim Tien Lock

On November 1, 2002, both the above Schemes came under the administration of the Remuneration Committee whose members are:

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

### a) Share Options Granted

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

### b) Share Options Exercised

During the financial year, the Company issued 25,000 new ordinary shares of \$1 each at a price of \$1.10 per ordinary share on April 11, 2002 for cash following the exercise of options by an executive of the Company granted in conjunction with Scheme 1990.

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



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**18 SHARE OPTIONS (cont'd)**

c) Unissued Shares Under Option

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

| Date of grant                  | Balance at 1/1/2002 | Number of Share Options |                       |                       | Exercise price | Exercise period         |
|--------------------------------|---------------------|-------------------------|-----------------------|-----------------------|----------------|-------------------------|
|                                |                     | Exercised               | Expired/<br>Cancelled | Balance at 31/12/2002 |                |                         |
| <b>Pursuant to Scheme 1990</b> |                     |                         |                       |                       |                |                         |
| 30/04/1997                     | 1,556,000           | -                       | 1,556,000             | -                     | \$2.283        | 30/04/1998 - 29/04/2002 |
| 29/04/1998                     | 800,000             | -                       | -                     | 800,000               | \$1.00         | 29/04/1999 - 28/04/2003 |
| 23/04/1999                     | 1,035,000           | 25,000                  | -                     | 1,010,000             | \$1.10         | 23/04/2000 - 22/04/2004 |
| <b>Sub-total</b>               | <b>3,391,000</b>    | <b>25,000</b>           | <b>1,556,000</b>      | <b>1,810,000</b>      |                |                         |
| <b>Pursuant to Scheme 2000</b> |                     |                         |                       |                       |                |                         |
| 13/11/2000                     | 1,855,000           | -                       | -                     | 1,855,000             | \$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           | -                       | -                     | 2,105,000             | \$1.00         | 27/09/2002 - 26/09/2011 |
| <b>Sub-total</b>               | <b>4,210,000</b>    | -                       | -                     | <b>4,210,000</b>      |                |                         |
| <b>Total</b>                   | <b>7,601,000</b>    | <b>25,000</b>           | <b>1,556,000</b>      | <b>6,020,000</b>      |                |                         |

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. As at December 31, 2002, Nil (2001: 4,210,000) options are vested.



HOTEL PROPERTIES LIMITED  
(INCORPORATED IN THE REPUBLIC OF SINGAPORE)

**18 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/<br>employee  | Options granted<br>during the<br>financial year | Aggregate options<br>granted since<br>commencement of<br>Schemes 1990 and<br>2000 to the end of<br>the financial year | Aggregate options<br>exercised since<br>commencement of<br>Schemes 1990 and<br>2000 to the end of<br>the financial year | Aggregate options<br>outstanding at the<br>end of the<br>financial year |
|--------------------------------|---|---|---|---|
| <b>Pursuant to Scheme 1990</b> |   |   |   |   |
| <u>Director</u>                | (a)   | (b)   | (c)   | (a) + (b) – (c)   |
| Christopher Lim Tien Lock      | Nil   | 2,056,331   | 1,022,000   | 20,000<br>(excludes 1,014,331 options<br>which have expired)            |
| <u>Participant</u>             |   |   |   |   |
| Robert Foo Siang Mong          | Nil   | 2,036,662   | 944,000   | Nil<br>(excludes 1,092,662 options<br>which have expired)               |
| Stephen Lau Buong Lik          | Nil   | 1,797,331   | 722,331   | 400,000<br>(excludes 675,000 options<br>which have expired)             |
| Wilson Cheah                   | Nil   | 1,301,798   | 453,399   | 210,000<br>(excludes 638,399 options<br>which have expired)             |
| <b>Pursuant to Scheme 2000</b> |   |   |   |   |
| <u>Director</u>                |   |   |   |   |
| 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  
(INCORPORATED IN THE REPUBLIC OF SINGAPORE)

## 19 AUDIT COMMITTEE

At the date of this report, the Audit Committee (“the Committee”) comprised 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. It 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, 2002 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.

## 20 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 28, 2003





HOTEL PROPERTIES LIMITED  
(INCORPORATED IN THE REPUBLIC OF SINGAPORE)

## AUDITORS' REPORT TO THE MEMBERS OF HOTEL PROPERTIES LIMITED

We have audited the financial statements of Hotel Properties Limited and consolidated financial statements of the Group for the financial year ended December 31, 2002 set out on pages 16 to 63. 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 accompanying financial statements of the Company and consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Singapore Companies Act ("Act") and Singapore Statements of Accounting Standard and so as to give a true and fair view of:
  - i) the state of affairs of the Company and of the Group as at December 31, 2002 and of the results, changes in equity of the Company and of the Group, and cash flows of the Group for the year then ended; and
  - ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements of the Company and consolidated financial statements of the Group;
- b) the accounting and other records and the registers 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 the 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 these subsidiaries are indicated in Note 33 to the financial statements.

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 are 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 28, 2003



HOTEL PROPERTIES LIMITED  
(INCORPORATED IN THE REPUBLIC OF SINGAPORE)

**BALANCE SHEETS**  
**December 31, 2002**

|                                     | Notes | Group            |                | Company          |                |
|-------------------------------------|-------|------------------|----------------|------------------|----------------|
|                                     |       | 2002<br>\$'000   | 2001<br>\$'000 | 2002<br>\$'000   | 2001<br>\$'000 |
| <b>ASSETS</b>                       |       |                  |                |                  |                |
| <b>Current assets:</b>              |       |                  |                |                  |                |
| Cash                                | 4     | 112,685          | 154,679        | 14,531           | 44,926         |
| Short-term investments              | 5     | 22,623           | 4,709          | -                | -              |
| Trade receivables                   | 6     | 60,545           | 26,667         | 1,100            | 1,364          |
| Other receivables and prepayments   | 7     | 19,042           | 23,997         | 867              | 848            |
| Inventories                         | 8     | 10,706           | 11,867         | 246              | 213            |
| Development properties              | 9     | 18,589           | 133,486        | -                | -              |
| Completed properties held for sale  | 10    | 14,941           | 10,087         | -                | -              |
| Total current assets                |       | <b>259,131</b>   | 365,492        | <b>16,744</b>    | 47,351         |
| <b>Non-current assets:</b>          |       |                  |                |                  |                |
| Associates                          | 11    | 98,602           | 99,709         | 13,674           | 14,699         |
| Subsidiaries                        | 12    | -                | -              | 797,119          | 663,023        |
| Other long-term investments         | 5     | 37,784           | 40,143         | -                | -              |
| Property, plant and equipment       | 14    | 984,533          | 983,892        | 233,985          | 236,867        |
| Investment properties               | 15    | 277,020          | 276,790        | -                | -              |
| Expenditure carried forward         | 16    | 12,490           | 8,066          | 422              | 551            |
| Total non-current assets            |       | <b>1,410,429</b> | 1,408,600      | <b>1,045,200</b> | 915,140        |
| <b>Total assets</b>                 |       | <b>1,669,560</b> | 1,774,092      | <b>1,061,944</b> | 962,491        |
| <b>LIABILITIES AND EQUITY</b>       |       |                  |                |                  |                |
| <b>Current liabilities:</b>         |       |                  |                |                  |                |
| Bank loans                          | 17    | 101,460          | 107,435        | -                | -              |
| Trade payables                      |       | 40,331           | 46,222         | 9,394            | 8,327          |
| Other payables                      | 18    | 28,707           | 28,087         | -                | -              |
| Income tax payable                  |       | 31,272           | 4,820          | 1,008            | 627            |
| Total current liabilities           |       | <b>201,770</b>   | 186,564        | <b>10,402</b>    | 8,954          |
| <b>Non-current liabilities:</b>     |       |                  |                |                  |                |
| Long-term bank loans                | 17    | 479,800          | 579,316        | 238,884          | 206,803        |
| Advances from subsidiaries          | 12    | -                | -              | 118,943          | 61,196         |
| Other long-term payables            | 19    | 1,086            | 2,313          | -                | -              |
| Deferred tax liabilities            | 20    | 5,544            | 33,635         | 1,686            | 2,406          |
| Total non-current liabilities       |       | <b>486,430</b>   | 615,264        | <b>359,513</b>   | 270,405        |
| <b>Minority interests</b>           | 21    | <b>68,308</b>    | 66,653         | -                | -              |
| <b>Share capital and reserves:</b>  |       |                  |                |                  |                |
| Issued capital                      | 22    | 453,024          | 452,999        | 453,024          | 452,999        |
| Reserves                            |       | 460,028          | 452,612        | 239,005          | 230,133        |
| Total equity                        |       | <b>913,052</b>   | 905,611        | <b>692,029</b>   | 683,132        |
| <b>Total liabilities and equity</b> |       | <b>1,669,560</b> | 1,774,092      | <b>1,061,944</b> | 962,491        |

See notes to financial statements set out on pages 22 to 63.



HOTEL PROPERTIES LIMITED  
(INCORPORATED IN THE REPUBLIC OF SINGAPORE)

**PROFIT AND LOSS STATEMENTS**  
**Year ended December 31, 2002**

|  | Notes | Group            |                | Company         |                |
|--|-------|------------------|----------------|-----------------|----------------|
|  |       | 2002<br>\$'000   | 2001<br>\$'000 | 2002<br>\$'000  | 2001<br>\$'000 |
| <b>Revenue</b>   | 23    | <b>348,233</b>   | 511,627        | <b>42,149</b>   | 44,725         |
| <b>Cost of sales</b>   |       | <b>(256,548)</b> | (352,165)      | <b>(31,435)</b> | (32,456)       |
| <b>Gross profit</b>  |       | <b>91,685</b>    | 159,462        | <b>10,714</b>   | 12,269         |
| Other operating income   | 23    | <b>5,810</b>     | 11,741         | <b>24,768</b>   | 63,015         |
| Distribution costs   |       | <b>(3,111)</b>   | (5,013)        | -               | -              |
| Administrative expenses  |       | <b>(43,171)</b>  | (46,864)       | <b>(9,081)</b>  | (9,941)        |
| Other operating expenses   |       | <b>(4,013)</b>   | (6,152)        | <b>(311)</b>    | (3,659)        |
| <b>Profit from operations</b>                                      |       | <b>47,200</b>    | 113,174        | <b>26,090</b>   | 61,684         |
| Finance costs  |       | <b>(18,250)</b>  | (28,102)       | <b>(5,652)</b>  | (10,057)       |
| Other non-operating income (expenses)                              |       | <b>3,098</b>     | (15,612)       | <b>(3,428)</b>  | (29,988)       |
| <b>Profit before income tax and share of results of associates</b> | 24    | <b>32,048</b>    | 69,460         | <b>17,010</b>   | 21,639         |
| Share of results of associates                                     |       | <b>(4,416)</b>   | (7,045)        | -               | -              |
| <b>Profit before income tax</b>                                    |       | <b>27,632</b>    | 62,415         | <b>17,010</b>   | 21,639         |
| Income tax expense   | 27    | <b>(7,797)</b>   | (20,841)       | <b>(5,065)</b>  | (14,902)       |
| <b>Profit after income tax</b>                                     |       | <b>19,835</b>    | 41,574         | <b>11,945</b>   | 6,737          |
| Minority interests   |       | <b>(3,828)</b>   | (2,484)        | -               | -              |
| <b>Net profit attributable to shareholders</b>                     |       | <b>16,007</b>    | 39,090         | <b>11,945</b>   | 6,737          |
| Earnings per ordinary share of \$1 each (Cents):                   | 28    |                  |                |                 |                |
| - basic  |       | <b>3.53</b>      | 8.63           |                 |                |
| - fully diluted  |       | <b>3.53</b>      | 8.62           |                 |                |

See notes to financial statements set out on pages 22 to 63.



**HOTEL PROPERTIES LIMITED**  
(INCORPORATED IN THE REPUBLIC OF SINGAPORE)

**STATEMENTS OF CHANGES IN EQUITY**  
**Year ended December 31, 2002**

| <b>Group</b>   | <b>Note</b> | <b>Issued<br/>capital<br/>\$'000</b> | <b>Share<br/>premium<br/>\$'000</b> | <b>Asset<br/>revaluation<br/>reserve<br/>\$'000</b> | <b>Exchange<br/>fluctuation<br/>reserve<br/>\$'000</b> | <b>Reserve on<br/>consolidation<br/>\$'000</b> | <b>Retained<br/>profits<br/>\$'000</b> | <b>Dividend<br/>reserve<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|--|-------------|--------------------------------------|-------------------------------------|---|--|--|--|--|-------------------------|
| Balance at January 1, 2001   |             | 452,769                              | 121,074                             | 205,389   | (62,823)   | 19,849   | 121,398                                | 8,546                                  | 866,202                 |
| Exchange fluctuation differences   |             | -                                    | -                                   | -   | 8,599  | -  | -                                      | -                                      | 8,599                   |
| Share of revaluation reserve of<br>associates arising during the year      |             | -                                    | -                                   | (26)  | -  | -  | -                                      | -                                      | (26)                    |
| Adjustment arising from acquisition/<br>disposal of interest in associates |             | -                                    | -                                   | -   | (3)  | 50   | -                                      | -                                      | 47                      |
| Net profit (loss) not recognised in the<br>profit and loss statement       |             | -                                    | -                                   | (26)  | 8,596  | 50   | -                                      | -                                      | 8,620                   |
| Net profit for the year  |             | -                                    | -                                   | -   | -  | -  | 39,090                                 | -                                      | 39,090                  |
| Final dividend for the<br>previous year, paid                              | 29          | -                                    | -                                   | -   | -  | -  | -                                      | (8,546)                                | (8,546)                 |
| Final dividend for the<br>current year, proposed                           | 29          | -                                    | -                                   | -   | -  | -  | (8,550)                                | 8,550                                  | -                       |
| Issue of share capital   |             | 230                                  | 15                                  | -   | -  | -  | -                                      | -                                      | 245                     |
| Balance at December 31, 2001   |             | 452,999                              | 121,089                             | 205,363   | (54,227)   | 19,899   | 151,938                                | 8,550                                  | 905,611                 |
| Exchange fluctuation differences   |             | -                                    | -                                   | -   | 2,472  | -  | -                                      | -                                      | 2,472                   |
| Share of revaluation reserve of<br>associates arising during the year      |             | -                                    | -                                   | 9   | -  | -  | -                                      | -                                      | 9                       |
| Adjustment arising from acquisition/<br>disposal of subsidiaries           |             | -                                    | -                                   | -   | (2,241)  | -  | -                                      | -                                      | (2,241)                 |
| Net profit not recognised in the<br>profit and loss statement              |             | -                                    | -                                   | 9   | 231  | -  | -                                      | -                                      | 240                     |
| Net profit for the year  |             | -                                    | -                                   | -   | -  | -  | 16,007                                 | -                                      | 16,007                  |
| Final dividend for the<br>previous year, paid                              | 29          | -                                    | -                                   | -   | -  | -  | (284)                                  | (8,550)                                | (8,834)                 |
| Final dividend for the<br>current year, proposed                           | 29          | -                                    | -                                   | -   | -  | -  | (8,834)                                | 8,834                                  | -                       |
| Issue of share capital   |             | 25                                   | 3                                   | -   | -  | -  | -                                      | -                                      | 28                      |
| Balance at December 31, 2002   |             | 453,024                              | 121,092                             | 205,372   | (53,996)   | 19,899   | 158,827                                | 8,834                                  | 913,052                 |

See notes to financial statements set out on pages 22 to 63.



HOTEL PROPERTIES LIMITED  
(INCORPORATED IN THE REPUBLIC OF SINGAPORE)

STATEMENTS OF CHANGES IN EQUITY (CONT'D)  
Year ended December 31, 2002

| Company  | Note | Issued<br>capital<br>\$'000 | Share<br>premium<br>\$'000 | Asset<br>revaluation<br>reserve<br>\$'000 | Exchange<br>fluctuation<br>reserve<br>\$'000 | Retained<br>profits<br>\$'000 | Dividend<br>reserve<br>\$'000 | Total<br>\$'000 |
|--|------|-----------------------------|----------------------------|---|--|-------------------------------|-------------------------------|-----------------|
| Balance at January 1, 2001   |      | 452,769                     | 120,867                    | 110,785                                   | (7,430)                                      | 3,529                         | 8,546                         | 689,066         |
| Net loss not recognised in the profit and loss statement, being exchange fluctuation differences |      | -                           | -                          | -   | (4,370)                                      | -                             | -                             | (4,370)         |
| Net profit for the year  |      | -                           | -                          | -   | -  | 6,737                         | -                             | 6,737           |
| Final dividend for the previous year, paid   | 29   | -                           | -                          | -   | -  | -                             | (8,546)                       | (8,546)         |
| Final dividend for the current year, proposed  | 29   | -                           | -                          | -   | -  | (8,550)                       | 8,550                         | -               |
| Issue of share capital   |      | 230                         | 15                         | -   | -  | -                             | -                             | 245             |
| Balance at December 31, 2001   |      | 452,999                     | 120,882                    | 110,785                                   | (11,800)                                     | 1,716                         | 8,550                         | 683,132         |
| Net loss 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   | 29   | -                           | -                          | -   | -  | (284)                         | (8,550)                       | (8,834)         |
| Final dividend for the current year, proposed  | 29   | -                           | -                          | -   | -  | (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         |

See notes to financial statements set out on pages 22 to 63.



