



HOTEL PROPERTIES LIMITED

(REG. NO. 198000348Z)

Full Year Financial Statement And Dividend Announcement

1(a) Income Statement

	GROUP \$'000	
	Year ended Dec 31, 2008	Year ended Dec 31, 2007 (restated)
Revenue	612,013	458,191
Cost of sales	(427,438)	(314,344)
Gross profit	184,575	143,847
Other operating income	1,934	3,074
Administrative expenses	(51,706)	(49,582)
Other operating expenses	(17,273)	(2,089)
Finance costs	(33,846)	(40,077)
Other non-operating income	8,713	9,249
Share of results of associates and jointly controlled entities before fair value changes in investment properties	1,853	9,114
Profit before income tax and fair value changes in investment properties	94,250	73,536
Gain (Loss) on fair value changes:		
Share of fair value (loss) gain on investment properties of associates	(7,339)	2,658
Fair value (loss) gain on investment properties	(30,254)	101,061
	(37,593)	103,719
Profit before income tax	56,657	177,255
Income tax expense	(16,641)	(14,973)
Profit for the year	40,016	162,282
Attributable to:		
Shareholders of the Company	32,880	150,079
Minority interests	7,136	12,203
	40,016	162,282

Notes to income statement:

	GROUP \$'000	
	Year ended Dec 31, 2008	Year ended Dec 31, 2007 (restated)
Investment income	177	65
Other income including interest income	1,757	3,009
Depreciation and amortisation	(49,568)	(45,540)
Allowance for stock obsolescence	-	(58)
Allowance for doubtful trade receivables	(232)	-
Fair value loss in held-for-trading investments	(13,480)*	(114)*
Provision for impairment in associates	-	(361)
Provision for impairment in property, plant and equipment	-	(299)
Write back of provision for impairment in development property	-	1,318
Foreign exchange gain (loss)	859	(689)
Adjustment for over provision of tax in respect of prior years	2,201	6,767
Plant and equipment written off	(65)	(263)
Gain on divestment of a subsidiary	505	-
Gain on disposal of a property	5,826^	-
Gain on disposal of available-for-sale investments	-	134
Gain on disposal of property, plant and equipment	-	155

Note:

* recorded as Other operating expenses

^ recorded as Other non-operating income

1(b)(i) Balance Sheet

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

1(b)(ii) Aggregate Amount of Group's Borrowings and Debt Securities**Amount repayable in one year or less, or on demand**

As at 31/12/2008		As at 31/12/2007 (restated)	
Secured	Unsecured	Secured	Unsecured
\$193,490,000	\$189,947,000	\$96,619,000	\$124,946,000

Amount repayable after one year

As at 31/12/2008		As at 31/12/2007 (restated)	
Secured	Unsecured	Secured	Unsecured
\$731,159,000	\$239,620,000	\$697,846,000	\$214,775,000

Details of any collateral

The above are secured by legal mortgages on properties of the Company and some subsidiaries, fixed and floating charges on assets of the Company and some subsidiaries and pledge of shares of certain subsidiaries.

1(c) Consolidated Cash Flow Statement

	Year ended Dec 31, 2008 \$'000	Year ended Dec 31, 2007 \$'000 (restated)
Cash flows from operating activities:		
Profit before income tax and share of results of associates and jointly controlled entities	62,143	165,483
Adjustments for:		
Amortisation of expenditure carried forward and intangible assets	332	342
Depreciation expense	49,236	45,198
Share-based payment expense	1,395	658
Fair value loss (gain) in investment properties	30,254	(101,061)
Plant and equipment written off	65	263
Gain on divestment of a subsidiary	(505)	-
Gain on disposal of a property	(5,826)	-
Gain on disposal of property, plant and equipment	-	(155)
Gain on disposal of available-for-sale investments	-	(134)
Provision for impairment in property, plant and equipment	-	299
Provision for impairment in associates	-	361
Write-back of provision for impairment in development property	-	(1,318)
Finance costs	33,846	40,077
Interest income	(849)	(2,209)
Dividend income	(177)	(65)
Profit before working capital changes	169,914	147,739
Trade and other payables	18,221	14,618
Completed properties held for sale	-	10,212
Receivables and prepayments	(137,552)	(1,062)
Held-for-trading investments	25,316	(6,183)
Inventories	(1,180)	(228)
Cash generated from operations	74,719	165,096
Dividend paid	(25,213)	(18,774)
Dividend received	177	65
Interest received	849	2,209
Finance costs paid	(33,846)	(40,077)
Income tax paid	(7,809)	(10,733)
Net cash from operating activities	8,877	97,786
Cash flows from investing activities:		
Divestment of a subsidiary (see Note A below)	2,051	-
Acquisition of additional interest in a jointly controlled entity (see Note B below)	-	(83,176)
Additional available-for-sale investments	(96)	-
Additional investment properties	(118)	(16,230)
Additional property, plant and equipment	(72,597)	(68,159)
Development properties and expenditure	(50,704)	(33,015)
Net investment in associates	(159,850)	(94,741)
Net investment in jointly controlled entities	(349)	(86,621)
Advances from minority shareholders	269	2,229
Proceeds from divestment of a jointly controlled entity	2,588	-
Proceeds from disposal of available-for-sale investments	-	4,286
Proceeds from disposal of investment properties	-	183
Proceeds from disposal of property, plant and equipment	739	1,571
Cash used in investing activities	(278,067)	(373,673)
Cash flows from financing activities:		
Additional bank loans	240,459	246,343
Additional other long-term liabilities	2,016	-
Proceeds from issue of shares	63	3,353
Cash from financing activities	242,538	249,696
Net effect of exchange rate changes in consolidation	(275)	(559)
Net decrease in cash and bank balances	(26,927)	(26,750)
Cash and bank balances at beginning of year	68,255	95,005
Cash and bank balances at end of year	41,328	68,255

