

CIRCULAR DATED 12 APRIL 2017

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about its contents or the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of Hotel Properties Limited, you should immediately hand this Circular, the Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or transferee, or the bank, stockbroker, solicitor or agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

The Singapore Exchange Securities Trading Limited takes no responsibility for the correctness of any of the statements made, or opinions expressed in this Circular.



HOTEL PROPERTIES LIMITED

(Incorporated in the Republic of Singapore)

(Registration No: 198000348Z)

**CIRCULAR TO SHAREHOLDERS
in relation to**

- (1) THE PROPOSED ADOPTION OF THE SHARE BUY-BACK MANDATE; AND**
- (2) THE PROPOSED ADOPTION OF THE HOTEL PROPERTIES LIMITED PERFORMANCE SHARE PLAN 2017**

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	25 April 2017 at 4.30 p.m.
Date and time of Extraordinary General Meeting	27 April 2017 at 4.30 p.m. (or as soon thereafter following the conclusion or adjournment of the Thirty-Seventh Annual General Meeting of the Company to be held at 4.00 p.m. on the same day and at the same place)
Place of Extraordinary General Meeting	Crescent Ballroom, Level 2, Four Seasons Hotel Singapore, 190 Orchard Boulevard, Singapore 248646

TABLE OF CONTENTS

DEFINITIONS	2
1. INTRODUCTION	6
2. THE PROPOSED ADOPTION OF THE SHARE BUY-BACK MANDATE	7
3. THE PROPOSED ADOPTION OF THE HOTEL PROPERTIES LIMITED PERFORMANCE SHARE PLAN 2017	21
4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS	28
5. EXTRAORDINARY GENERAL MEETING	29
6. ACTION TO BE TAKEN BY SHAREHOLDERS	29
7. DIRECTORS' RECOMMENDATIONS	29
8. RESPONSIBILITY STATEMENT	30
APPENDIX: RULES OF THE HOTEL PROPERTIES LIMITED PERFORMANCE SHARE PLAN 2017	31
NOTICE OF EXTRAORDINARY GENERAL MEETING	44
PROXY FORM	

DEFINITIONS

In this Circular, unless the context otherwise requires, the following words and expressions shall have the following meanings:

- 2006 Plan** : The Hotel Properties Limited Performance Share Plan approved by Shareholders at the extraordinary general meeting on 28 April 2006;
- 2017 Plan or Hotel Properties Limited Performance Share Plan 2017** : The proposed performance share plan of the Company known as the “Hotel Properties Limited Performance Share Plan 2017”, as amended or modified from time to time;
- Associate** : (a) In relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) 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
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and
- (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;
- Award** : A contingent award of Shares granted under the 2017 Plan;
- Award Date** : The date on which an Award is granted;
- Board of Directors** : The board of Directors of the Company;
- CDP** : The Central Depository (Pte) Limited;
- Committee** : A committee comprising Directors, duly authorised and appointed by the Board of Directors to administer the 2017 Plan;
- Companies Act** : The Companies Act, Chapter 50 of Singapore;
- Company or HPL** : Hotel Properties Limited;

DEFINITIONS

Constitution	:	The constitution of the Company, constituting the memorandum and articles of association of the Company;
control	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company;
Controlling Shareholder	:	A shareholder who, in relation to the Company, has control. Unless rebutted, a person who holds directly or indirectly, a shareholding of 15% or more of the Company's issued Shares shall be presumed to be a Controlling Shareholder;
Directors	:	The directors of the Company from time to time;
EGM	:	The extraordinary general meeting of the Company, notice of which is set out on pages 44 to 46 of this Circular;
Executive	:	A full-time confirmed employee of any company in the Group who has attained the age of 21 years on or before the commencement date of the 2017 Plan;
Executive Director	:	A Director from time to time of any company in the Group, who performs an executive function;
Financial Year	:	Financial year ended, or as the case may be, ending 31 December;
FRS 102	:	Financial Reporting Standard 102, Share-based Payment;
Group	:	The Company and its subsidiaries;
Latest Practicable Date	:	The latest practicable date prior to the printing of this Circular, being 3 April 2017;
Listing Manual	:	The Listing Manual of the SGX-ST;
Market Day	:	A day on which the SGX-ST is open for trading of securities;
New Shares	:	The new Shares which may be allotted and issued from time to time pursuant to the exercise of Options and/or the vesting of Awards, granted under the Option Schemes or the 2017 Plan (as the case may be);
Non-Executive Director	:	A director from time to time of the Company, other than an Executive Director;
NTA	:	Net tangible assets;

DEFINITIONS

Option	:	The right to subscribe for Shares granted or to be granted pursuant to the Option Schemes;
Option Schemes	:	The Scheme 2000 and Scheme 2010;
Participants	:	Any person who has been granted an Award;
Resolutions	:	The ordinary resolutions set out in the notice of EGM on pages 44 to 46 of this Circular;
Scheme 2000	:	Hotel Properties Limited Share Option Scheme 2000 approved by Shareholders at an extraordinary general meeting on 23 June 2000, and which expired on 22 June 2010;
Scheme 2010	:	Hotel Properties Employee Share Option Scheme 2010 approved by Shareholders at an extraordinary general meeting on 29 April 2010, as modified or altered from time to time;
Securities and Futures Act	:	The Securities and Futures Act, Chapter 289 of Singapore;
SGX-ST	:	Singapore Exchange Securities Trading Limited;
Shares	:	Ordinary shares in the capital of the Company;
Shareholders	:	Registered holders of Shares except that where the registered holder is CDP, the term Shareholders shall, in relation to such Shares, mean the Depositors who have Shares entered against their names in the Depository Register;
Share Buy-Back	:	The buy back of Shares by the Company in accordance with the terms set out in this Circular;
Share Buy-Back Mandate	:	The general mandate to be given by Shareholders to authorise the Directors to effect Share Buy-Backs;
subsidiary	:	A company which is for the time being a subsidiary of another corporation, as defined in Section 5 of the Companies Act, and subsidiaries shall be construed accordingly;
Subsidiary Holdings	:	Shares held by subsidiaries of the Company in accordance with the Companies Act;
Substantial Shareholder	:	A person who has an interest in one or more voting shares in a company and the total votes attached to such share(s) is not less than 5% of the total votes attached to all the voting shares in the company;