HOTEL PROPERTIES LIMITED  
(INCORPORATED IN THE REPUBLIC OF SINGAPORE)

**CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended December 31, 2002**

|   | 2002<br>\$'000 | 2001<br>\$'000 |
|---|----------------|----------------|
| <b>Cash flows from operating activities:</b>                |                |                |
| Profit before income tax and share of results of associates | 32,048         | 69,460         |
| Adjustments for:  |                |                |
| Amortisation of expenditure carried forward                 | 1,390          | 3,523          |
| Depreciation expense  | 40,232         | 36,300         |
| Expenditure carried forward written off                     | 225            | 8              |
| Goodwill written off  | 1,259          | -              |
| Plant and equipment written off                             | 1,262          | 1,003          |
| Impairment loss in investment in associates                 | 640            | -              |
| Impairment loss in long-term investments                    | 1,484          | 1,597          |
| Impairment loss in property, plant and equipment            | 4,445          | 9,105          |
| Interest expense  | 18,250         | 28,102         |
| Interest income   | (3,597)        | (4,844)        |
| Dividend income   | (74)           | (145)          |
| Gain on disposal of property, plant and equipment           | (12,168)       | (337)          |
| Gain on disposal of associate                               | -              | (353)          |
| Gain on disposal of development property                    | -              | (178)          |
| Gain on revaluation of investment property                  | -              | (4,786)        |
| Profit before working capital changes                       | 85,396         | 138,455        |
| Short-term investments                                      | (17,914)       | 147            |
| Receivables and prepayments                                 | 11,862         | 12,090         |
| Inventories   | 1,161          | (88)           |
| Completed properties held for sale                          | (262)          | 2,523          |
| Payables and accrued expenses                               | (4,680)        | 1,797          |
| Cash generated from operations                              | 75,563         | 154,924        |
| Dividend paid   | (8,834)        | (8,546)        |
| Income tax paid   | (8,242)        | (7,068)        |
| Interest paid   | (18,250)       | (28,102)       |
| Interest received   | 3,597          | 4,844          |
| Dividend income received                                    | 74             | 145            |
| Net cash from operating activities                          | 43,908         | 116,197        |
| <b>Cash flows from (used in) investing activities:</b>      |                |                |
| Acquisition of additional interest in subsidiary            | (6,822)        | -              |
| Additional expenditure carried forward                      | (1,230)        | (4,598)        |
| Development properties and expenditure                      | 69,294         | (59,351)       |
| Disposal of subsidiary (see note)                           | (200)          | -              |
| Additional investment properties                            | (230)          | (529)          |
| Additional property, plant and equipment                    | (97,513)       | (65,157)       |
| Additional long-term investments                            | (2,725)        | (3,414)        |
| Advance from (repayment to) minority shareholders           | 1,432          | (4,022)        |
| Net investment in associates                                | (2,214)        | 41,558         |
| Long-term receivable  | -              | 428            |
| Proceeds from disposal of associate                         | -              | 400            |
| Proceeds from disposal of development property              | -              | 4,788          |
| Proceeds from disposal of property, plant and equipment     | 48,637         | 468            |
| Cash flows from (used in) investing activities              | 8,429          | (89,429)       |



HOTEL PROPERTIES LIMITED  
(INCORPORATED IN THE REPUBLIC OF SINGAPORE)

CONSOLIDATED CASH FLOW STATEMENT (CONT'D)  
Year ended December 31, 2002

|   | 2002<br>S'000   | 2001<br>S'000 |
|---|-----------------|---------------|
| <b>Cash flows (used in) from financing activities:</b>            |                 |               |
| Redemption of bonds   | -               | (100,000)     |
| (Repayment of) additional term loans                              | <b>(91,775)</b> | 117,624       |
| Long-term payable   | <b>(1,116)</b>  | (1,122)       |
| Proceeds from issue of shares                                     | <b>28</b>       | 245           |
| Cash flows (used in) from financing activities                    | <b>(92,863)</b> | 16,747        |
| Net effect of exchange rate changes in consolidating subsidiaries | <b>(1,468)</b>  | 3,762         |
| Net (decrease) increase in cash                                   | <b>(41,994)</b> | 47,277        |
| Cash at beginning of year   | <b>154,679</b>  | 107,402       |
| Cash at end of year   | <b>112,685</b>  | 154,679       |
| Cash at end of year includes the following:                       |                 |               |
| Fixed deposits  | <b>79,944</b>   | 118,482       |
| Cash and bank balances  | <b>32,741</b>   | 36,197        |
| Total   | <b>112,685</b>  | 154,679       |

**Note: Summary of the effects of disposal of subsidiary**

The fair value of the assets disposed of and liabilities discharged are as follows:

|  |              |   |
|--|--------------|---|
| Current assets                               | <b>169</b>   | - |
| Current liabilities                          | <b>(391)</b> | - |
| Net current liabilities                      | <b>(222)</b> | - |
| Property, plant and equipment                | <b>20</b>    | - |
| Other non-current assets                     | <b>9</b>     | - |
| Net liabilities disposed                     | <b>(193)</b> | - |
| Cash of subsidiary disposed                  | <b>(7)</b>   | - |
| Cashflow arising from disposal of subsidiary | <b>(200)</b> | - |

See notes to financial statements set out on pages 22 to 63.



HOTEL PROPERTIES LIMITED  
(INCORPORATED IN THE REPUBLIC OF SINGAPORE)

## NOTES TO FINANCIAL STATEMENTS

December 31, 2002

### 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 the subsidiaries, associates and joint venture company are described in Notes 33, 34 and 13 respectively to the financial statements.

The financial statements of the Company and of the Group for the year ended December 31, 2002 were authorised for issue by the Board of Directors on March 28, 2003.

### 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 and Singapore Statements of Accounting Standard ("SAS").

The Company and the Group have adopted all the applicable new/revised SAS which become effective during the year. The adoption of the new/revised SAS does not affect the results of current or prior periods.

**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 associated companies 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 value. 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, subsidiary 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 and net realisable value. Cost is determined as follows:

Saleable merchandise - Moving average method / First-in, first-out method.

Operating supplies - Substantially based on first-in, first-out method.

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 includes 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.



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

**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.

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 property                                    | - | Period of lease |
| 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. The surplus or deficit on revaluation is taken to the asset revaluation reserve except when the total of the reserve is not sufficient to cover a deficit, in which case the amount by which the deficit exceeds the amount in the asset revaluation reserve is charged to the profit and loss statement. 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 and bank facility fee, and are amortised using the straight-line method over their useful lives, but not exceeding 20 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.

The accounting policy for goodwill is outlined below.

**GOODWILL** - Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired associate, subsidiary and joint venture company at the date of acquisition, and is amortised over a period ranging from 2 to 20 years.

Negative goodwill represents the excess of fair value of the Group's share of the net assets acquired over the cost of acquisition. Prior to January 1, 2001, goodwill and negative goodwill arising from acquisition of subsidiaries,



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

associates or joint venture companies were directly adjusted against shareholders' equity. With effect from January 1, 2001, the Group has adopted SAS 22 (2000) – Business Combination, and now presents negative goodwill in the same classification as goodwill on the balance sheet. To the extent that negative goodwill relates to expectations of future losses and expenses that can be reliably measured, but do not represent identifiable liabilities, the portion of negative goodwill is recognised in the profit and loss statement when the future losses and expenses are incurred. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the profit and loss statement over the remaining weighted average useful lives of those assets. Negative goodwill in excess of the fair value of those assets is recognised in the profit and loss statement immediately.

Goodwill and negative goodwill are offset where they relate to the same acquisition.

**IMPAIRMENT OF ASSETS** - At each balance sheet date, the Group and Company review the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group 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 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 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.

**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 value 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.



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

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 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 accounted as per the accounting policy for development properties.

**RETIREMENT BENEFIT COSTS** - Payments to defined contribution retirement benefit plans (including state-managed retirement benefit schemes) are charged as an expense when incurred.

**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 amount 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 income 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 were used where appropriate to minimise its exposure to interest rate volatility.

The notional principal amount of the Group's outstanding interest rate swap contract as at December 31, 2002 was \$159,000,000. The fair value of the instrument, which represents a loss should the instrument be exchanged in a current transaction between willing parties other than in a forced or liquidation sale, is approximately \$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 a natural hedge, 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.

#### **Fair value of financial assets and financial liabilities**

##### **Financial assets and liabilities (Short-term)**

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

##### **Financial assets and liabilities (Long-term)**

The fair value 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 value would not differ significantly from its carrying amount recorded in the balance sheet.

It is not practical to estimate the fair value 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 value would not differ significantly from the carrying amount recorded in the balance sheet.

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



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#### 4 CASH

Included in cash are amounts held under the Housing Developers (Project Account) Rules, withdrawals from which are restricted to payments for expenditure incurred on projects to which they relate. Details of such cash are as follows:

|                        | <b>Group</b>  |        |
|------------------------|---------------|--------|
|                        | <b>2002</b>   | 2001   |
|                        | <b>\$'000</b> | \$'000 |
| Fixed deposits         | <b>26,724</b> | 43,794 |
| Cash and bank balances | <b>370</b>    | 1,337  |
|                        | <b>27,094</b> | 45,131 |

#### 5 INVESTMENTS

##### a) Short-term investments

|                                      | <b>Group</b>   |         |
|--------------------------------------|----------------|---------|
|                                      | <b>2002</b>    | 2001    |
|                                      | <b>\$'000</b>  | \$'000  |
| Quoted equity shares, at cost        | <b>26,593</b>  | 7,603   |
| Impairment loss                      | <b>(3,970)</b> | (2,894) |
| Net                                  | <b>22,623</b>  | 4,709   |
| Market value of quoted equity shares | <b>22,623</b>  | 4,709   |
| Movement in impairment loss:         |                |         |
| Balance at beginning of year         | <b>2,894</b>   | 4,313   |
| Write off                            | -              | (1,655) |
| Charge to other operating expenses   | <b>1,076</b>   | 236     |
| Balance at end of year               | <b>3,970</b>   | 2,894   |

##### b) Long-term investments

|  | <b>Group</b>    |          |
|--|-----------------|----------|
|  | <b>2002</b>     | 2001     |
|  | <b>\$'000</b>   | \$'000   |
| Quoted equity shares, at cost          | <b>20,994</b>   | 21,876   |
| Unquoted equity shares, at cost        | <b>19,116</b>   | 20,382   |
| Other unquoted investments, at cost    | <b>18,756</b>   | 17,483   |
| Impairment loss                        | <b>(21,082)</b> | (19,598) |
| Net                                    | <b>37,784</b>   | 40,143   |
| Market value of quoted equity shares   | <b>13,814</b>   | 7,276    |
| Movement in impairment loss:           |                 |          |
| Balance at beginning of year           | <b>19,598</b>   | 30,332   |
| Write off                              | -               | (12,331) |
| Charge to other non-operating expenses | <b>1,484</b>    | 1,597    |
| Balance at end of year                 | <b>21,082</b>   | 19,598   |



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## 6 TRADE RECEIVABLES

Included in trade receivables is an amount of \$43,277,000 (2001: Nil) transferred from development properties, following the completion of Cuscaden Residences development during the financial year.

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

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2002<br>\$'000 | 2001<br>\$'000 | 2002<br>\$'000 | 2001<br>\$'000 |
| Balance at beginning of year                 | 504            | 756            | 61             | 101            |
| Charges to profit and loss                   | 228            | 197            | 12             | 3              |
| Bad debts written off                        | (209)          | (277)          | (1)            | (43)           |
| Reversals to profit and loss                 | (59)           | (172)          | -              | -              |
| Arising from deconsolidation of a subsidiary | (145)          | -              | -              | -              |
| Balance at end of year                       | <b>319</b>     | 504            | <b>72</b>      | 61             |

## 7 OTHER RECEIVABLES AND PREPAYMENTS

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2002<br>\$'000 | 2001<br>\$'000 | 2002<br>\$'000 | 2001<br>\$'000 |
| Deposits for acquisition of capital assets                     | 5,841          | 4,892          | -              | -              |
| Due from companies in which certain directors have interests * | 142            | 403            | -              | -              |
| Other deposits   | 933            | 944            | -              | -              |
| Other receivables  | 5,300          | 6,965          | 567            | 589            |
| Prepayments  | 4,021          | 7,449          | 300            | 259            |
| Rental deposits  | 2,682          | 3,288          | -              | -              |
| Tax recoverable  | 123            | 56             | -              | -              |
| Total  | <b>19,042</b>  | 23,997         | <b>867</b>     | 848            |

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

## 8 INVENTORIES

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2002<br>\$'000 | 2001<br>\$'000 | 2002<br>\$'000 | 2001<br>\$'000 |
| Saleable merchandise - moving average method, at cost                      | 2,918          | 2,888          | 210            | 196            |
| Saleable merchandise - FIFO method, at cost                                | 507            | 1,023          | -              | -              |
| Operating supplies, at cost  | 1,972          | 1,696          | 36             | 17             |
| Inventories carried at net realisable value after the following allowances | 5,309          | 6,260          | -              | -              |
| Total  | <b>10,706</b>  | 11,867         | <b>246</b>     | 213            |



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## 8 INVENTORIES (cont'd)

Movements in allowances:

|                                   | <b>Group</b>        |              |
|-----------------------------------|---------------------|--------------|
|                                   | <b>2002</b>         | 2001         |
|                                   | <b>\$'000</b>       | \$'000       |
| Balance at beginning of year      | <b>6,710</b>        | 4,248        |
| (Reversal) charge during the year | <b>(3,343)</b>      | 2,299        |
| Write off                         | <b>(7)</b>          | (83)         |
| Foreign exchange realignment      | <b>(272)</b>        | 246          |
| Balance at end of year            | <b><u>3,088</u></b> | <u>6,710</u> |

## 9 DEVELOPMENT PROPERTIES

|  | <b>Group</b>         |                |
|--|----------------------|----------------|
|  | <b>2002</b>          | 2001           |
|  | <b>\$'000</b>        | \$'000         |
| Freehold land, at cost                 | -                    | 36,496         |
| Freehold land, at valuation            | <b>16,490</b>        | 16,490         |
| Leasehold land, at cost                | <b>1,318</b>         | 1,318          |
| Cost incurred and attributable profits | <b>3,569</b>         | 239,432        |
| Total                                  | <b>21,377</b>        | 293,736        |
| Progress billings                      | -                    | (157,537)      |
| Impairment loss                        | <b>(2,788)</b>       | (2,713)        |
| Net                                    | <b><u>18,589</u></b> | <u>133,486</u> |

Movement in impairment loss:

|  |                     |              |
|--|---------------------|--------------|
| Balance at beginning of year           | <b>2,713</b>        | 2,634        |
| Charge to other non-operating expenses | <b>75</b>           | 79           |
| Balance at end of year                 | <b><u>2,788</u></b> | <u>2,713</u> |

As at December 31, 2001, certain development property amounting to approximately \$115 million were mortgaged to banks to secure certain credit facilities.

During the financial year, the total cost incurred and attributable profits less progress billings in respect of the completed Cuscaden Residences development was transferred to completed properties held for sale and trade receivables.

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

| <b>Location</b>  | <b>Title</b>   | <b>Description</b>                              |
|--|--|---|
| 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   | Proposed residential and commercial development |
| Siemreap Province, Siemreap Town, Division 3, Section 1, Cambodia  | Leasehold<br>(70 years commencing August 10, 1994 and March 21, 1996 respectively) | Land for redevelopment                          |





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## 9 DEVELOPMENT PROPERTIES (cont'd)

The cost of development properties includes the following cumulative amounts:

|  | <b>2002</b>   | 2001    |
|--|---------------|---------|
|  | <b>\$'000</b> | \$'000  |
| Auditors' remuneration                     | <b>25</b>     | 78      |
| Depreciation expense                       | -             | 5       |
| Development charges                        | -             | 20,410  |
| Interest expense to non-related companies* | -             | 24,557  |
| Interest income from non-related companies | -             | (1,614) |
| Property tax                               | <b>308</b>    | 4,073   |

\* In 2001, the interest rates range from 1.79% to 7.76% per annum.

## 10 COMPLETED PROPERTIES HELD FOR SALE

| <b>Location</b>  | <b>Title</b>                                       | <b>Description</b>  |
|--|--|---|
| Four Seasons Park<br>8, 10 and 12 Cuscaden<br>Walk, Singapore 249692 | Freehold   | 6 (2001: 6) condominium units with an aggregate floor area of approximately 19,018 (2001: 19,018) square feet |
| Cuscaden Residences<br>28 Cuscaden Road,<br>Singapore 249723         | Freehold   | 1 (2001: NA) condominium unit with an aggregate floor area of approximately 6,210 (2001: NA) square feet      |
| Sailmakers Court<br>Townmead Road<br>London, England                 | Leasehold<br>(999 years from<br>December 25, 1989) | 1 (2001: 1) apartment unit with an aggregate floor area of approximately 1,373 (2001: 1,373) square feet      |

## 11 ASSOCIATES

|  | <b>Group</b>     |           | <b>Company</b> |        |
|--|------------------|-----------|----------------|--------|
|  | <b>2002</b>      | 2001      | <b>2002</b>    | 2001   |
|  | <b>\$'000</b>    | \$'000    | <b>\$'000</b>  | \$'000 |
| Unquoted equity shares, at cost                                | <b>180,943</b>   | 168,343   | -              | -      |
| Goodwill written off   | <b>(1,259)</b>   | -         | -              | -      |
| Reserve on consolidation                                       | <b>5,616</b>     | 5,616     | -              | -      |
|  | <b>185,300</b>   | 173,959   | -              | -      |
| Impairment loss  | <b>(2,916)</b>   | (2,276)   | -              | -      |
| Share of post-acquisition results, net<br>of dividend received | <b>(107,376)</b> | (100,084) | -              | -      |
| Share of other reserves  | <b>288</b>       | (329)     | -              | -      |
| Due from associates  | <b>23,306</b>    | 28,439    | <b>13,674</b>  | 14,699 |
| Net  | <b>98,602</b>    | 99,709    | <b>13,674</b>  | 14,699 |

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



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## 11 ASSOCIATES (cont'd)

An associate has granted an option to the Company to subscribe for up to 10 million new shares of \$1 each at par in the share capital of the associate. This option expires in July 2005.

Movement in impairment loss:

|  | <b>Group</b>        |              |
|--|---------------------|--------------|
|  | <b>2002</b>         | 2001         |
|  | <b>\$'000</b>       | \$'000       |
| Balance at beginning of year           | <b>2,276</b>        | 2,276        |
| Charge to other non-operating expenses | <b>640</b>          | -            |
| Balance at end of year                 | <b><u>2,916</u></b> | <u>2,276</u> |

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

Information relating to the associates is shown in Note 34.