	Year ended Dec 31, 2008 \$'000	Year ended Dec 31, 2007 \$'000 (restated)
Note A : Summary of cash inflow arising from divestment of a subsidiary		
Current assets	92	-
Current liabilities	(268)	-
Net current liabilities	(176)	-
Other non-current assets	5,589	-
Other non-current liabilities	(3,650)	-
Net assets divested	1,763	-
Gain on divestment	505	-
Consideration	2,268	-
Cash of subsidiary divested	(217)	-
Cash inflow arising from divestment of a subsidiary	2,051	-
Note B : Summary of cash outflow arising from acquisition of additional interest in a jointly controlled entity		
Current assets	-	446
Current liabilities	-	(10,142)
Net current liabilities	-	(9,696)
Other non-current assets	-	378,304
Other non-current liabilities	-	(167,054)
Net assets acquired	-	201,554
Reclassification of investment in jointly controlled entity to subsidiary	-	(118,916)
Negative goodwill	-	687
Purchase consideration	-	83,325
Cash of jointly controlled entity acquired	-	(149)
Cash outflow arising from acquisition of additional interest in a jointly controlled entity	-	83,176

1(d)(i) Statement of Changes in Equity

	Share capital \$'000	Retained profits \$'000	Other reserves * \$'000	Shareholders' equity \$'000	Minority interests \$'000	Total equity \$'000
GROUP						
Balance as at Jan 1, 2007, as restated	576,486	330,603	175,494	1,082,583	69,054	1,151,637
Exchange fluctuation differences	-	-	(5,498)	(5,498)	(1,869)	(7,367)
Fair value changes in available-for-sale investments	-	-	(1,050)	(1,050)	-	(1,050)
Loss on cash flow hedge	-	-	(231)	(231)	-	(231)
Share of reserves of associates and jointly controlled entities arising during the year	-	-	(2,837)	(2,837)	-	(2,837)
Net income (expense) recognised directly in equity	-	-	(9,616)	(9,616)	(1,869)	(11,485)
Transfer to profit and loss statement during the year	-	-	(595)	(595)	-	(595)
Net movement during the year	-	-	-	-	1,573	1,573
Profit for the year	-	150,079	-	150,079	12,203	162,282
Total recognised income (expense) for the year	-	150,079	(10,211)	139,868	11,907	151,775
Transfer during the year	429	-	(429)	-	-	-
Share-based payments during the year	-	-	658	658	-	658
Final dividend for the previous year, paid	-	(119,547)	-	(119,547)	-	(119,547)
Issue of shares	104,125	-	-	104,125	-	104,125
Balance as at Dec 31, 2007	681,040	361,135	165,512	1,207,687	80,961	1,288,648
Exchange fluctuation differences	-	-	(16,058)	(16,058)	(94)	(16,152)
Fair value changes in available-for-sale investments	-	-	(4,063)	(4,063)	-	(4,063)
Loss on cash flow hedge	-	-	(1,987)	(1,987)	-	(1,987)
Share of reserves of associates and jointly controlled entities arising during the year	-	-	(10,460)	(10,460)	-	(10,460)
Net income (expense) recognised directly in equity	-	-	(32,568)	(32,568)	(94)	(32,662)
Net movement during the year	-	-	-	-	(6,937)	(6,937)
Profit for the year	-	32,880	-	32,880	7,136	40,016
Total recognised income (expense) for the year	-	32,880	(32,568)	312	105	417
Transfer during the year	219	-	(219)	-	-	-
Share-based payments during the year	-	-	1,395	1,395	-	1,395
Final dividend for the previous year, paid	-	(25,213)	-	(25,213)	-	(25,213)
Issue of shares	63	-	-	63	-	63
Balance as at Dec 31, 2008	681,322	368,802	134,120	1,184,244	81,066	1,265,310

* Includes asset revaluation reserve, exchange fluctuation reserve, hedge reserve, option reserve and other capital reserve.