## 12 SUBSIDIARIES

|                                 | <b>Company</b>        |                |
|---------------------------------|-----------------------|----------------|
|                                 | <b>2002</b>           | 2001           |
|                                 | <b>\$'000</b>         | \$'000         |
| Unquoted equity shares, at cost | <b>184,247</b>        | 175,425        |
| Advances to subsidiaries        | <b>646,458</b>        | 517,565        |
|                                 | <b><u>830,705</u></b> | <u>692,990</u> |
| Impairment loss                 | <b>(33,586)</b>       | (29,967)       |
| Net                             | <b><u>797,119</u></b> | <u>663,023</u> |

Movement in impairment loss:

|  |                      |               |
|--|----------------------|---------------|
| Balance at beginning of year           | <b>29,967</b>        | 100           |
| Charge to other non-operating expenses | <b>3,619</b>         | 29,867        |
| Balance at end of year                 | <b><u>33,586</u></b> | <u>29,967</u> |

The advances to subsidiaries are substantially non-trade in nature and unsecured. About 20% of the advances to subsidiaries bears an annual interest rate ranging from 1.9% to 2.4% and the balance is non-interest bearing (2001: About 6% of the advances bore an annual interest rate ranging from 2.0% to 6.1% and the balance was non-interest bearing). During the financial year, interest income from subsidiaries amounted to approximately \$1,859,000 (2001: \$1,785,000).

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

Information relating to the subsidiaries is shown in Note 33.



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### 13 JOINT VENTURE COMPANY

Information relating to the joint venture company is as follows:

| Name of Joint Venture Company | Principal Activity                               | Country of Incorporation/<br>Place of Business | Group's Effective Equity Interest |      |
|-------------------------------|--|--|-----------------------------------|------|
|                               |  |  | 2002                              | 2001 |
| 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:

|  | 2002<br>\$'000 | 2001<br>\$'000 |
|--|----------------|----------------|
| <u>Balance sheet items</u>   |                |                |
| Current assets   | 6,794          | 4,306          |
| Property, plant and equipment  | 327            | 336            |
| Investment property  | 197,880        | 197,650        |
| Expenditure carried forward  | 41             | 124            |
| Less : Current liabilities   | (3,596)        | (3,488)        |
| Non-current liabilities  | (118,000)      | (118,000)      |
| Net assets   | <b>83,446</b>  | <b>80,928</b>  |
| <u>Profit and loss statement</u>   |                |                |
| Revenue  | <b>9,419</b>   | 8,835          |
| Share of profit after income tax   | <b>2,518</b>   | 5,812          |
| The above profit includes the following charges (credits):                             |                |                |
| Amortisation of expenditure carried forward  | 83             | 83             |
| Auditors' remuneration to auditors of the Company                                      | 7              | 7              |
| Depreciation expense   | 125            | 112            |
| Interest expense to non-related companies  | 3,613          | 4,697          |
| Gain arising from revaluation of investment property                                   | -              | (4,786)        |
| Interest income from non-related companies   | (51)           | (75)           |
| Rental income from enterprises in which certain directors are deemed to have interests | (1,953)        | (1,172)        |
| Rental income from investment property   | <b>(8,849)</b> | <b>(8,290)</b> |



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**14 PROPERTY, PLANT AND EQUIPMENT**

|   | <b>Freehold and<br/>leasehold land<br/>S'000</b> | <b>Leasehold<br/>property<br/>S'000</b> | <b>Buildings and<br/>improvements<br/>S'000</b> | <b>Plant and<br/>equipment,<br/>furniture,<br/>fixtures and<br/>fittings<br/>S'000</b> | <b>Construction<br/>in progress<br/>S'000</b> | <b>Total<br/>S'000</b> |
|---|--|---|---|--|---|------------------------|
| <b>Group</b>  |  |   |   |  |   |                        |
| Cost/valuation at beginning of year                       | 396,990  | 116,872                                 | 516,315   | 235,487  | -   | 1,265,664              |
| Additions   | 15,503   | -                                       | 48,953  | 27,890   | 5,167   | 97,513                 |
| Disposals   | (2,369)  | -                                       | (33,631)  | (14,150)   | -   | (50,150)               |
| Arising from deconsolidation<br>of a subsidiary           | (1,850)  | -                                       | (9,307)   | (2,288)  | -   | (13,445)               |
| Foreign exchange realignment                              | (2,133)  | -                                       | (11,960)  | (2,900)  | -   | (16,993)               |
| Cost/valuation at end of year                             | <u>406,141</u>                                   | <u>116,872</u>                          | <u>510,370</u>                                  | <u>244,039</u>   | <u>5,167</u>                                  | <u>1,282,589</u>       |
| Represented by:   |  |   |   |  |   |                        |
| Valuation   | 337,147  | -                                       | -   | -  | -   | 337,147                |
| (Cost* : 2002: \$136,915,000<br>2001: \$136,656,000)      |  |   |   |  |   |                        |
| Cost  | <u>68,994</u>                                    | <u>116,872</u>                          | <u>510,370</u>                                  | <u>244,039</u>   | <u>5,167</u>                                  | <u>945,442</u>         |
|   | <u>406,141</u>                                   | <u>116,872</u>                          | <u>510,370</u>                                  | <u>244,039</u>   | <u>5,167</u>                                  | <u>1,282,589</u>       |
| Accumulated depreciation                                  |  |   |   |  |   |                        |
| at beginning of year                                      | 7,418  | 17,080                                  | 92,870  | 164,404  | -   | 281,772                |
| Depreciation for the year                                 | 1,312  | 1,313                                   | 16,230  | 21,377   | -   | 40,232                 |
| Impairment loss charge to other<br>non-operating expenses | -  | -                                       | -   | 4,445  | -   | 4,445                  |
| Disposals   | -  | -                                       | (1,744)   | (10,675)   | -   | (12,419)               |
| Arising from deconsolidation<br>of a subsidiary           | (1,850)  | -                                       | (9,307)   | (2,288)  | -   | (13,445)               |
| Foreign exchange realignment                              | (374)  | -                                       | (952)   | (1,203)  | -   | (2,529)                |
| Accumulated depreciation<br>at end of year                | <u>6,506</u>                                     | <u>18,393</u>                           | <u>97,097</u>                                   | <u>176,060</u>   | <u>-</u>                                      | <u>298,056</u>         |
| Depreciation for last year                                | <u>1,054</u>                                     | <u>1,313</u>                            | <u>14,872</u>                                   | <u>19,061</u>  | <u>-</u>                                      | <u>36,300</u>          |
| Net book value at beginning of year                       | <u>389,572</u>                                   | <u>99,792</u>                           | <u>423,445</u>                                  | <u>71,083</u>  | <u>-</u>                                      | <u>983,892</u>         |
| Net book value at end of year                             | <u>399,635</u>                                   | <u>98,479</u>                           | <u>413,273</u>                                  | <u>67,979</u>  | <u>5,167</u>                                  | <u>984,533</u>         |



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**14 PROPERTY, PLANT AND EQUIPMENT (cont'd)**

|  | <b>Freehold and<br/>leasehold land<br/>\$'000</b> | <b>Leasehold<br/>property<br/>\$'000</b> | <b>Buildings and<br/>improvements<br/>\$'000</b> | <b>Plant and<br/>equipment,<br/>furniture,<br/>fixtures and<br/>fittings<br/>\$'000</b> | <b>Construction<br/>in progress<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|--|---|--|--|---|--|-------------------------|
| <b>Company</b>   |   |  |  |   |  |                         |
| Cost/valuation at beginning of year                            | 208,800   | -  | 24,679   | 68,226  | -  | 301,705                 |
| Additions  | -   | -  | 2  | 2,727   | -  | 2,729                   |
| Disposals  | -   | -  | -  | (428)   | -  | (428)                   |
| Cost/valuation at end of year                                  | 208,800   | -  | 24,681   | 70,525  | -  | 304,006                 |
| <b>Represented by:</b>   |   |  |  |   |  |                         |
| Valuation  | 208,800   | -  | -  | -   | -  | 208,800                 |
| (Cost <sup>*</sup> : 2002: \$98,015,000<br>2001: \$98,015,000) |   |  |  |   |  |                         |
| Cost   | -   | -  | 24,681   | 70,525  | -  | 95,206                  |
|  | 208,800   | -  | 24,681   | 70,525  | -  | 304,006                 |
| Accumulated depreciation<br>at beginning of year               | -   | -  | 12,928   | 51,910  | -  | 64,838                  |
| Depreciation for the year                                      | -   | -  | 396  | 4,908   | -  | 5,304                   |
| Disposals  | -   | -  | -  | (121)   | -  | (121)                   |
| Accumulated depreciation<br>at end of year                     | -   | -  | 13,324   | 56,697  | -  | 70,021                  |
| Depreciation for last year                                     | -   | -  | 428  | 4,758   | -  | 5,186                   |
| Net book value at beginning of year                            | 208,800   | -  | 11,751   | 16,316  | -  | 236,867                 |
| Net book value at end of year                                  | 208,800   | -  | 11,357   | 13,828  | -  | 233,985                 |

\* 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 STie & 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 comprises \$4.4 million relating to the net book value of a subsidiary's leasehold improvements and equipment in Singapore.

As at December 31, 2002, certain property, plant and equipment with a net book value of \$856 million (2001: \$838 million) were mortgaged to banks to secure credit facilities for the Company and respective subsidiaries of the Group.



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## 14 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<br>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<br>Singapore 249724                      | Freehold  | A 9-storey building (known as HPL House)   |
| 190 Orchard Boulevard<br>Singapore 248646                 | Freehold  | A 20-storey hotel building with 257 rooms/suites (known as Four Seasons Hotel Singapore)                     |
| 100 Orchard Road<br>Singapore 238840                      | Leasehold (99 years from August 17, 1979)   | A 9-storey hotel (known as Le Meridien Singapur)   |
| Ringlet<br>Cameron Highlands<br>Malaysia                  | Freehold and leasehold (99 years from September 19, 1940)                                     | A 3-storey holiday resort (known as The Lake House)  |
| Ferny Avenue<br>Surfers Paradise<br>Queensland, Australia | Freehold  | A hotel building with 199 rooms (known as Concorde Hotel Gold Coast)   |
| Pattaya Beach Road<br>Cholburi, Thailand                  | Freehold  | A 10-storey hotel building with 325 rooms (known as Hard Rock Hotel Pattaya)                                 |
| South Sathorn Road<br>Bangkok, Thailand                   | Freehold  | 2 inter-connecting buildings of 10 and 11 storeys with 262 rooms (known as YMCA Collins International House) |
| Sathorn Park Place,<br>Bangkok, Thailand                  | Freehold  | A condominium unit   |
| Westferry Circus<br>London, United Kingdom                | Long-term leasehold (999 years from February 5, 1997)   | 4 apartment units  |
| Port Vila<br>Vanuatu                                      | Two leasehold properties (75 years from July 13, 1980 and July 8, 1992 respectively)          | A holiday resort (known as Le Meridien Port Vila Resort and Casino)  |
| Jimbaran, Bali<br>Indonesia                               | Two leasehold properties (30 years from September 14, 1991 and October 30, 1991 respectively) | A resort hotel with 147 villas (known as Four Seasons Resort Bali at Jimbaran)                               |



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**14 PROPERTY, PLANT AND EQUIPMENT (cont'd)**

| Location   | Title  | Description  |
|--|--|--|
| Ubud, Bali<br>Indonesia  | Leasehold with certain local restrictions (30 years commencing August 4, 1994 with an option to extend for another 30 years)   | A resort with 60 villas (known as Four Seasons Resort Bali at Sayan)           |
| Kuta, Bali<br>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)                |
| Jimbaran Village,<br>Bali, Indonesia                                   | Leasehold with certain local restrictions (30 years commencing June 27, 1996 with an option to extend for another 30 years)    | A resort with 9 villas (known as Four Seasons Private Estates at Jimbaran Bay) |
| Badung, Bali<br>Indonesia  | Leasehold with certain local restrictions (30 years commencing May 1, 2000 with an option to extend for another 30 years)      | Land for development   |
| 127 East, 55 <sup>th</sup> Street<br>New York City<br>New York, U.S.A. | Freehold   | A hotel building with 124 rooms (known as Fitzpatrick Hotel)                   |
| North Male' Atoll<br>Republic of Maldives                              | Leasehold (21 years commencing May 1, 1994)  | A resort (known as Four Seasons Resort Maldives at Kuda Huraa)                 |

**15 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. The investment properties are:

| Description and location   | Title   |
|--|---|
| 5 shop units at 21 Cuscaden Road,<br>Ming Arcade, Singapore 249720               | Freehold  |
| Office and shop units at 583 Orchard Road,<br>Singapore 238884                   | Freehold  |
| 61 shop units at 100 Orchard Road,<br>Meridien Shopping Centre, Singapore 238840 | Leasehold (99 years commencing August 17, 1979) |
| 2 shop units at 150 Orchard Road,<br>Orchard Plaza, Singapore 238841             | Leasehold (99 years commencing June 2, 1977)    |



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**15 INVESTMENT PROPERTIES (cont'd)**

As at December 31, 2002, certain investment properties amounting to approximately \$268 million (2001: \$268 million) were mortgaged to banks to secure credit facilities for the respective subsidiaries of the Group.

**16 EXPENDITURE CARRIED FORWARD**

|   | <b>Goodwill<br/>\$'000</b> | <b>Franchise<br/>Rights<br/>\$'000</b> | <b>Deferred<br/>Charges<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|---|----------------------------|--|--|-------------------------|
| <u>Group</u>  |                            |  |  |                         |
| Cost at beginning of year                               | 3,731                      | 7,033                                  | 1,887                                  | 12,651                  |
| Additions   | 4,939                      | 4                                      | 1,226                                  | 6,169                   |
| Write off   | -                          | (237)                                  | -                                      | (237)                   |
| Foreign exchange realignment                            | 235                        | (177)                                  | (27)                                   | 31                      |
| Cost at end of year                                     | <u>8,905</u>               | <u>6,623</u>                           | <u>3,086</u>                           | <u>18,614</u>           |
| Accumulated amortisation at beginning of year           | 3,021                      | 732                                    | 832                                    | 4,585                   |
| Amortisation charged to<br>other non-operating expenses | 599                        | 420                                    | 371                                    | 1,390                   |
| Write off   | -                          | (12)                                   | -                                      | (12)                    |
| Foreign exchange realignment                            | 190                        | (32)                                   | 3                                      | 161                     |
| Accumulated amortisation at end of year                 | <u>3,810</u>               | <u>1,108</u>                           | <u>1,206</u>                           | <u>6,124</u>            |
| Amortisation for last year                              | <u>362</u>                 | <u>203</u>                             | <u>2,958</u>                           | <u>3,523</u>            |
| Net book value at beginning of year                     | <u>710</u>                 | <u>6,301</u>                           | <u>1,055</u>                           | <u>8,066</u>            |
| Net book value at end of year                           | <u>5,095</u>               | <u>5,515</u>                           | <u>1,880</u>                           | <u>12,490</u>           |
| <u>Company</u>  |                            |  |  |                         |
| Cost at beginning and end of year                       | -                          | -                                      | 649                                    | 649                     |
| Accumulated amortisation at beginning of year           | -                          | -                                      | 98                                     | 98                      |
| Amortisation charged to<br>other non-operating expenses | -                          | -                                      | 129                                    | 129                     |
| Accumulated amortisation at end of year                 | -                          | -                                      | 227                                    | 227                     |
| Amortisation for last year                              | -                          | -                                      | 2,781                                  | 2,781                   |
| Net book value at beginning of year                     | -                          | -                                      | 551                                    | 551                     |
| Net book value at end of year                           | -                          | -                                      | 422                                    | 422                     |





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## 17 CREDIT FACILITIES

|                                 | Group          |                | Company        |                |
|---------------------------------|----------------|----------------|----------------|----------------|
|                                 | 2002<br>\$'000 | 2001<br>\$'000 | 2002<br>\$'000 | 2001<br>\$'000 |
| <u>Due after twelve months</u>  |                |                |                |                |
| Long-term bank loans (a)        | <b>479,800</b> | 579,316        | <b>238,884</b> | 206,803        |
| <u>Due within twelve months</u> |                |                |                |                |
| Current portion of              |                |                |                |                |
| long-term bank loans (a)        | <b>91,241</b>  | 72,384         | -              | -              |
| Short-term bank loans (b)       | <b>10,219</b>  | 35,051         | -              | -              |
|                                 | <b>101,460</b> | 107,435        | -              | -              |
| Bankers' guarantees (c)         | <b>10,782</b>  | 72,573         | <b>694</b>     | 3,730          |

(a) Long-term bank loans are secured by legal mortgages on properties of the Company and some of its subsidiaries; fixed and floating charges on the assets of the Company and some of its subsidiaries; pledge of shares of certain subsidiaries; negative pledge over the assets of the Group and are guaranteed by the Company and certain minority shareholders. These loans bear annual interest rates ranging from 0.5% to 1.75% (2001: 0.5% to 1.75%) above prime rate and cost of funds of the lender banks. The facilities are repayable from 2004 to 2009.

(b) Short-term bank loans are guaranteed by the Company and certain minority shareholder (2001: legal mortgages on the properties of certain subsidiaries; assignment of rights and benefits under the tenancy agreements of a property and are guaranteed by the Company and certain minority shareholder). These loans bear annual interest rates ranging from 2.22% to 3.13% (2001: 1.78% to 3.95%).

(c) The Group has obtained bankers' guarantees in favour of various statutory boards, government regulatory authorities and certain lessors of shop units. These guarantees are secured by the assets and undertakings as in (a) above.

## 18 OTHER PAYABLES

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2002<br>\$'000 | 2001<br>\$'000 | 2002<br>\$'000 | 2001<br>\$'000 |
| Accruals for employee-related expenses                      | <b>5,648</b>   | 5,403          | -              | -              |
| Accrued operating expenses                                  | <b>12,151</b>  | 10,799         | -              | -              |
| Deposit received  | <b>990</b>     | 704            | -              | -              |
| Due to companies in which certain directors have interests* | <b>727</b>     | 150            | -              | -              |
| Interest payable to non-related companies                   | <b>1,185</b>   | 986            | -              | -              |
| Other payables  | <b>5,696</b>   | 6,129          | -              | -              |
| Payable arising from acquisition of an associate            | <b>1,086</b>   | 1,156          | -              | -              |
| Renovation/construction cost accruals                       | <b>1,224</b>   | 2,760          | -              | -              |
| Total   | <b>28,707</b>  | 28,087         | -              | -              |

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



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## 19 OTHER LONG-TERM PAYABLES

|   | <b>Group</b>   |         |
|---|----------------|---------|
|   | <b>2002</b>    | 2001    |
|   | <b>\$'000</b>  | \$'000  |
| Payables arising from acquisition of an associate | <b>2,172</b>   | 3,469   |
| Less: current portion (Note 18)                   | <b>(1,086)</b> | (1,156) |
| Non-current portion                               | <b>1,086</b>   | 2,313   |

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

## 20 DEFERRED TAX LIABILITIES

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

|   | <b>Group</b>    |        | <b>Company</b> |        |
|---|-----------------|--------|----------------|--------|
|   | <b>2002</b>     | 2001   | <b>2002</b>    | 2001   |
|   | <b>\$'000</b>   | \$'000 | <b>\$'000</b>  | \$'000 |
| At beginning of year                          | <b>33,635</b>   | 19,787 | <b>2,406</b>   | 2,911  |
| Charge to (reversal from) income for the year | <b>25</b>       | 13,846 | <b>(477)</b>   | (505)  |
| Transfer to current tax payable               | <b>(24,520)</b> | -      | -              | -      |
| Foreign exchange realignment                  | <b>7</b>        | 2      | -              | -      |
| Effect of change in tax rate                  | <b>(3,603)</b>  | -      | <b>(243)</b>   | -      |
| At end of year                                | <b>5,544</b>    | 33,635 | <b>1,686</b>   | 2,406  |

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

|   | <b>Accelerated<br/>tax<br/>depreciation<br/>\$'000</b> | <b>Unrealised<br/>exchange<br/>difference<br/>\$'000</b> | <b>Other<br/>temporary<br/>differences<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|---|--|--|---|-------------------------|
| <b>Group</b>                                  |  |  |   |                         |
| At beginning of year                          | 3,719  | 47   | 29,869  | 33,635                  |
| Charge to (reversal from) income for the year | (310)  | (45)   | 380   | 25                      |
| Transfer to current tax payable               | -  | -  | (24,520)  | (24,520)                |
| Foreign exchange realignment                  | 9  | (2)  | -   | 7                       |
| Effect of change in tax rate                  | (375)  | -  | (3,228)   | (3,603)                 |
| Total   | <b>3,043</b>   | <b>-</b>   | <b>2,501</b>  | <b>5,544</b>            |
| <b>Company</b>                                |  |  |   |                         |
| At beginning of year                          | 2,406  | -  | -   | 2,406                   |
| Reversal from income for the year             | (477)  | -  | -   | (477)                   |
| Effect of change in tax rate                  | (243)  | -  | -   | (243)                   |
| Total   | <b>1,686</b>   | <b>-</b>   | <b>-</b>  | <b>1,686</b>            |



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## 21 MINORITY INTERESTS

|   | <b>Group</b>    |          |
|---|-----------------|----------|
|   | <b>2002</b>     | 2001     |
|   | <b>\$'000</b>   | \$'000   |
| Minority shareholders' share of issued share capital and reserves | <b>69,229</b>   | 71,402   |
| Advances from minority shareholders                               | <b>18,600</b>   | 17,919   |
| Advances to minority shareholders                                 | <b>(19,521)</b> | (22,668) |
| Net   | <b>68,308</b>   | 66,653   |

Advances from and to minority shareholders are unsecured and interest-free.

## 22 ISSUED SHARE CAPITAL AND OPTIONS

|   | <b>2002</b>      | 2001      |
|---|------------------|-----------|
|   | <b>\$'000</b>    | \$'000    |
| <u>Authorised</u><br>1,000,000,000 ordinary shares of \$1 each                              | <b>1,000,000</b> | 1,000,000 |
| <u>Issued and fully paid</u><br>453,024,410 (2001: 452,999,410) ordinary shares of \$1 each | <b>453,024</b>   | 452,999   |

### i) Issue of shares

During the 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 rank *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 6,020,000 (2001: 7,601,000) ordinary shares of \$1 each. Details on the options exercised and options outstanding as at end of the financial year are described in paragraph 18 of the Directors' report. Options exercised during the financial year totalled 25,000.

## 23 REVENUE AND OTHER OPERATING INCOME

|  | <b>Group</b>   |         | <b>Company</b> |        |
|--|----------------|---------|----------------|--------|
|  | <b>2002</b>    | 2001    | <b>2002</b>    | 2001   |
|  | <b>\$'000</b>  | \$'000  | <b>\$'000</b>  | \$'000 |
| <u>Revenue</u>                                       |                |         |                |        |
| Sales  | <b>86,492</b>  | 258,508 | -              | -      |
| Hotel revenue  | <b>242,653</b> | 232,883 | <b>41,902</b>  | 44,440 |
| Rental income  | <b>16,465</b>  | 17,426  | -              | -      |
| Management fee                                       | <b>2,623</b>   | 2,810   | <b>247</b>     | 285    |
| Total  | <b>348,233</b> | 511,627 | <b>42,149</b>  | 44,725 |
| <u>Other operating income</u>                        |                |         |                |        |
| Interest income                                      | <b>3,597</b>   | 4,844   | <b>2,937</b>   | 2,031  |
| Dividend income (gross)                              | <b>74</b>      | 145     | <b>21,581</b>  | 60,984 |
| Gain arising from revaluation of investment property | -              | 4,786   | -              | -      |
| Others   | <b>2,139</b>   | 1,966   | <b>250</b>     | -      |
| Total  | <b>5,810</b>   | 11,741  | <b>24,768</b>  | 63,015 |



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### 23 REVENUE AND OTHER OPERATING INCOME (cont'd)

Included in sales is an amount of \$14,497,000 (2001: \$159,711,000) being revenue recognised based on percentage of completion method on development properties.

### 24 PROFIT BEFORE INCOME TAX AND SHARE OF RESULTS OF ASSOCIATES

In addition to the charges and credits disclosed elsewhere in the notes to the profit and loss statements, this item is determined:

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2002<br>\$'000 | 2001<br>\$'000 | 2002<br>\$'000 | 2001<br>\$'000 |
| after charging:   |                |                |                |                |
| Allowance for inventories   | -              | 2,299          | -              | -              |
| Allowance for doubtful trade receivables  | 228            | 197            | 12             | 3              |
| Amortisation of expenditure carried forward   | 1,390          | 3,523          | 129            | 2,781          |
| Auditors' remuneration:   |                |                |                |                |
| Auditors of the Company   | 370            | 369            | 140            | 140            |
| Other auditors  | 578            | 506            | 54             | 54             |
| Non-audit fees to auditors of the Company   | 83             | 112            | 75             | 60             |
| Non-audit fees to other auditors  | 85             | 61             | -              | -              |
| Bad trade debts written off   | 70             | 124            | -              | -              |
| Depreciation expense  | 40,232         | 36,300         | 5,304          | 5,186          |
| Directors' remuneration:  |                |                |                |                |
| Company's directors   | 1,011          | 1,408          | 895            | 1,292          |
| Subsidiaries' directors   | 981            | 870            | -              | -              |
| Expenditure carried forward written off   | 225            | 8              | -              | -              |
| Foreign exchange adjustment loss  | 71             | 1,863          | -              | 96             |
| Goodwill written off  | 1,259          | -              | -              | -              |
| Impairment loss in associates   | 640            | -              | -              | -              |
| Impairment loss in a development property   | 75             | 79             | -              | -              |
| Impairment loss in property, plant and equipment                                      | 4,445          | 9,105          | -              | -              |
| Impairment loss in investment in subsidiaries   | -              | -              | 3,619          | 29,867         |
| Impairment loss in long-term investments  | 1,484          | 1,597          | -              | -              |
| Impairment loss in short-term investments   | 1,076          | 236            | -              | -              |
| Interest expense paid/payable to non-related companies                                | 18,250         | 28,102         | 5,652          | 10,057         |
| Loss on disposal of property, plant and equipment                                     | -              | -              | -              | 5              |
| Management fee to enterprises in which certain directors are deemed to have interests | 899            | 327            | -              | -              |
| Plant and equipment written off   | 1,262          | 1,003          | 305            | 207            |
| and after crediting:  |                |                |                |                |
| Allowance for doubtful trade receivables written back                                 | 59             | 172            | -              | -              |
| Allowance for inventories written back  | 3,343          | -              | -              | -              |
| Foreign exchange adjustment gain  | -              | -              | 246            | -              |
| Gain on disposal of an associate  | -              | 353            | -              | -              |
| Gain on disposal of a development property  | -              | 178            | -              | -              |
| Gain on disposal of property, plant and equipment                                     | 12,168         | 337            | 2              | -              |
| Gain on revaluation of investment property  | -              | 4,786          | -              | -              |
| Interest income:  |                |                |                |                |
| Subsidiaries  | -              | -              | 1,859          | 1,785          |
| Associates  | 952            | 2,837          | -              | -              |
| Others  | 2,645          | 2,007          | 1,078          | 245            |



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

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2002<br>\$'000 | 2001<br>\$'000 | 2002<br>\$'000 | 2001<br>\$'000 |
| Investment income:   |                |                |                |                |
| Dividend (gross) from other investments  | 74             | 145            | -              | -              |
| Dividend (gross) from subsidiaries   | -              | -              | 21,580         | 60,984         |
| Management fee from associates   | 1,163          | 1,072          | -              | -              |
| Management fee from enterprises in which<br>certain directors are deemed to have interests | 1,217          | 969            | -              | -              |
| Rental income from enterprises in which certain<br>directors are deemed to have interests  | 4,933          | 4,563          | 1,185          | 1,317          |
| Rental income from investment properties   | 12,629         | 13,256         | -              | -              |

## 25 DIRECTORS' REMUNERATION

The number of directors in remuneration bands is as follows:

|                       | 2002     | 2001     |
|-----------------------|----------|----------|
| \$0 - \$249,999       | 7        | 7        |
| \$250,000 - \$499,999 | -        | -        |
| \$500,000 and above   | 1        | 1        |
|                       | <b>8</b> | <b>8</b> |

## 26 STAFF COSTS

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2002<br>\$'000 | 2001<br>\$'000 | 2002<br>\$'000 | 2001<br>\$'000 |
| Staff costs   | 73,134         | 81,760         | 17,675         | 18,803         |
| Cost of defined contribution plans<br>included in staff costs | 6,878          | 7,354          | 3,304          | 3,913          |

|                                    | 2002  | 2001  | 2002 | 2001 |
|------------------------------------|-------|-------|------|------|
| Number of employees at end of year | 4,250 | 4,694 | 377  | 398  |

## 27 INCOME TAX EXPENSE

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2002<br>\$'000 | 2001<br>\$'000 | 2002<br>\$'000 | 2001<br>\$'000 |
| Current                                 | 7,691          | 6,104          | 5,721          | 15,212         |
| Deferred                                | (3,578)        | 13,846         | (720)          | (505)          |
|   | 4,113          | 19,950         | 5,001          | 14,707         |
| Under (Over) provision in prior years   | 2,496          | (265)          | 64             | 195            |
| Share of tax attributable to associates | 1,188          | 1,156          | -              | -              |
|   | 7,797          | 20,841         | 5,065          | 14,902         |



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## 27 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% (2001: 24.5%) to profit before income tax and share of results of associates as a result of the following differences:

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2002<br>\$'000 | 2001<br>\$'000 | 2002<br>\$'000 | 2001<br>\$'000 |
| Profit before income tax and share of results of associates           | <b>32,048</b>  | 69,460         | <b>17,010</b>  | 21,639         |
| Tax calculated at a tax rate of 22% (2001: 24.5%)                     | <b>7,051</b>   | 17,018         | <b>3,742</b>   | 5,302          |
| Non-allowable (taxable) items   | <b>(646)</b>   | 3,897          | <b>1,745</b>   | 9,454          |
| Tax rebate and tax exemption  | <b>(186)</b>   | (430)          | <b>(12)</b>    | (49)           |
| Utilisation of unabsorbed tax losses brought forward                  | <b>(2,666)</b> | (4,602)        | -              | -              |
| Utilisation of unabsorbed capital allowances brought forward          | <b>(339)</b>   | (948)          | -              | -              |
| Tax benefits arising from group relief                                | -              | -              | <b>(262)</b>   | -              |
| Deferred tax asset on tax losses arising during the year not recorded | <b>3,253</b>   | 4,173          | -              | -              |
| Effect of change in tax rate  | <b>(3,603)</b> | -              | <b>(243)</b>   | -              |
| Effect of different tax rate of overseas operations                   | <b>444</b>     | 60             | -              | -              |
| Others  | <b>805</b>     | 782            | <b>31</b>      | -              |
|   | <b>4,113</b>   | 19,950         | <b>5,001</b>   | 14,707         |
| Effective tax rate  | 12.8%          | 28.7%          | 29.4%          | 68.0%          |

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 \$98,983,000 and \$517,000 respectively (2001: \$120,903,000 and \$2,508,000 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 \$21,930,000 (2001: \$29,295,000) due to unpredictability of future profit stream.

## 28 EARNINGS PER ORDINARY SHARE

The calculation of basic earnings per ordinary share is based on the Group profit after taxation and minority interests of \$16,007,000 (2001: \$39,090,000) divided by the weighted average number of ordinary shares of 453,017,492 (2001: 452,934,848) in issue during the year.

Fully diluted earnings per ordinary share is based on 453,017,492 (2001: 453,265,291) ordinary shares assuming the full exercise of outstanding share options (Note 18 of Directors' report) during the year and adjusted group earnings of \$16,007,000 (2001: \$39,090,000) after adjusting the weighted average number of ordinary shares to reflect the effect of all potentially dilutive ordinary shares.



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**28 EARNINGS PER ORDINARY SHARE (cont'd)**

|  | <b>Group</b>         |               |
|--|----------------------|---------------|
|  | <b>2002</b>          | 2001          |
|  | <b>\$'000</b>        | \$'000        |
| Net profit attributable to shareholders used to compute basic and fully diluted earnings per share | <b>16,007</b>        | 39,090        |
|  | <b>No. of shares</b> | No. of shares |
|  | <b>('000)</b>        | ('000)        |
| Weighted average number of ordinary shares used to compute basic earnings per share                | <b>453,017</b>       | 452,935       |
| Adjustment for potential dilutive ordinary shares  | -                    | 331           |
| Weighted average number of ordinary shares used to compute fully diluted earnings per share        | <b>453,017</b>       | 453,266       |
| Basic earnings per ordinary share  | <b>3.53 cents</b>    | 8.63 cents    |
| Fully diluted earnings per ordinary share  | <b>3.53 cents</b>    | 8.62 cents    |

**29 DIVIDENDS**

During the financial year ended December 31, 2001, the Company declared and paid a final dividend of 2.5% per ordinary share less tax of 24.5% on the ordinary shares of the Company totalling \$8,546,023 in respect of the financial year ended December 31, 2000.

During the financial year ended December 31, 2002, the Company declared and paid a final dividend of 2.5% 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, 2001.

Subsequent to December 31, 2002, the directors of the Company recommended that a final dividend be paid at 2.5% per ordinary share less tax of 22% totalling \$8,833,976 for the financial year just ended on the ordinary shares of the Company. The proposed dividends are not accrued as a liability for the current financial year in accordance with SAS 10 (2000) – Events After The Balance Sheet Date.