	Share capital \$'000	Retained profits \$'000	Other reserves** \$'000	Total \$'000
COMPANY				
Balance as at Jan 1, 2007	576,486	21,727	111,547	709,760
Loss on cash flow hedge	-	-	(698)	(698)
Net income (expense) recognised directly in equity	-	-	(698)	(698)
Profit for the year	-	129,295	-	129,295
Total recognised income (expense) for the year	-	129,295	(698)	128,597
Transfer during the year	429	-	(429)	-
Share-based payments during the year	-	-	658	658
Final dividend for the previous year, paid	-	(119,547)	-	(119,547)
Issue of shares	104,125	-	-	104,125
Balance as at Dec 31, 2007	681,040	31,475	111,078	823,593
Gain on cash flow hedge	-	-	21	21
Net income (expense) recognised directly in equity	-	-	21	21
Profit for the year	-	19,812	-	19,812
Total recognised income (expense) for the year	-	19,812	21	19,833
Transfer during the year	219	-	(219)	-
Share-based payments during the year	-	-	1,395	1,395
Final dividend for the previous year, paid	-	(25,213)	-	(25,213)
Issue of shares	63	-	-	63
Balance as at Dec 31, 2008	681,322	26,074	112,275	819,671

** Includes asset revaluation reserve, hedge reserve and option reserve.

1(d)(ii) Details of Any Changes in Company's Issued Share Capital

Since the end of the previous financial period reported on to the date of this announcement, 236,500 new ordinary shares were issued by the Company upon vesting of performance shares granted in conjunction with the Hotel Properties Limited Performance Share Plan.

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

As at December 31, 2008, the number of outstanding share options under the Company's Share Option Scheme 2000 was 4,650,000 (as at December 31, 2007: 3,755,000), and the number of outstanding performance shares under the Company's Performance Share Plan was 946,000 (as at December 31, 2007: 473,000).

1(d)(iii) Total Number of Issued Shares

	Dec 31, 2008	Dec 31, 2007
Total number of issued shares excluding treasury shares	504,503,351	504,211,851

1(d)(iv) Statement Showing All Sales, Transfers, Disposal, Cancellation and/or Use of Treasury Shares

N.A. There is no treasury share as at the end of the current financial period reported on.

2. Audit Statement

The figures have not been audited or reviewed.

3. Auditors' Report

N.A.

4. Changes in Accounting Policies

The Group and Company have followed the same accounting policies and methods of computation as in the most recently audited annual financial statements except as explained in paragraph 5 below.

5. Reasons for and Effect of Changes in Accounting Policies

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

	GROUP \$'000	
	Previously reported <u>2007</u>	After restatement <u>2007</u>
Revenue	459,842	458,191
Cost of sales	(314,821)	(314,344)
Other operating income	3,319	3,074
Administrative expenses	(49,676)	(49,582)
Other operating expenses	(3,517)	(2,089)
Finance costs	(40,808)	(40,077)
Other non-operating income	12,815	9,249
Share of results of associates and jointly controlled entities before fair value changes in investment properties	7,503	9,114
Income tax expense	(15,080)	(14,973)
Minority interests	13,217	12,203
Net profit attributable to shareholders	150,079	150,079
Total assets	2,700,788	2,549,017
Total liabilities and minority interests	1,493,101	1,341,330
Shareholders' equity	1,207,687	1,207,687

6. Earnings Per Share

	Year ended Dec 31, 2008	Year ended Dec 31, 2007
Based on the weighted average number of ordinary shares in issue	6.52 cents	30.73 cents
On a fully diluted basis	6.52 cents	30.59 cents

7. Net Asset Value

	Dec 31, 2008	Dec 31, 2007
GROUP	\$2.35	\$2.40
COMPANY	\$1.62	\$1.63

8. Review of Performance

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

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

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

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

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

9. Variance from Previous Forecast or Prospect Statement

The current announced results are in line with the commentary made in paragraph 10 of the third quarter financial statement announcement released on November 10, 2008.