**30 CAPITAL COMMITMENTS**

The Group has capital commitments in respect of the following:

|   | <b>2002</b>   | 2001   |
|---|---------------|--------|
|   | <b>\$'000</b> | \$'000 |
| Capital expenditure not provided for in the financial statements: |               |        |
| Approved and contracted for                                       | <b>74,478</b> | 22,950 |
| Approved but not contracted for                                   | -             | 19,523 |
| Total   | <b>74,478</b> | 42,473 |



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### 31 OPERATING LEASE COMMITMENTS

|  | Group          |                |
|--|----------------|----------------|
|  | 2002<br>\$'000 | 2001<br>\$'000 |
| Minimum lease payments under operating lease commitments | <b>15,337</b>  | 14,793         |
| Within 1 year  | <b>11,271</b>  | 13,133         |
| Within 2 to 5 years                                      | <b>13,391</b>  | 16,066         |
| After 5 years  | <b>3,109</b>   | 8,710          |

### 32 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 on the stage 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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### 32 BUSINESS SEGMENT INFORMATION (cont'd)

c) Information by business segment:

|   | Hotels         |                | Properties    |                | Retail & Distribution |               | Others       |               | Eliminations |              | Consolidated     |                  |
|---|----------------|----------------|---------------|----------------|-----------------------|---------------|--------------|---------------|--------------|--------------|------------------|------------------|
|   | 2002           | 2001           | 2002          | 2001           | 2002                  | 2001          | 2002         | 2001          | 2002         | 2001         | 2002             | 2001             |
|   | \$'000         | \$'000         | \$'000        | \$'000         | \$'000                | \$'000        | \$'000       | \$'000        | \$'000       | \$'000       | \$'000           | \$'000           |
| <b>REVENUE</b>  |                |                |               |                |                       |               |              |               |              |              |                  |                  |
| External sales  | 245,199        | 235,590        | 30,364        | 184,110        | 70,243                | 80,589        | 2,427        | 11,338        |              |              | 348,233          | 511,627          |
| Inter-segment sales   | -              | -              | 221           | 209            | -                     | -             | -            | -             | (221)        | (209)        | -                | -                |
| <b>Total revenue</b>  | <b>245,199</b> | <b>235,590</b> | <b>30,585</b> | <b>184,319</b> | <b>70,243</b>         | <b>80,589</b> | <b>2,427</b> | <b>11,338</b> | <b>(221)</b> | <b>(209)</b> | <b>348,233</b>   | <b>511,627</b>   |
| <b>RESULTS</b>  |                |                |               |                |                       |               |              |               |              |              |                  |                  |
| Segment results   | 43,388         | 34,722         | 13,141        | 82,315         | (7,269)               | (11,340)      | (2,559)      | (12,979)      |              |              | 46,701           | 92,718           |
| Interest expense  |                |                |               |                |                       |               |              |               |              |              | (18,250)         | (28,102)         |
| Interest income   |                |                |               |                |                       |               |              |               |              |              | 3,597            | 4,844            |
| Share of results of associates  | (1,259)        | (650)          | (1,008)       | (3,086)        | (482)                 | (3,309)       | (1,667)      | -             |              |              | (4,416)          | (7,045)          |
| Income tax expense  |                |                |               |                |                       |               |              |               |              |              | (7,797)          | (20,841)         |
| Minority interests  |                |                |               |                |                       |               |              |               |              |              | (3,828)          | (2,484)          |
| <b>Net profit</b>   |                |                |               |                |                       |               |              |               |              |              | <b>16,007</b>    | <b>39,090</b>    |
| <b>OTHER INFORMATION</b>  |                |                |               |                |                       |               |              |               |              |              |                  |                  |
| Segment assets  | 965,483        | 951,556        | 457,991       | 528,376        | 22,200                | 45,395        | 37,744       | 30,573        |              |              | 1,483,418        | 1,555,900        |
| Investment in equity<br>method associates                                 | 32,809         | 11,039         | 46,491        | 69,160         | 15,027                | 19,510        | 4,275        | -             |              |              | 98,602           | 99,709           |
| Unallocated corporate assets  |                |                |               |                |                       |               |              |               |              |              | 87,540           | 118,483          |
| <b>Consolidated total assets</b>  |                |                |               |                |                       |               |              |               |              |              | <b>1,669,560</b> | <b>1,774,092</b> |
| Segment liabilities   | 42,976         | 44,585         | 19,889        | 15,239         | 6,799                 | 16,678        | 384          | 46            |              |              | 70,048           | 76,548           |
| Unallocated corporate liabilities   |                |                |               |                |                       |               |              |               |              |              | 618,152          | 725,280          |
| <b>Consolidated total liabilities</b>                                     |                |                |               |                |                       |               |              |               |              |              | <b>688,200</b>   | <b>801,828</b>   |
| Capital expenditure   | 102,121        | 62,825         | 203           | 342            | 1,358                 | 6,588         | 1,259        | -             |              |              | 104,941          | 69,755           |
| Depreciation and amortisation   | 36,008         | 33,852         | 1,053         | 1,154          | 4,561                 | 4,817         | -            | -             |              |              | 41,622           | 39,823           |
| Non-cash (income) expenses<br>other than depreciation<br>and amortisation | (11,804)       | 839            | (103)         | 555            | (364)                 | 3,115         | 418          | (487)         |              |              | (11,853)         | 4,022            |
| Impairment losses (reversals)   | -              | 16,940         | 1,538         | 79             | 5,092                 | -             | 1,090        | (6,002)       |              |              | 7,720            | 11,017           |



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**32 BUSINESS SEGMENT INFORMATION (cont'd)**

d) Information by geographic regions:

|                  | Revenue        |         | Identifiable assets |           | Total capital expenditure |        |
|------------------|----------------|---------|---------------------|-----------|---------------------------|--------|
|                  | 2002           | 2001    | 2002                | 2001      | 2002                      | 2001   |
|                  | \$'000         | \$'000  | \$'000              | \$'000    | \$'000                    | \$'000 |
| Singapore        | <b>153,660</b> | 322,535 | <b>1,040,191</b>    | 1,109,562 | <b>8,195</b>              | 7,751  |
| The rest of Asia | <b>168,199</b> | 168,183 | <b>404,511</b>      | 413,360   | <b>38,786</b>             | 61,038 |
| Australasia      | <b>15,887</b>  | 14,136  | <b>26,105</b>       | 36,132    | <b>754</b>                | 837    |
| United Kingdom   | <b>3,881</b>   | 6,611   | <b>51,393</b>       | 93,436    | <b>41</b>                 | 129    |
| America          | <b>6,606</b>   | 162     | <b>59,820</b>       | 3,119     | <b>57,165</b>             | -      |
| Total            | <b>348,233</b> | 511,627 | <b>1,582,020</b>    | 1,655,609 | <b>104,941</b>            | 69,755 |



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### 33 SUBSIDIARIES

Information relating to the subsidiaries are as follows:

| Subsidiary   | Principal Activity                                  | Country of Incorporation/<br>Place of Business | Group's Effective Equity Interest |           | Cost of Investment |                |
|--|---|--|-----------------------------------|-----------|--------------------|----------------|
|  |   |  | 2002<br>%                         | 2001<br>% | 2002<br>\$'000     | 2001<br>\$'000 |
| 21 <sup>st</sup> Century Holdings Pte Ltd<br>(Subsidiary of HPL Properties (SEA) Pte Ltd)                | Investment holding company                          | Singapore                                      | <b>100</b>                        | 100       | -                  | -              |
| Admor Investments Pte Ltd<br>(Subsidiary of HPL Orchard Place Pte Ltd)                                   | Property development and investment holding company | Singapore                                      | <b>100</b>                        | 100       | -                  | -              |
| Alkaff Mansion Pte Ltd<br>(Subsidiary of HPL Singapore Pte Ltd)  | Restaurant operator                                 | Singapore                                      | <b>100</b>                        | 100       | -                  | -              |
| Allegro Investments Pte Ltd<br>(Subsidiary of HPL Orchard Place Pte Ltd)                                 | Property developer                                  | Singapore                                      | <b>100</b>                        | 100       | -                  | -              |
| Amberwood Investments Pte Ltd<br>(Subsidiary of HPL Properties (SEA) Pte Ltd)                            | Investment holding company                          | Singapore                                      | <b>100</b>                        | 100       | -                  | -              |
| Apsara Holdings Cambodia Company Limited<br>(Subsidiary of Apsara Holdings Private Limited) <sup>5</sup> | Investment holding company                          | Cambodia                                       | <b>80</b>                         | 80        | -                  | -              |
| Apsara Holdings Private Limited<br>(Subsidiary of HPL Properties (SEA) Pte Ltd)                          | Investment holding company                          | Singapore                                      | <b>80</b>                         | 80        | -                  | -              |
| Asia Hotel Growth Fund<br>(Subsidiary of 21 <sup>st</sup> Century Pte Ltd) <sup>1</sup>                  | Hotelier  | Thailand                                       | <b>100</b>                        | 100       | -                  | -              |



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**33 SUBSIDIARIES (cont'd)**

| Subsidiary   | Principal Activity                                 | Country of Incorporation/<br>Place of Business | Group's Effective Equity Interest |           | Cost of Investment |                |
|--|--|--|-----------------------------------|-----------|--------------------|----------------|
|  |  |  | 2002<br>%                         | 2001<br>% | 2002<br>\$'000     | 2001<br>\$'000 |
| Asian Geographic Magazines Pte Ltd (Subsidiary of HPL Leisure Holdings Pte Ltd) <sup>#</sup>           | Publication of journals, periodicals and magazines | Singapore                                      | -                                 | 85        | -                  | -              |
| Bayford Investments Pte Ltd (Subsidiary of HPL Properties (Australasia) Pte Ltd)                       | Investment holding company                         | Singapore                                      | <b>100</b>                        | 100       | -                  | -              |
| Baywood Investments Pte Ltd (Subsidiary of HPL Properties (SEA) Pte Ltd)                               | Investment holding company                         | Singapore                                      | <b>100</b>                        | 100       | -                  | -              |
| Berkley Investments Pte Ltd (Subsidiary of HPL Properties (West) Pte Ltd)                              | Investment holding company                         | Singapore                                      | <b>100</b>                        | 100       | -                  | -              |
| Central Perk Sdn Bhd (Subsidiary of Pinedale Holdings Pte Ltd) <sup>1</sup>                            | Café operator                                      | Malaysia                                       | <b>100</b>                        | 100       | -                  | -              |
| Cleaton International B.V. (Subsidiary of Cleaton Investments Pte Ltd) <sup>5</sup>                    | Investment holding company                         | Netherlands                                    | <b>93.3</b>                       | 87.3      | -                  | -              |
| Cleaton Investments Pte Ltd  | Investment holding company                         | Singapore                                      | <b>93.3</b>                       | 87.3      | <b>59,422</b>      | 52,600         |
| Concorde Hotels & Resorts (Malaysia) Sdn Bhd (Subsidiary of HPL Hotels & Resorts Pte Ltd) <sup>1</sup> | Hotel management                                   | Malaysia                                       | <b>100</b>                        | 100       | -                  | -              |
| Coralbell Pty Ltd (Subsidiary of Bayford Investments Pte Ltd) <sup>1</sup>                             | Investment holding company                         | Australia                                      | <b>100</b>                        | 100       | -                  | -              |
| Coralsand Pty Ltd (Subsidiary of Bayford Investments Pte Ltd) <sup>#</sup>                             | Investment holding company                         | Australia                                      | -                                 | 100       | -                  | -              |



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**33 SUBSIDIARIES (cont'd)**

| Subsidiary   | Principal Activity  | Country of Incorporation/<br>Place of Business | Group's Effective Equity Interest |           | Cost of Investment |                |
|--|---|--|-----------------------------------|-----------|--------------------|----------------|
|  |   |  | 2002<br>%                         | 2001<br>% | 2002<br>\$'000     | 2001<br>\$'000 |
| Eastpoint Investments Limited<br>(Subsidiary of HPL Properties<br>(West) Pte Ltd) <sup>1@</sup>  | Investment holding<br>company                             | United<br>Kingdom                              | <b>100</b>                        | -         | -                  | -              |
| Elegant Hotel Holdings Pty Ltd<br>(Subsidiary of Bayford<br>Investments Pte Ltd) <sup>#</sup>    | Investment holding<br>company                             | Australia                                      | -                                 | 100       | -                  | -              |
| FP Asset Management Inc. <sup>#</sup>  | Investment holding<br>company                             | British Virgin<br>Islands                      | -                                 | 100       | -                  | - ***          |
| Hard Rock Hotels & Resorts<br>Management Pte Ltd (Subsidiary<br>of HPL Leisure Holdings Pte Ltd) | Hotel management  | Singapore                                      | <b>80</b>                         | 80        | -                  | -              |
| Hotel Holdings USA Inc<br>(Subsidiary of HPL Properties<br>(West) Pte Ltd) <sup>3</sup>          | Investment holding<br>company                             | U.S.A.   | <b>100</b>                        | 100       | -                  | -              |
| HPL (Brash) Holdings Pte Ltd<br>(Subsidiary of HPL Properties<br>(Australasia) Pte Ltd)          | Investment holding<br>company                             | Singapore                                      | <b>100</b>                        | 100       | -                  | -              |
| HPL Hotels & Resorts Pte Ltd   | Hotel management<br>and investment holding<br>company     | Singapore                                      | <b>100</b>                        | 100       | <b>100</b>         | 100            |
| HPL (Eaton) Ltd<br>(Subsidiary of Quin Properties<br>Pte Ltd) <sup>1</sup>                       | Operation of<br>serviced<br>apartments                    | United<br>Kingdom                              | <b>100</b>                        | 100       | -                  | -              |
| HPL Hotels Pty Ltd<br>(Subsidiary of Bayford<br>Investments Pte Ltd) <sup>3</sup>                | Provision of<br>administrative<br>services                | Australia                                      | <b>100</b>                        | 100       | -                  | -              |
| HPL Investments (1990) Pte Ltd<br>(Subsidiary of HPL Orchard<br>Place Pte Ltd)                   | Property development<br>and investment<br>holding company | Singapore                                      | <b>100</b>                        | 100       | -                  | -              |



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**33 SUBSIDIARIES (cont'd)**

| Subsidiary  | Principal Activity  | Country of Incorporation/<br>Place of Business | Group's Effective Equity Interest |           | Cost of Investment |                |
|---|---|--|-----------------------------------|-----------|--------------------|----------------|
|   |   |  | 2002<br>%                         | 2001<br>% | 2002<br>\$'000     | 2001<br>\$'000 |
| HPL Investment & Development Pte Ltd  | Investment holding company                                    | Singapore                                      | <b>100</b>                        | 100       | <b>1,000</b>       | 1,000          |
| HPL Investors Pte Ltd<br>(Subsidiary of HPL Singapore Pte Ltd)                                    | Trading in quoted investments and share dealing               | Singapore                                      | <b>100</b>                        | 100       | -                  | -              |
| HPL Leisure Holdings Pte Ltd  | Investment holding company                                    | Singapore                                      | <b>100</b>                        | 100       | <b>2,000</b>       | 2,000          |
| HPL Marketing Sdn Bhd<br>(Subsidiary of Pinedale Holdings Pte Ltd) <sup>1</sup>                   | Food distribution and retail                                  | Malaysia                                       | <b>100</b>                        | 100       | -                  | -              |
| HPL Orchard Place Pte Ltd   | Investment holding company                                    | Singapore                                      | <b>100</b>                        | 100       | <b>7,000</b>       | 7,000          |
| HPL Properties Pte Ltd  | Property development, hotelier and investment holding company | Singapore                                      | <b>100</b>                        | 100       | <b>32,000</b>      | 30,000         |
| HPL Properties (Australasia) Pte Ltd  | Investment holding company                                    | Singapore                                      | <b>100</b>                        | 100       | <b>7,000</b>       | 7,000          |
| HPL Properties (North Asia) Pte Ltd (Subsidiary of HPL Investment & Development Pte Ltd)          | Investment holding company                                    | Singapore                                      | <b>100</b>                        | 100       | -                  | -              |
| HPL Properties (SEA) Pte Ltd  | Investment holding company                                    | Singapore                                      | <b>100</b>                        | 100       | <b>500</b>         | 500            |
| HPL Properties (West) Pte Ltd   | Investment holding company                                    | Singapore                                      | <b>100</b>                        | 100       | <b>100</b>         | 100            |
| HPL Properties (West Asia) Pte Ltd  | Investment holding company                                    | Singapore                                      | <b>100</b>                        | 100       | <b>4,000</b>       | 4,000          |
| HPL Resorts (Maldives) Pvt Ltd<br>(Subsidiary of HPL Properties (West Asia) Pte Ltd) <sup>2</sup> | Hotelier and investment holding company                       | Maldives                                       | <b>70</b>                         | 70        | -                  | -              |



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**33 SUBSIDIARIES (cont'd)**

| Subsidiary   | Principal Activity   | Country of Incorporation/<br>Place of Business | Group's Effective Equity Interest |           | Cost of Investment |                |
|--|--|--|-----------------------------------|-----------|--------------------|----------------|
|  |  |  | 2002<br>%                         | 2001<br>% | 2002<br>\$'000     | 2001<br>\$'000 |
| HPL Resorts (Cayman) Limited<br>(Subsidiary of HPL Resorts<br>(Maldives) Pvt Ltd) <sup>2 @</sup> | Investment holding<br>company  | Maldives                                       | <b>70</b>                         | -         | -                  | -              |
| HPL Retail Pte Ltd<br>(Subsidiary of HPL Singapore<br>Pte Ltd)                                   | Investment holding<br>company  | Singapore                                      | <b>100</b>                        | 100       | -                  | -              |
| HPL Services Pte Ltd<br>(Subsidiary of HPL Singapore<br>Pte Ltd)                                 | Privilege card<br>services operations<br>and investment holding<br>company | Singapore                                      | <b>100</b>                        | 100       | -                  | -              |
| HPL Singapore Pte Ltd  | Investment holding<br>company  | Singapore                                      | <b>100</b>                        | 100       | <b>7,000</b>       | 7,000          |
| HPL Sri Lanka Holdings Pte Ltd<br>(Subsidiary of HPL Properties<br>(West Asia) Pte Ltd)          | Investment holding<br>company  | Singapore                                      | <b>100</b>                        | 100       | -                  | -              |
| HPL Tourism & Leisure Pte Ltd  | Investment holding<br>company  | Singapore                                      | <b>100</b>                        | 100       | <b>100</b>         | 100            |
| HPL (UK) Limited<br>(Subsidiary of HPL Properties<br>(West) Pte Ltd) <sup>1</sup>                | Provision of<br>information<br>and services                                | United<br>Kingdom                              | <b>100</b>                        | 100       | -                  | -              |
| HPL-21 (China) Limited<br>(Subsidiary of HPL-21 Holdings<br>Pte Ltd) <sup>1</sup>                | Dormant  | Hong Kong                                      | <b>75</b>                         | 75        | -                  | -              |
| HPL-21 (Hong Kong) Limited<br>(Subsidiary of HPL-21 Holdings<br>Pte Ltd) <sup>1</sup>            | Fashion retail   | Hong Kong                                      | <b>75</b>                         | 75        | -                  | -              |
| HPL-21 Holdings Pte Ltd<br>(Subsidiary of HPL Leisure<br>Holdings Pte Ltd)                       | Investment holding<br>company  | Singapore                                      | <b>75</b>                         | 75        | -                  | -              |
| HPL-21 (Taiwan) Pte Ltd<br>(Subsidiary of HPL-21 Holdings<br>Pte Ltd)                            | Fashion retail   | Singapore/<br>Taiwan                           | <b>38.25</b>                      | 38.25     | -                  | -              |



**HOTEL PROPERTIES LIMITED**  
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**33 SUBSIDIARIES (cont'd)**

| Subsidiary   | Principal Activity  | Country of Incorporation/<br>Place of Business | Group's Effective Equity Interest |           | Cost of Investment |                |
|--|---|--|-----------------------------------|-----------|--------------------|----------------|
|  |   |  | 2002<br>%                         | 2001<br>% | 2002<br>\$'000     | 2001<br>\$'000 |
| Landaa Giraavaru Private Limited<br>(Subsidiary of HPL Resorts<br>(Maldives) Pvt Ltd) <sup>1 @</sup> | Construction manager<br>and investment<br>holding company | Hong Kong                                      | 70                                | -         | -                  | -              |
| Luxury Complex Pte Ltd<br>(Subsidiary of Luxury Holdings<br>Pte Ltd)                                 | Investment holding<br>company                             | Singapore                                      | 65                                | 65        | -                  | -              |
| Luxury Holdings Pte Ltd  | Investment holding<br>company                             | Singapore                                      | 65                                | 65        | 47,106             | 47,106         |
| Luxury Hotels (1989) Pte Ltd<br>(Subsidiary of Luxury Holdings<br>Pte Ltd)                           | Hotelier  | Singapore                                      | 65                                | 65        | -                  | -              |
| Luxury Properties Pte Ltd<br>(Subsidiary of Luxury Holdings<br>Pte Ltd)                              | Investment holding<br>company                             | Singapore                                      | 65                                | 65        | -                  | -              |
| Maxford Investments Pte Ltd  | Investment holding<br>company                             | Singapore                                      | 100                               | 100       | - ***              | - ***          |
| McMing Investments Pte Ltd<br>(Subsidiary of HPL Orchard<br>Place Pte Ltd)                           | Investment holding<br>company                             | Singapore                                      | 100                               | 100       | -                  | -              |
| McShope Investments Pte Ltd<br>(Subsidiary of HPL Orchard<br>Place Pte Ltd)                          | Investment holding<br>company                             | Singapore                                      | 100                               | 100       | -                  | -              |
| Minwyn Investments Pte Ltd<br>(Subsidiary of HPL Orchard<br>Place Pte Ltd)                           | Investment holding<br>company                             | Singapore                                      | 100                               | 100       | -                  | -              |
| Moonstone Investments Pte Ltd<br>(Subsidiary of HPL Properties<br>(SEA) Pte Ltd)                     | Investment holding<br>company                             | Singapore                                      | 100                               | 100       | -                  | -              |





**HOTEL PROPERTIES LIMITED**  
(INCORPORATED IN THE REPUBLIC OF SINGAPORE)

**33 SUBSIDIARIES (cont'd)**

| Subsidiary  | Principal Activity  | Country of Incorporation/<br>Place of Business | Group's Effective Equity Interest |           | Cost of Investment |                |
|---|---|--|-----------------------------------|-----------|--------------------|----------------|
|   |   |  | 2002<br>%                         | 2001<br>% | 2002<br>\$'000     | 2001<br>\$'000 |
| Nawarat Land Pte Ltd<br>(Subsidiary of HPL Properties (SEA) Pte Ltd)                          | Investment holding company                                  | Singapore                                      | <b>70</b>                         | 70        | -                  | -              |
| NYC 55., Corp.<br>(Subsidiary of Eastpoint Investment Limited) <sup>3 @</sup>                 | Hotelier  | U.S.A.   | <b>100</b>                        | -         | -                  | -              |
| OP Investments Pte Ltd<br>(Subsidiary of HPL Orchard Place Pte Ltd)                           | Investment holding company                                  | Singapore                                      | <b>100</b>                        | 100       | -                  | -              |
| Pebble Bay (Thailand) Co. Ltd<br>(Subsidiary of Amberwood Investments Pte Ltd) <sup>4 @</sup> | Property development  | Thailand                                       | <b>39</b> <sup>**</sup>           | -         | -                  | -              |
| Pinedale Holdings Pte Ltd   | Investment holding company                                  | Singapore                                      | <b>100</b>                        | 100       | <b>500</b>         | 500            |
| Pinedale Trading Pte Ltd<br>(Subsidiary of Pinedale Holdings Pte Ltd)                         | Food distribution and retail and investment holding company | Singapore                                      | <b>100</b>                        | 100       | -                  | -              |
| Pinedale Trading (Macau) Limited<br>(Subsidiary of Pinedale Holdings Pte Ltd) <sup>5</sup>    | Dormant   | Macau  | <b>100</b>                        | 100       | -                  | -              |
| Poussain Pte Ltd  | Property development  | Singapore                                      | <b>50</b>                         | 50        | <b>16,000</b>      | 16,000         |
| PT Amanda Arumdhani<br>(Subsidiary of Baywood Investments Pte Ltd) <sup>2</sup>               | Hotelier  | Indonesia                                      | <b>95</b>                         | 95        | -                  | -              |
| PT Amanda Citra<br>(Subsidiary of Wesclove Investments Pte Ltd) <sup>2</sup>                  | Retailer  | Indonesia                                      | <b>80</b>                         | 80        | -                  | -              |
| PT Amanda Krya Sentosa<br>(Subsidiary of HPL-21 Holdings Pte Ltd) <sup>2</sup>                | Retailer  | Indonesia                                      | <b>75</b>                         | 75        | -                  | -              |



**HOTEL PROPERTIES LIMITED**  
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**33 SUBSIDIARIES (cont'd)**

| Subsidiary   | Principal Activity         | Country of Incorporation/<br>Place of Business | Group's Effective Equity Interest |                  | Cost of Investment |                |
|--|----------------------------|--|-----------------------------------|------------------|--------------------|----------------|
|  |                            |  | 2002<br>%                         | 2001<br>%        | 2002<br>\$'000     | 2001<br>\$'000 |
| PT Amanda Natha<br>(Subsidiary of HPL Leisure Holdings Pte Ltd) <sup>2</sup>                             | Investment holding company | Indonesia                                      | <b>100</b>                        | 100              | -                  | -              |
| PT Amanda Pramudita<br>(Subsidiary of Wescloye Investments Pte Ltd) <sup>2</sup>                         | Hotelier                   | Indonesia                                      | <b>76</b>                         | 76               | -                  | -              |
| PT Amanda Surya<br>(Subsidiary of HPL Leisure Holdings Pte Ltd) <sup>2</sup>                             | Investment holding company | Indonesia                                      | <b>100</b>                        | 100              | -                  | -              |
| PT Bali Girikencana<br>(Subsidiary of Cleaton International B.V.) <sup>1</sup>                           | Hotelier                   | Indonesia                                      | <b>70</b>                         | 65               | -                  | -              |
| Quin Properties Pte Ltd<br>(Subsidiary of HPL Properties (West) Pte Ltd)                                 | Investment holding company | Singapore                                      | <b>100</b>                        | 100              | -                  | -              |
| Scoops Cafe Pte Ltd<br>(Subsidiary of HPL Singapore Pte Ltd)   | Investment holding company | Singapore                                      | <b>100</b>                        | 100              | -                  | -              |
| Seaside Hotel (Thailand) Co. Ltd (Subsidiary of Xspand Investments Pte Ltd) <sup>1</sup>                 | Hotelier                   | Thailand                                       | <b>49</b> <sup>**</sup>           | 49 <sup>**</sup> | -                  | -              |
| Seaside Properties (Thailand) Co. Ltd (Subsidiary of Moonstone Investments Pte Ltd) <sup>4</sup>         | Hotelier                   | Thailand                                       | <b>49</b> <sup>**</sup>           | 49 <sup>**</sup> | -                  | -              |
| South West Pacific Investments Limited (Subsidiary of HPL Properties (Australasia) Pte Ltd) <sup>3</sup> | Hotelier/Casino operator   | Vanuatu  | <b>100</b>                        | 100              | -                  | -              |
| Super Vista Sdn Bhd <sup>1</sup>   | Hotelier                   | Malaysia                                       | <b>100</b>                        | 100              | <b>419</b>         | 419            |
| Suseem Pty Ltd<br>(Subsidiary of Bayford Investments Pte Ltd) <sup>1</sup>                               | Hotelier                   | Australia                                      | <b>100</b>                        | 100              | -                  | -              |



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**33 SUBSIDIARIES (cont'd)**

| Subsidiary   | Principal Activity         | Country of Incorporation/<br>Place of Business | Group's Effective Equity Interest |           | Cost of Investment |                |
|--|----------------------------|--|-----------------------------------|-----------|--------------------|----------------|
|  |                            |  | 2002<br>%                         | 2001<br>% | 2002<br>\$'000     | 2001<br>\$'000 |
| The Nawarat Hotel Limited<br>(Subsidiary of Nawarat Land Pte Ltd)*                       | Hotelier                   | Myanmar  | 56                                | 56        | -                  | -              |
| Travel Bug Holiday Sdn Bhd<br>(Subsidiary of HPL Tourism & Leisure Pte Ltd) <sup>1</sup> | Dormant                    | Malaysia                                       | 100                               | 100       | -                  | -              |
| Travel Bug Touring Pte Ltd<br>(Subsidiary of HPL Tourism & Leisure Pte Ltd)              | Investment holding company | Singapore                                      | 100                               | 100       | -                  | -              |
| Wesclove Investments Pte Ltd<br>(Subsidiary of HPL Properties (SEA) Pte Ltd)             | Investment holding company | Singapore                                      | 80                                | 80        | -                  | -              |
| Xspand Investments Pte Ltd<br>(Subsidiary of HPL Properties (SEA) Pte Ltd)               | Investment holding company | Singapore                                      | 100                               | 100       | -                  | -              |
| Yarra Investments Pte Ltd<br>(Subsidiary of HPL Tourism & Leisure Pte Ltd)               | Investment holding company | Singapore                                      | 100                               | 100       | -                  | -              |
|  |                            |  |                                   |           | <b>184,247</b>     | <b>175,425</b> |

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

- <sup>1</sup> Audited by overseas practices of Deloitte Touche Tohmatsu
- <sup>2</sup> Audited by overseas practices of KPMG International
- <sup>3</sup> Audited by overseas practices of BDO International B.V.
- <sup>4</sup> Audited by overseas practices of Ernst & Young
- <sup>5</sup> Not required to be audited by law in country of incorporation and subsidiary not considered material.

@ Incorporated during the financial year.

\* Deconsolidated during the financial year due to lack of management control.

# Disposed/deregistered/dissolved during the financial year.

\*\* These companies are considered subsidiaries as the Group has the power to determine and control the financial and operating policies of the subsidiaries.

\*\*\* The Company's cost of investment is \$2.



**HOTEL PROPERTIES LIMITED**  
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### 34 ASSOCIATES

Information relating to the associates are as follows:

| Associates  | Principal Activity                      | Country of Incorporation/<br>Place of Business | Group's Effective Equity Interest |           | Cost of Investment |                |
|---|---|--|-----------------------------------|-----------|--------------------|----------------|
|   |   |  | 2002<br>%                         | 2001<br>% | 2002<br>\$'000     | 2001<br>\$'000 |
| <u>Held by the Company</u>  |   |  |                                   |           |                    |                |
| Ampang Hotel Sdn Bhd<br>(Subsidiary of Ampang Investments Pte Ltd) <sup>2</sup>                         | Hotelier                                | Malaysia                                       | <b>30</b>                         | 30        | -                  | -              |
| Ampang Investments Pte Ltd <sup>2</sup>   | Investment holding company              | Singapore                                      | <b>30</b>                         | 30        | - ***              | - ***          |
| <u>Held by subsidiaries of the Company</u>  |   |  |                                   |           |                    |                |
| Aquila Investments Pte Ltd<br>(Subsidiary of Leisure Ventures Pte Ltd)                                  | Investment holding company              | Singapore                                      | <b>50</b>                         | 50        | -                  | -              |
| Avant Development Company Limited<br>(Subsidiary of HRC Holdings Pte Ltd) <sup>4</sup>                  | Restaurant operator                     | Thailand                                       | <b>24.5</b>                       | 24.5      | -                  | -              |
| Beijing Liang Sing Restaurant & Recreation Co. Ltd<br>(Subsidiary of HRC Holdings Pte Ltd) <sup>1</sup> | Restaurant operator                     | People's Republic of China                     | <b>47.5</b>                       | 47.5      | -                  | -              |
| Blue Dot Capital Pte Ltd<br>(Associate of HPL Singapore Pte Ltd) <sup>3**</sup>                         | Investment holding company              | Singapore                                      | <b>28.57</b>                      | -         | <b>7,200</b>       | -              |
| Canary Riverside Development Pte Ltd<br>(Subsidiary of Canary Riverside Holdings Pte Ltd) <sup>3</sup>  | Real estate developer, agent and lessor | Singapore/<br>United Kingdom                   | <b>37.5</b>                       | 37.5      | -                  | -              |
| Canary Riverside Estate Pte Ltd<br>(Subsidiary of Canary Riverside Holdings Pte Ltd) <sup>3</sup>       | Investment holding company              | Singapore/<br>United Kingdom                   | <b>37.5</b>                       | 37.5      | -                  | -              |



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**34 ASSOCIATES (cont'd)**

| Associates   | Principal Activity                             | Country of Incorporation/<br>Place of Business | Group's Effective Equity Interest |           | Cost of Investment |                |
|--|--|--|-----------------------------------|-----------|--------------------|----------------|
|  |  |  | 2002<br>%                         | 2001<br>% | 2002<br>\$'000     | 2001<br>\$'000 |
| Canary Riverside Estate Management Limited<br>(Subsidiary of Canary Riverside Estate Pte Ltd) <sup>3</sup> | Estate management                              | United Kingdom                                 | <b>37.5</b>                       | 37.5      | -                  | -              |
| Canary Riverside Holdings Pte Ltd (Associate of HPL Properties (West) Pte Ltd) <sup>3</sup>                | Investment holding company                     | Singapore/<br>United Kingdom                   | <b>37.5</b>                       | 37.5      | <b>36,067</b>      | 36,067         |
| Canary Riverside Hotel Pte Ltd<br>(Subsidiary of Canary Riverside Holdings Pte Ltd) <sup>3</sup>           | Investment holding company                     | Singapore/<br>United Kingdom                   | <b>37.5</b>                       | 37.5      | -                  | -              |
| Canary Riverside Investments Pte Ltd (Subsidiary of Canary Riverside Holdings Pte Ltd) <sup>3</sup>        | Investment holding and real estate development | Singapore/<br>United Kingdom                   | <b>37.5</b>                       | 37.5      | -                  | -              |
| Canary Riverside Properties Pte Ltd (Subsidiary of Canary Riverside Holdings Pte Ltd) <sup>3</sup>         | Investment holding and real estate development | Singapore/<br>United Kingdom                   | <b>37.5</b>                       | 37.5      | -                  | -              |
| CR Hotel Investment Pte Ltd<br>(Subsidiary of Canary Riverside Holdings Pte Ltd) <sup>3</sup>              | Investment holding company                     | Singapore/<br>United Kingdom                   | <b>37.5</b>                       | 37.5      | -                  | -              |
| Crystal Domain Sdn Bhd<br>(Associate of HPL Properties (SEA) Pte Ltd) <sup>1</sup>                         | Hotelier                                       | Malaysia                                       | <b>50</b>                         | 50        | <b>230</b>         | 230            |
| Figurine Investments Inc<br>(Subsidiary of HRC Holdings Pte Ltd) <sup>7</sup>                              | Investment holding company                     | British Virgin Islands                         | <b>50</b>                         | 50        | -                  | -              |
| Figurine Management Limited<br>(Subsidiary of HRC Holdings Pte Ltd) <sup>7</sup>                           | Investment holding company                     | British Virgin Islands                         | <b>50</b>                         | 50        | -                  | -              |



**HOTEL PROPERTIES LIMITED**  
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**34 ASSOCIATES (cont'd)**

| Associates  | Principal Activity                    | Country of Incorporation/<br>Place of Business | Group's Effective Equity Interest |           | Cost of Investment |                |
|---|---------------------------------------|--|-----------------------------------|-----------|--------------------|----------------|
|   |                                       |  | 2002<br>%                         | 2001<br>% | 2002<br>\$'000     | 2001<br>\$'000 |
| Figurine Resources Ltd<br>(Subsidiary of HRC Holdings Pte Ltd) <sup>7</sup>                             | Investment holding company            | Isle of Man                                    | 50                                | 50        | -                  | -              |
| Filmpoint Sdn Bhd<br>(Subsidiary of Point Network Sdn Bhd) <sup>6</sup>                                 | Production house for films and videos | Malaysia                                       | 24.5                              | 24.5      | -                  | -              |
| FSCR Hotel (UK) Limited<br>(Subsidiary of Canary Riverside Hotel Pte Ltd) <sup>3</sup>                  | Hotelier                              | United Kingdom                                 | 37.5                              | 37.5      | -                  | -              |
| FSCR Investment Pte Ltd<br>(Subsidiary of Canary Riverside Hotel Pte Ltd) <sup>3</sup>                  | Investment holding company            | Singapore/<br>United Kingdom                   | 37.5                              | 37.5      | -                  | -              |
| Guangzhou Liang Sing Restaurant & Recreation Co Ltd<br>(Subsidiary of HRC (China) Pte Ltd) <sup>1</sup> | Restaurant operator                   | People's Republic of China                     | 50                                | 50        | -                  | -              |
| Harbour (HK) Enterprises Limited<br>(Subsidiary of North Asia Investment Holdings Limited) <sup>1</sup> | Restaurant operator                   | Hong Kong                                      | 50                                | 50        | -                  | -              |
| Hard Rock Cafe Enterprise (M) Sdn Bhd<br>(Subsidiary of HRC Holdings Pte Ltd) <sup>1</sup>              | Restaurant operator                   | Malaysia                                       | 47.5                              | 47.5      | -                  | -              |
| Hard Rock Cafe (Penang) Sdn Bhd<br>(Subsidiary of Hard Rock Cafe Enterprise (M) Sdn Bhd) <sup>1</sup>   | Restaurant operator                   | Malaysia                                       | 47.5                              | 47.5      | -                  | -              |
| Hard Rock Cafe Seoul Co., Ltd<br>(Subsidiary of HRC Holdings Pte Ltd) <sup>4</sup>                      | Restaurant operator                   | Republic of Korea                              | 50                                | 50        | -                  | -              |