10. Outlook and Prospects

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

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

11. Dividend**(a) Current Financial Period Reported On**

The Board of Directors has recommended a final one-tier tax-exempt cash dividend of 1 cent per ordinary share in respect of the current financial period reported on. Payment of the said dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting.

(b) Corresponding Period of the Immediately Preceding Financial Year

On May 18, 2007, the Company had undertaken the following exercises:

- (i) a special interim cash dividend (the "Special Dividend") of \$0.268 less tax of 18% (or \$0.22 net) per ordinary share in the capital of the Company (the "Share") for the financial year ending December 31, 2007, in respect of Shares held by the shareholders of the Company as at July 16, 2007 (the "Books Closure Date"); and
- (ii) a renounceable non-underwritten rights issue of up to 45,845,941 new Shares (the "Rights Shares") at an issue price of \$2.20 for each Rights Share, on the basis of one (1) Rights Share for every ten (10) Shares held by Entitled Shareholders (as defined in the Offer Information Statement dated July 17, 2007) as at the Books Closure Date, fractional entitlements to be disregarded, and the availability of an option to elect to use the net Special Dividend to subscribe for the Rights Shares.

The Company issued 45,805,941 Rights Shares on August 17, 2007 and these Rights Shares were listed and quoted on the Official List of the SGX-ST with effect from 9.00 a.m. on August 20, 2007.

The Special Dividend was paid on August 22, 2007 to shareholders who did not elect to use the net Special Dividend to subscribe for the Rights Shares.

(c) Date payable

Will be announced at a later date.

(d) Books closure date

Notice will be given at a later date of the date of closure of the transfer books and register of members.

12. If no dividend has been declared/recommended, a statement to that effect

N.A.

13. Segmental Revenue and Results

Information by business segment

Year ended December 31, 2008

	Hotels \$'000	Properties \$'000	Others \$'000	Elimination \$'000	Consolidated \$'000
REVENUE					
External sales	427,679	184,244	90		612,013
Inter-segment sales		346		(346)	-
Total revenue	427,679	184,590	90	(346)	612,013
RESULTS					
Earnings before interest, tax and fair value changes in investment properties	88,435	49,283	(12,324)		125,394
Finance costs					(33,846)
Interest income					849
Share of results of associates and jointly controlled entities before fair value changes in investment properties	1,585	(1,857)	2,125		1,853
Profit before fair value changes					94,250
Fair value changes in investment properties		(37,593)			(37,593)
Profit before income tax					56,657
Income tax expense					(16,641)
Minority interests					(7,136)
Profit attributable to shareholders					32,880

Year ended December 31, 2007 (restated)

	Hotels \$'000	Properties \$'000	Others \$'000	Elimination \$'000	Consolidated \$'000
REVENUE					
External sales	387,336	70,752	103		458,191
Inter-segment sales		249		(249)	-
Total revenue	387,336	71,001	103	(249)	458,191
RESULTS					
Earnings before interest, tax and fair value changes in investment properties	82,211	20,067	12		102,290
Finance costs					(40,077)
Interest income					2,209
Share of results of associates and jointly controlled entities before fair value changes in investment properties	1,404	5,872	1,838		9,114
Profit before fair value changes					73,536
Fair value changes in investment properties		103,719			103,719
Profit before income tax					177,255
Income tax expense					(14,973)
Minority interests					(12,203)
Profit attributable to shareholders					150,079

14. Review of Performance by Business Segments

Please refer to item 8 above.

15. Breakdown of Sales and Operating Profit

	Latest Financial Year \$'000 Group	Previous Financial Year \$'000 Group (restated)	% increase/(decrease) Group
(a) Sales reported for first half year	287,749	212,194	35.61
(b) Operating profit after tax before deducting minority interests reported for first half year**	42,746	23,782	79.74
(c) Sales reported for second half year	324,264	245,997	31.82
(d) Operating profit after tax before deducting minority interests reported for second half year**	34,863	34,781	0.24

** excludes revaluation of investment properties.

16. Breakdown of Total Annual Dividend

	Latest Full Year (\$'000)	Previous Full Year (\$'000)
Ordinary	5,045	125,984
Preference	-	-
Total:	5,045	125,984

17. Interested Person Transactions ("IPT")

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

Note:

* "Associate" in relation to a director, chief executive officer or controlling shareholder means

- his immediately 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.

BY ORDER OF THE BOARD

Chuang Sheue Ling & Lo Swee Oi
 Joint Company Secretaries
 February 26, 2009