**HOTEL PROPERTIES LIMITED**  
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**34 ASSOCIATES (cont'd)**

| Associates  | Principal Activity  | Country of Incorporation/<br>Place of Business | Group's Effective Equity Interest |           | Cost of Investment |                |
|---|---|--|-----------------------------------|-----------|--------------------|----------------|
|   |   |  | 2002<br>%                         | 2001<br>% | 2002<br>\$'000     | 2001<br>\$'000 |
| Hard Rock Cafe Pte Ltd<br>(Subsidiary of HRC Holdings Pte Ltd)  | Restaurant operator   | Singapore                                      | 50                                | 50        | -                  | -              |
| Hard Rock Cafe Taipei Co., Ltd<br>(Subsidiary of HRC Holdings Pte Ltd) <sup>#</sup>                     | Restaurant operator   | Republic of China                              | -                                 | 27.5      | -                  | -              |
| HRC (China) Pte Ltd<br>(Subsidiary of HRC Holdings Pte Ltd)   | Investment holding company  | Singapore                                      | 50                                | 50        | -                  | -              |
| HRC Holdings Pte Ltd<br>(Associate of HPL Singapore Pte Ltd)  | Investment holding company  | Singapore                                      | 50                                | 50        | 28,043             | 28,043         |
| HRC Management Pte Ltd<br>(Subsidiary of HRC Holdings Pte Ltd)  | Provision of management services  | Singapore                                      | 25.5                              | 25.5      | -                  | -              |
| Idea Kiosk Sdn Bhd<br>(Subsidiary of Point Network Sdn Bhd) <sup>6</sup>                                | Post production services and consultancy services for films and commercials | Malaysia                                       | 24.5                              | 24.5      | -                  | -              |
| Inglefield Investments Pty Ltd<br>(Subsidiary of Aquila Investments Pte Ltd) <sup>5</sup>               | Investment holding company  | Australia                                      | 50                                | 50        | -                  | -              |
| Joint Pacific International Ltd<br>(Jointly owned by subsidiaries of HRC Holdings Pte Ltd) <sup>1</sup> | Restaurant operator   | Hong Kong                                      | 50                                | 50        | -                  | -              |
| Leisure Learning Pte Ltd<br>(Associate of HPL Properties (SEA) Pte Ltd)                                 | Provision of training services  | Singapore                                      | 50                                | 50        | 25                 | 25             |
| Leisure Learning Sdn Bhd<br>(Subsidiary of Leisure Learning Pte Ltd) <sup>1</sup>                       | Provision of training services  | Malaysia                                       | 50                                | 50        | -                  | -              |



**HOTEL PROPERTIES LIMITED**  
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**34 ASSOCIATES (cont'd)**

| Associates   | Principal Activity   | Country of Incorporation/<br>Place of Business | Group's Effective Equity Interest |           | Cost of Investment |                |
|--|--|--|-----------------------------------|-----------|--------------------|----------------|
|  |  |  | 2002<br>%                         | 2001<br>% | 2002<br>\$'000     | 2001<br>\$'000 |
| Leisure Ventures Pte Ltd<br>(Associate of HPL Singapore Pte Ltd)                                 | Investment holding company   | Singapore                                      | 50                                | 50        | 82,318             | 82,318         |
| Medical Conferences Pte Ltd<br>(Associate of HPL Singapore Pte Ltd) <sup>2</sup>                 | Conference and exhibition organiser                                  | Singapore                                      | 50                                | -         | 50                 | -              |
| MAT (Maldives) Private Limited<br>(Associate of HPL Resorts (Maldives) Pvt Ltd) <sup>3</sup>     | Hotelier   | Maldives                                       | 35                                | 35        | 5,648              | 5,634          |
| North Asia Investment Holdings Limited<br>(Subsidiary of HRC Holdings Pte Ltd) <sup>1</sup>      | Investment holding company   | Hong Kong                                      | 50                                | 50        | -                  | -              |
| One Degree North Sdn Bhd<br>(Subsidiary of Point Network Sdn Bhd) <sup>6</sup>                   | Production of animation, graphic illustrations and imaging art works | Malaysia                                       | 24.5                              | 24.5      | -                  | -              |
| Point Network Sdn Bhd<br>(Associate of Presto Television Pte Ltd) <sup>6</sup>                   | Investment holding company   | Malaysia                                       | 24.5                              | 24.5      | -                  | -              |
| Planet Hollywood (Gold Coast) Pty Ltd<br>(Subsidiary of Leisure Ventures Pte Ltd) <sup>1</sup>   | Restaurant operator  | Australia                                      | 50                                | 50        | -                  | -              |
| Planet Hollywood (Guam) Inc<br>(Subsidiary of Leisure Ventures Pte Ltd) <sup>1</sup>             | Restaurant operator  | Guam   | 50                                | 50        | -                  | -              |
| Planet Hollywood (Kuala Lumpur) Sdn Bhd<br>(Subsidiary of Leisure Ventures Pte Ltd) <sup>1</sup> | Restaurant operator  | Malaysia                                       | 32.5                              | 32.5      | -                  | -              |
| Presto Television Pte Ltd<br>(Subsidiary of Leisure Ventures Pte Ltd)                            | Content creation and investment holding company                      | Singapore                                      | 50                                | 50        | -                  | -              |





**HOTEL PROPERTIES LIMITED**  
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**34 ASSOCIATES (cont'd)**

| Associates   | Principal Activity  | Country of Incorporation/<br>Place of Business | Group's Effective Equity Interest |           | Cost of Investment |                |
|--|---|--|-----------------------------------|-----------|--------------------|----------------|
|  |   |  | 2002<br>%                         | 2001<br>% | 2002<br>\$'000     | 2001<br>\$'000 |
| Shah Alam Hotel Sdn Bhd<br>(Associate of HPL Properties<br>(SEA) Pte Ltd) <sup>2</sup>                                       | Hotelier  | Malaysia                                       | <b>40</b>                         | 40        | <b>1,465</b>       | 1,465          |
| Shanghai Ning Xin Real Estate<br>Development Co. Ltd<br>(Associate of HPL Properties<br>(North Asia) Pte Ltd) <sup># #</sup> | Property developer  | Republic of<br>China                           | <b>19.4</b>                       | -         | <b>8,330</b>       | -              |
| Stevens Park Pte Ltd<br>(Associate of HPL Orchard<br>Place Pte Ltd) <sup>6*</sup>  | Property development<br>and investment<br>holding company | Singapore                                      | <b>33.3</b>                       | 33.3      | <b>11,567</b>      | 14,561         |
| View Hunter Sdn Bhd<br>(Subsidiary of Point Network<br>Sdn Bhd) <sup>6</sup>   | Production house<br>for films and videos                  | Malaysia                                       | <b>24.5</b>                       | 24.5      | -                  | -              |
| Total  |   |  |                                   |           | <b>180,943</b>     | <b>168,343</b> |

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

- <sup>1</sup> Audited by overseas practices of Deloitte Touche Tohmatsu
- <sup>2</sup> Audited by PricewaterhouseCoopers, Singapore or its overseas practices
- <sup>3</sup> Audited by KPMG, Singapore or its overseas practices
- <sup>4</sup> Audited by overseas practices of Ernst & Young
- <sup>5</sup> Audited by overseas practices of BDO International B.V.
- <sup>6</sup> Audited by other firms
- <sup>7</sup> Not required to be audited by law in country of incorporation and associate not considered material.

@ Incorporated during the financial year.

# Liquidated during the financial year.

# # Acquired during the financial year.

\* The cost of investment was reduced due to a share redemption exercise carried out by the associate during the financial year.

\*\* During the year, the Group acquired an additional 10.17% equity interest in this company increasing the effective equity interest from 18.4% to 28.57%. This company was classified as long-term investment in the previous financial year as the Group's effective equity interest was less than 20%.

\*\*\* The Company's cost of investment is \$3.



HOTEL PROPERTIES LIMITED  
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## **STATEMENT OF DIRECTORS**

In the opinion of the directors, the financial statements of the Company and consolidated financial statements of the Group set out on pages 16 to 63 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at December 31, 2002 and of the results of the business and changes of equity of the Company and of the Group and of the cash flows of the Group 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 28, 2003



HOTEL PROPERTIES LIMITED

# ADDITIONAL INFORMATION





**HOTEL PROPERTIES LIMITED**  
(INCORPORATED IN THE REPUBLIC OF SINGAPORE)

## 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 conducts at least two meetings 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   | Board Appointment                 | HPL Board             |                            | Audit Committee       |                            | Remuneration 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 |
| Peter Y. S. Fu<br>(Alternate: David Fu Kuo Chen) | Non-Executive/<br>Non Independent | 3                     | 3                          | N.A.                  | N.A.                       | N.A.                   | N.A.                       |
| Ong Beng Seng                                    | Executive                         | 3                     | 3                          | N.A.                  | N.A.                       | 1                      | 1                          |
| Christopher Lim Tien Lock                        | Executive                         | 3                     | 3                          | 2                     | 2                          | N.A.                   | N.A.                       |
| Joseph Grimberg                                  | Non-Executive/<br>Independent     | 3                     | 2                          | 2                     | 1                          | 1                      | 1                          |
| Gordon Seow Li Ming                              | Non-Executive/<br>Independent     | 3                     | 3                          | 3                     | 3                          | N.A.                   | N.A.                       |
| Michael S. Dobbs-Higginson                       | Non-Executive/<br>Independent     | 3                     | 2                          | N.A.                  | N.A.                       | 1                      | 1                          |
| Arthur Tan Keng Hock                             | Non-Executive/<br>Independent     | 3                     | 3                          | 3                     | 3                          | N.A.                   | N.A.                       |
| Leslie Mah Kim Loong                             | Non-Executive/<br>Independent     | 3                     | 3                          | 1                     | 1                          | N.A.                   | N.A.                       |

#### Notes:

- \* refers to number of meetings held during the period the Director was a member of the Board and/or Committee.
- \*\* refers to number of meetings attended during the period the Director was a member of the Board and/or Committee.
- Since the formation of the Nominating Committee in November 2002, there was one resolution in writing circulated during the year with no physical meeting held.



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The above disclosure is mainly for the matter of public records only. The Board is responsible for:

- formulating and 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 authorizing announcements issued by the Company;
- overseeing the processes for evaluating the adequacy of internal controls and risk management;
- approving the nominations of board directors; and
- assuming responsibility for corporate governance and compliances with the Singapore Companies Act and the rules and requirements of regulatory bodies.

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

The Committee of Directors was formed in 1993 and currently comprises three directors and an alternate director; the Chairman of the Company and his alternate, the Managing Director and the Group Executive Director, was established in accordance to Article 91 of the Company. The Committee of Directors are authorized 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). The other non-executive and non-independent director is Mr David Fu Kuo Chen (alternate director to Mr Peter Y. S. Fu).

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.



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

**Particulars of Directors**

| Name                      | Date of Appointment/<br>(Date of last re-election) | Nature of appointment             | Prime function    | Other functions   | Academic and professional qualifications                              | Directorships in other listed companies  |  | Other major appointments  |
|---------------------------|--|-----------------------------------|-------------------|---|---|--|--|---|
|                           |  |                                   |                   |   |   | Present  | Preceding 3 years  |   |
| Peter Y. S. Fu            | March 5, 1980<br>(May 28, 2002)                    | Non-executive/<br>Non-independent | Chairman          | Member of Nominating Committee  | -   | -  | -  | -   |
| Ong Beng Seng             | March 5, 1980<br>(N.A.)                            | Executive/<br>Non-independent     | Managing Director | Member of Remuneration Committee                                      | Associate of Chartered Insurance Institute of England                 | -  | -  | -   |
| Christopher Lim Tien Lock | January 7, 1998<br>(May 23, 2001)                  | Executive/<br>Non-independent     | Director          | -   | Bachelor of Business Administration, National University of Singapore | -  | MCL Land Limited   | -   |
| Joseph Grimberg           | March 21, 1991<br>(May 28, 2002)                   | Non-executive/<br>Independent     | Director          | Chairman of Remuneration Committee and member of Nominating Committee | B.A. (Law) Cambridge University Barrister-at-law Advocate & Solicitor | Jurong Cement Ltd, F J Benjamin Holdings Ltd   | -  | Chairman, Market Surveillance and Compliance Committee, Energy Market Company |
| Gordon Seow Li Ming       | February 3, 1993<br>(June 23, 2000)                | Non-executive/<br>Independent     | Director          | Chairman of Nominating Committee and member of Audit Committee        | Barrister at law, Lincoln's Inn                                       | Kim Eng Ong Asia Holdings Ltd, Pacific Century Regional Developments Ltd, Adroit Innovations Zindart Ltd | Jardine Flemming Indonesia Fund Inc, Jardine Flemming Philippine Fund Inc. | Director, Spirit Enterprise Award   |



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**Particulars of Directors (cont'd)**

| Name                       | Date of Appointment/<br>(Date of last re-election) | Nature of appointment             | Prime function     | Other functions                  | Academic and professional qualifications   | Directorships in other listed companies | Preceding 3 years   | Other major appointments  |
|----------------------------|--|-----------------------------------|--------------------|----------------------------------|--|---|---|---|
| Michael S. Dobbs-Higginson | February 3, 1993<br>(June 23, 2000)                | Non-executive/<br>Independent     | Director           | Member of Remuneration Committee | Trinity College, Dublin, Ireland;<br>Kyoto University, Kyoto, Japan;<br>School of Oriental & African Studies, London University, London, England | Pacific Concord Holdings Ltd            | CEO, Dobbs-Higginson & Associates (Investment Banking Advisory Services)              | - Executive Committee Member, CS First, Boston, UK<br>- Executive Committee Member, Merrill Lynch, New York |
| Arthur Tan Keng Hock       | July 5, 1996<br>(May 28, 2002)                     | Non-executive/<br>Independent     | Director           | Chairman of Audit Committee      | Bachelor of Business Administration, National University of Singapore  | -                                       | Broadway Industrial Group Ltd, Adroit Innovations Ltd, Hua Joo Seng Enterprise Berhad | -   |
| Leslie Mah Kim Loong       | August 5, 1997<br>(May 23, 2001)                   | Non-executive/<br>Independent     | Director           | Member of Audit Committee        | Fellow of the Institute of Chartered Accountants in England & Wales  | -                                       | Cerebos Pacific Ltd   | CFO of Eu Yan Sang International Ltd  |
| David Fu Kuo Chen*         | August 23, 1995<br>(N.A.)                          | Non-executive/<br>Non-independent | Alternate Director | -                                | BSc Engineering University of Southern California  | Natsteel Ltd                            | -   | -   |

\* Alternate to Mr. Peter Y. S. Fu

The composition of the Board and the independence of each director is reviewed annually by the Nominating Committee.

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 and professional 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.



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### **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.

### **BOARD COMMITTEES**

#### **Nominating Committee**

#### **Principle 4: Board Membership**

#### **Principle 5: Board Performance**

The Nominating Committee was formed on November 1, 2002 and currently 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).

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. Articles 80 of the Company's Articles of Association requires at least one third of the Board to retire by rotation at every AGM, except that the Managing Director is not subject to retirement by rotation.

For the purpose of evaluating directors' performance, the Nominating Committee takes into consideration a number of factors including directors' attendance, participation and contribution at Board and committee meetings and other company activities.

In evaluating the performance of the Board as a whole, the Nominating Committee will take 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 appropriate for the continuing evaluation of the performance of the Board in future.





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## 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, was an investment banker for over 15 years. The other members of the Audit Committee have many years of experience in accounting practice 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.



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## 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 currently 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 calibre required 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 by the Board, of Directors' fees and such payment as may be payable pursuant to Article 73 of the Company's Articles of Association;
- administer the Hotel Properties Limited Executives' Share Option Scheme approved by the shareholders on November 19, 1990 ("Scheme 1990") and Hotel Properties Limited Share Option Scheme 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.

While none of the members of the Remuneration Committee specialize 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.



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The Remuneration Committee recommends the amount of the directors' fees for approval by shareholders at the Annual General Meeting of the Company. A breakdown, showing the level and mix of each individual directors' remuneration payable for FY2002 is as follows:

**Directors' Remuneration**

|                                   | Fee **<br>% | Salary<br>% | Bonus<br>% | Other<br>benefits*<br>% | Total<br>% |
|-----------------------------------|-------------|-------------|------------|-------------------------|------------|
| i) Between \$500,001 to \$750,000 |             |             |            |                         |            |
| Christopher Lim Tien Lock         | 5%          | 66%         | 16%        | 13%                     | 100%       |
| ii) Below \$250,000               |             |             |            |                         |            |
| Peter Y. S. Fu                    | 100%        | -           | -          | -                       | 100%       |
| Ong Beng Seng                     | 43%         | -           | -          | 57%                     | 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 at the AGM for FY2002.

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

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.

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



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### Remuneration of Key Executives

The remuneration (in band of \$250,000 upwards) of the top five executives of the Group for the financial year ended December 31, 2002 is shown as follows:

Between \$250,001 to \$500,000

Timothy John Stableforth

Stephen Lau Buong Lik

Alex Lee Show Chun

Francis Lau Puay Heng

Michelle Yeung

### Information on Key Executives

| Name                     | Designation                                  | Academic/<br>Professional<br>Qualifications                           | No. of years<br>with the<br>HPL Group | Prior Working<br>Experience  |
|--------------------------|--|---|---------------------------------------|--|
| Timothy John Stableforth | Director, Hotel Division                     | Master, Hotel & Catering Intitutional Management Association          | 9                                     | Vice President & CEO for Asia/European Division of Southern Pacific Hotel Corporation        |
| Stephen Lau Buong Lik    | Director, Leisure Division                   | BA (Hons) Accounting Chartered Accountant                             | 12                                    | Regional Accounting Manager at Schlumberger Limited  |
| Alex Lee Show Chun       | Senior Vice President, Corporate Development | Bachelor of Commerce (Cum Laude)<br>Master of Business Administration | 9                                     | Assistant Director of Corporate Finance Department of N M Rothschild & Sons (S'pore) Limited |

### 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 management on the status of on-going activities between meetings. Where a decision is required between Board meetings, 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.



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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.

**Principle 13: Internal Audits**

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

The internal audit function is currently outsourced to Deloitte & Touche Enterprise Risk Services Pte Ltd who reports directly to the Audit Committee. The Audit Committee will review the need to engage another suitable party to undertake this function by October 1, 2003 in view of the transitional provision of the Third Schedule to the Public Accountants Board Rules, which prohibits the provision of certain internal audit services to a public company by its auditors. The internal auditors support the Audit Committee in their role to assess the effectiveness of the Group's overall system of operational and financial controls as well as assist in the implementation of a risk management framework. The Audit Committee reviews and approves the internal audit plan proposed by the internal auditors. Material non-compliance and internal control weaknesses noted during the internal audits are reported together with the internal auditors' recommendations to the Audit Committee periodically.

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 interim and full-year results are released through MASNET and subsequently posted on the Company's website. The Company will also be providing quarterly reports to shareholders from FY2003. All shareholders of the Company receive the Annual Report and notice of AGM which can be accessed from the Company's website. At AGMs, shareholders are given the opportunity to air their views and ask questions regarding the Group and its businesses.

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



### Interested Person Transactions (“IPT”)

The Company has adopted an internal policy in respect of any transactions with interested persons and has adopted 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, 2002 are as follows:

| Name of Interested Person   | Aggregate value of all IPT during<br>the financial year ended<br>December 31, 2002 (excluding<br>transactions below \$100,000 and<br>transactions conducted under the<br>shareholders’ mandate pursuant<br>to Rule 920) | Aggregate value of all IPT<br>conducted under shareholders’<br>mandate pursuant to Rule 920<br>(excluding transactions below<br>\$100,000) |
|---|---|--|
|   | 2002<br>\$’000  | 2002<br>\$’000   |
| <b>Associates* of Mr Peter Y. S. Fu/<br/>Mr Ong Beng Seng/<br/>Mr David Fu Kuo Chen</b> |   |  |
| Rental income   | -   | 4,933  |
| Management fee income   | -   | 1,217  |
| Management fee expense  | -   | 889  |

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

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

**Note:**

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

### Dealings in securities

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



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**PARTICULARS OF GROUP PROPERTIES**

The main properties as at December 31, 2002 are as follows:

**A. Classified as Group Property, Plant and Equipment (Note 14 to the financial statements)**

|  | Land<br>S'000  | Buildings<br>S'000 | Leasehold<br>Property<br>S'000 |
|--|----------------|--------------------|--------------------------------|
| <b>FREEHOLD AND LONG-TERM LEASEHOLD</b>  |                |                    |                                |
| <b>Singapore</b>   |                |                    |                                |
| 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        | 11,357             | -                              |
| <b>United Kingdom</b>  |                |                    |                                |
| 4 apartment units at Canary Riverside, 38 Westferry Circus, London, United Kingdom (lease expiring 999 years from February 5, 1997)                                | -              | 3,594              | -                              |
| Total Freehold and Long-term Leasehold   | <u>208,800</u> | <u>14,951</u>      | <u>-</u>                       |
| <b>FREEHOLD</b>  |                |                    |                                |
| <b>Singapore</b>   |                |                    |                                |
| A 20-storey hotel building with 257 rooms/suites (known as Four Seasons Hotel Singapore) at 190 Orchard Boulevard, Singapore 248646                                | 50,000         | 110,412            | -                              |
| A 9-storey building (known as HPL House) at 50 Cuscaden Road, Singapore 249724   | 76,000         | 15,470             | -                              |
| <b>Thailand</b>  |                |                    |                                |
| A 10-storey hotel building with 325 rooms (known as Hard Rock Hotel Pattaya) at Pattaya Beach Road, Choburi, Thailand  | 11,241         | 20,554             | -                              |
| 2 inter-connecting buildings of 10 and 11 storeys with 262 rooms (known as YMCA Collins International House) at 28 South Sathorn Road, Bangkok, Thailand           | 12,973         | 5,985              | -                              |
| A condominium unit at Sathorn Park Place, Bangkok, Thailand  | -              | 491                | -                              |
| <b>Australia</b>   |                |                    |                                |
| A hotel building with 199 rooms (known as Concorde Hotel Gold Coast) at Ferny Avenue, Surfers Paradise, Queensland, Australia                                      | 2,347          | 13,598             | -                              |



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**A. Classified as Group Property, Plant and Equipment (Note 14 to the financial statements) (cont'd)**

|   | Land<br>\$'000 | Buildings<br>\$'000 | Leasehold<br>Property<br>\$'000 |
|---|----------------|---------------------|---------------------------------|
| <b>United States of America</b>   |                |                     |                                 |
| A hotel building with 124 rooms (known as Fitzpatrick Hotel) at 127 East, 55 <sup>th</sup> Street, New York City, New York, U.S.A.  | 10,857         | 37,418              | -                               |
| Total Freehold  | <u>163,418</u> | <u>203,928</u>      | <u>-</u>                        |
| <b>LEASEHOLD</b>  |                |                     |                                 |
| <b>Singapore</b>  |                |                     |                                 |
| 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)   | -              | -                   | 98,479                          |
| <b>Malaysia</b>   |                |                     |                                 |
| A 3-storey holiday resort (known as The Lake House) at Ringlet, Cameron Highlands, Malaysia (lease expiring 99 years from September 19, 1940)   | 448            | 523                 | -                               |
| <b>Indonesia</b>  |                |                     |                                 |
| A resort hotel with 147 villas (known as Four Seasons Resort Bali at Jimbaran) located at Bukit Permia, Jimbaran Denpasar 80361, Bali, Indonesia (2 leases expiring 30 years from September 14, 1991 and October 30, 1991 respectively) | 5,763          | 13,319              | -                               |
| 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)      | 1,846          | 51,791              | -                               |
| 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)                                  | 6,816          | 87,619              | -                               |
| A resort 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)                  | 2,281          | 6,611               | -                               |
| A plot of land located at Badung, Bali, Indonesia (lease expiring 30 years from May 1, 2000 with and option to extend for another 30 years)   | 731            | -                   | -                               |





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**A. Classified as Group Property, Plant and Equipment (Note 14 to the financial statements) (cont'd)**

|   | Land<br>\$'000 | Buildings<br>\$'000 | Leasehold<br>Property<br>\$'000 |
|---|----------------|---------------------|---------------------------------|
| LEASEHOLD   |                |                     |                                 |
| <b>Vanuatu</b>  |                |                     |                                 |
| 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) | 1,171          | 7,057               | -                               |
| <b>Maldives</b>   |                |                     |                                 |
| 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)                    | 8,361          | 27,474              | -                               |
| Total Leasehold   | 27,417         | 194,394             | 98,479                          |
| TOTAL (Classified as Group Property, Plant and Equipment)   | 399,635        | 413,273             | 98,479                          |

**B. Classified as Group Investment Properties (Note 15 to the financial statements)**

| Property Description/Location   | Title                                      | Net Lettable<br>Area (sqm) | Effective<br>Stake (%) |
|---|--|----------------------------|------------------------|
| <b>Singapore</b>  |  |                            |                        |
| 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<br>from August 17, 1979 | 132                        | 100                    |
| 2 shop units at 150 Orchard Road, Orchard Plaza, Singapore 238841             | Leasehold 99 years<br>from June 2, 1977    | 1,182                      | 100                    |
| 60 shop units at 100 Orchard Road, Meridien Shopping Centre, Singapore 238840 | Leasehold 99 years<br>from August 17, 1979 | 7,575                      | 65                     |
| Office and shop units at 583 Orchard Road, Singapore 238884                   | Freehold                                   | 16,557                     | 59                     |



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**C. Classified as Development Properties (Note 9 to the financial statements)**

| Location   | Title   | Expected<br>Year of<br>Completion | Site<br>Area<br>(sqm) | Proposed<br>Gross<br>Floor Area<br>(sqm) | Effective<br>Stake<br>(%) | Description and<br>Existing Use   |
|--|---|-----------------------------------|-----------------------|--|---------------------------|---|
| RESIDENTIAL  |   |                                   |                       |  |                           |   |
| <b>Singapore</b>   |   |                                   |                       |  |                           |   |
| Lot 263-12 (99275L),<br>Lot 263-11 (99276C),<br>Lot 263-10 (99277M),<br>and Lot 263-9 (99278W)<br>in Town Sub-division 21<br>at Robertson Quay,<br>Singapore | Freehold  | 2006                              | 1,978                 | 5,538                                    | 100                       | Proposed<br>commercial/<br>residential<br>development<br>comprising<br>a 10-storey<br>residential<br>apartment<br>(36 units) and<br>a single storey<br>commercial<br>building |
| HOTEL/LEISURE  |   |                                   |                       |  |                           |   |
| <b>Cambodia</b>  |   |                                   |                       |  |                           |   |
| Siemreap Province<br>Siemreap Town<br>Division 3<br>Section 1<br>Cambodia  | Leasehold<br>(70 years from<br>August 10, 1994<br>and March 21,<br>1996 respectively) | Not yet<br>started                | 38,721                | -  | 80                        | Land for<br>redevelopment   |

**D. Classified as Completed Properties for Sale (Note 10 to the financial statements)**

| Property Description/Location  | Title   | Net Lettable<br>Area (sqm) | Effective<br>Stake (%) |
|--|---|----------------------------|------------------------|
| <b>Singapore</b>   |   |                            |                        |
| 6 condominium units at Four Seasons Park<br>8, 10 and 12 Cuscaden Walk, Singapore 249692 | Freehold                                      | 1,767                      | 100                    |
| 1 condominium unit at Cuscaden Residences<br>28 Cuscaden Road, Singapore 249723          | Freehold                                      | 577                        | 100                    |
| <b>United Kingdom</b>  |   |                            |                        |
| 1 apartment unit at Sailmakers Court<br>Townmead Road, London, England                   | Leasehold 999 years<br>from December 25, 1989 | 128                        | 100                    |



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STATISTICS OF SHAREHOLDINGS

As at April 9, 2003

**Distribution of Shareholdings**

| Size of Shareholdings | Number of Shareholders | %             | Number of Shares   | %             |
|-----------------------|------------------------|---------------|--------------------|---------------|
| 1 - 999               | 114                    | 1.87          | 49,334             | 0.01          |
| 1,000 - 10,000        | 5,359                  | 87.77         | 17,338,060         | 3.83          |
| 10,001 - 1,000,000    | 615                    | 10.07         | 28,082,560         | 6.20          |
| 1,000,001 and above   | 18                     | 0.29          | 407,554,456        | 89.96         |
| <b>Total</b>          | <b>6,106</b>           | <b>100.00</b> | <b>453,024,410</b> | <b>100.00</b> |

**TWENTY LARGEST SHAREHOLDERS**

| No.          | Name   | Number of Shares   | %            |
|--------------|--|--------------------|--------------|
| 1.           | Oversea-Chinese Bank Nominees Pte Ltd                  | 142,787,799        | 31.52        |
| 2.           | United Overseas Bank Nominees Pte Ltd                  | 109,346,397        | 24.14        |
| 3.           | Citibank Nominees Singapore Pte Ltd                    | 48,856,367         | 10.78        |
| 4.           | DBS Nominees Pte Ltd                                   | 21,960,063         | 4.85         |
| 5.           | Amex Nominees (S) Pte Ltd                              | 16,880,000         | 3.73         |
| 6.           | BNP Paribas Nominees Singapore Pte Ltd                 | 15,170,300         | 3.35         |
| 7.           | DBS Vickers Securities (S) Pte Ltd                     | 14,700,000         | 3.24         |
| 8.           | Morgan Stanley Asia (Singapore) Securities Pte Ltd     | 9,109,750          | 2.01         |
| 9.           | Raffles Nominees Pte Ltd                               | 8,013,145          | 1.77         |
| 10.          | HSBC (Singapore) Nominees Pte Ltd                      | 4,100,135          | 0.91         |
| 11.          | Kim Eng Ong Asia Securities Pte Ltd                    | 3,493,000          | 0.77         |
| 12.          | Hotel Malaysia Limited                                 | 2,500,000          | 0.55         |
| 13.          | UOB Kay Hian Pte Ltd                                   | 2,442,000          | 0.54         |
| 14.          | Phillip Securities Pte Ltd                             | 2,225,500          | 0.49         |
| 15.          | The Asia Life Assurance Society Ltd - S'pore Life Fund | 2,043,000          | 0.45         |
| 16.          | OCBC Securities Private Ltd                            | 1,697,000          | 0.37         |
| 17.          | Ow Chio Kiat   | 1,124,000          | 0.25         |
| 18.          | Chan U Seek  | 1,106,000          | 0.24         |
| 19.          | Golden Rajah Restaurant (Pte) Ltd                      | 981,000            | 0.22         |
| 20.          | Kuik Pte Ltd   | 701,000            | 0.15         |
| <b>Total</b> |  | <b>409,236,456</b> | <b>90.33</b> |



**HOTEL PROPERTIES LIMITED**  
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**SUBSTANTIAL SHAREHOLDERS**

As at April 9, 2003 as shown in the  
Company's Register of Substantial Shareholders

| Substantial Shareholders               | 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  | -                      |       |
| Peter Fu Yun Siak                      | -                          |       | 99,308,800 <b>(1)</b>  | 21.92 |
| Ong Beng Seng                          | 3,000,000                  | 0.66  | 100,658,800 <b>(2)</b> | 22.22 |
| Peter Fu Chong Cheng                   | -                          |       | 64,163,900 <b>(3)</b>  | 14.16 |
| Kuo Investments Limited                | -                          |       | 31,019,000 <b>(4)</b>  | 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 |

Based on the Register of Substantial Shareholders, the shareholding spread of the Company complies with Rule 723 of the Listing Manual.

Notes:

- (1)** Mr Peter Fu Yun Siak is deemed to have an interest in the shares of Coldharbour Limited, Jermaine Limited, Holmshaw Services Limited, Oakville N.V. 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, Oakville N.V. 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, Oakville N.V. 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 and Oakville N.V. 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.



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## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Third Annual General Meeting of the Company will be held at the Four Seasons Ballroom A, Level 2, Four Seasons Hotel Singapore, 190 Orchard Boulevard, Singapore 248646 on Wednesday, May 28, 2003 at 4.00 pm to transact the following businesses:-

### ORDINARY BUSINESS

1. To receive and consider the directors' report and accounts for the year ended December 31, 2002 and the auditors' report thereon. **Resolution 1**
2. To declare a first and final dividend of 2.5 % less tax of 22% for the year ended December 31, 2002. **Resolution 2**
3. To approve the proposed Directors' fees of \$240,000 for the year ended December 31, 2002 (2001: \$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 Michael S. Dobbs-Higginson 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**



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- (i) the aggregate number of shares to be issued pursuant to this Resolution does not exceed 50% of the issued share capital of the Company, of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders of the Company does not exceed 20% of the Company's issued share capital;
  - (ii) for the purpose of determining the aggregate number of shares that may be issued under (i) above, the percentage of issued share capital shall be based on the issued share capital of the Company at the time this Resolution is passed, after adjusting for
    - (a) new shares arising from the conversion or exercise of any convertible securities or employee share options 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 pursuant to Section 161 of the Companies Act, Cap 50, the directors be and are hereby authorised to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options under the Hotel Properties Limited Executives' Share Option Scheme 1990 ("the Scheme 1990") provided always that the aggregate number of shares to be issued pursuant to the Scheme 1990 shall not exceed five per centum (5%) of the issued share capital of the Company from time to time. **Resolution 10**
- (c) That the directors of the Company be and are hereby authorised to offer and grant options over ordinary shares in the Company in accordance with the regulations of the Hotel Properties Limited Share Option Scheme 2000 ("the Scheme 2000") and pursuant to Section 161 of the Companies Act, Cap 50, the directors be and are hereby authorised to issue and allot ordinary shares upon the exercise of any such options and to do all such acts and things as may be necessary or expedient to carry the same into effect provided that the total number of shares allotted and issued under the Scheme 2000 is limited to fifteen (15) per cent of the total issued share capital of the Company or such other limit as may be specified in the Listing Manual of the Singapore Exchange Securities Trading Limited from time to time. **Resolution 11**



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NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed from June 5, 2003 to June 6, 2003 (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 pm on June 4, 2003 will be registered to determine shareholders' entitlement to the proposed dividend. The dividend, if approved, will be paid on June 18, 2003 to shareholders registered in the books of the Company on June 4, 2003.

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  
April 25, 2003  
Singapore



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**Explanatory Notes on Special Business to be transacted:-**

- (a) Ordinary Resolutions 5, 6 and 7 are to re-appoint directors who are over seventy 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 Michael S. Dobbs-Higginson, an independent Director, if re-elected, will remain as a member of the Remuneration Committee.
- (f) Ordinary Resolution 9 will empower the Directors from the date of the Annual General Meeting until the date of the next Annual General Meeting to issue further shares in the Company. The maximum number of shares which the Directors may issue under this resolution shall not exceed the quantum set out in the resolution.
- (g) Ordinary Resolution 10 is to allow the Directors to issue shares in the Company pursuant to the exercise of options granted under the Scheme 1990 provided that the aggregate number of shares to be issued does not exceed 5% of the issued share capital of the Company from time to time. Note that the Scheme 1990 was at the end of its 10-year duration and discontinued on December 31, 1999. However, subsisting options granted prior to that date are not affected by the discontinuation and remain exercisable in accordance with the terms of the Scheme 1990.
- (h) Ordinary Resolution 11 is to allow the Directors to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme 2000 provided that the aggregate number of shares to be issued does not exceed 15% of the issued share capital of the Company from time to time.

**Notes:**

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





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