DEFINITIONS

S\$:	Singapore dollars;
Take-over Code	:	The Singapore Code on Take-overs and Mergers;
Treasury Shares	:	Shares which: <ul style="list-style-type: none">(a) are purchased by the Company in circumstances in which Section 76H of the Companies Act applies; and(b) held by the Company continuously since the Treasury Shares are so purchased;
%	:	Percentage or per centum.

The terms **Depositor**, **Depository Agent** and **Depository Register** shall have the respective meanings ascribed to them in Section 81SF of the Securities and Futures Act.

Words importing the singular number shall include the plural number where the context admits and vice versa. Words importing the masculine gender shall include the feminine and neuter gender where the context admits. Words importing persons include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended, modified, extended, replaced or re-enacted whether before or after the date of this Circular so far as such amendment, modification, extension, replacement or re-enactment applies or is capable of applying to any transaction entered into hereunder. Any word defined under the Companies Act, the Listing Manual or any modification thereof and not otherwise defined in this Circular shall have the meaning assigned to it under the Companies Act, the Listing Manual or any modification thereof, as the case may be.

Any reference to a time of day shall be a reference to Singapore time unless otherwise stated.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

LETTER TO SHAREHOLDERS

HOTEL PROPERTIES LIMITED

(Incorporated in the Republic of Singapore)

Directors:

Arthur Tan Keng Hock (*Chairman and Independent Director*)

Ong Beng Seng (*Managing Director*)

Christopher Lim Tien Lock (*Executive Director*)

Michael S. Dobbs-Higginson (*Independent Director*)

Leslie Mah Kim Loong (*Independent Director*)

David Fu Kuo Chen (*Non-Executive Director*)

Stephen Lau Buong Lik (*Executive Director*)

William Fu Wei Cheng (*Non-Executive Director*)

Stephen Ng Tin Hoi (*Non-Executive Director*)

Registered Office:

50 Cuscaden Road

#08-01 HPL House

Singapore 249724

Date: 12 April 2017

To: The Shareholders of Hotel Properties Limited

Dear Sir/Madam

THE PROPOSED ADOPTION OF THE SHARE BUY-BACK MANDATE AND THE PROPOSED ADOPTION OF THE HOTEL PROPERTIES LIMITED PERFORMANCE SHARE PLAN 2017

1. INTRODUCTION

1.1 EGM

The Board of Directors is convening the EGM to be held on 27 April 2017 at 4.30 p.m. or as soon thereafter following the conclusion or adjournment of the Thirty-Seventh Annual General Meeting of the Company to be held on 4.00 p.m. the same day, to seek Shareholders' approval for the proposed adoption of the Share Buy-Back Mandate and the proposed adoption of the Hotel Properties Limited Performance Share Plan 2017.

1.2 Circular

The purpose of this Circular is to provide Shareholders with information relating to, and to seek Shareholders' approval for the proposals to be tabled at the EGM.

1.3 Listing of New Shares

The SGX-ST has, on 30 March 2017, approved in-principle the listing and quotation of the New Shares that may be allotted and issued from time to time upon the vesting of the Awards granted pursuant to the 2017 Plan, subject to the following:

- (a) the Company's compliance with the SGX-ST's listing requirements and guidelines; and
- (b) Shareholders' approval being obtained for the 2017 Plan.

The SGX-ST's approval in-principle is not to be taken as an indication of the merits of the 2017 Plan, the New Shares, the Company and/or its subsidiaries.

LETTER TO SHAREHOLDERS

The SGX-ST assumes no responsibility for the accuracy or correctness of any of the statements made, opinions expressed or reports contained in this Circular.

2. THE PROPOSED ADOPTION OF THE SHARE BUY-BACK MANDATE

2.1 The proposed Share Buy-Back Mandate

Article 43A of the Company's Constitution authorises the Company to purchase or otherwise acquire its Shares. Shareholders' approval by way of an ordinary resolution is being sought at the EGM for the adoption of the proposed Share Buy-Back Mandate. If approved, the Share Buy-Back Mandate will remain in force until the date on which the next annual general meeting of the Company is held or required by law to be held (when the Share Buy-Back Mandate will lapse unless it is renewed) or the date on which Share Buy-Backs are carried out to the full extent mandated, whichever is the earlier, unless prior to that, it is varied or revoked by resolution of Shareholders in a general meeting.

As required under the Companies Act and the Listing Manual, a company that desires to purchase or otherwise acquire its own shares has to obtain the approval of its shareholders at a general meeting. For this purpose, the Company is seeking the approval of its Shareholders at the EGM for the Share Buy-Back Mandate, which will take effect from the date of the EGM.

2.2 Rationale for Share Buy-Back Mandate

The Share Buy-Back Mandate, when approved, will give the Directors the flexibility to purchase or otherwise acquire Shares of the Company, subject to market conditions, during the period when the Share Buy-Back Mandate is in force, subject to the terms and limits set out in **Paragraph 2.3**. The rationale for the Company undertaking to purchase or acquire its Shares, conducted at appropriate price levels, is as follows:

- (a) in managing the business of the Group, the management team strives to increase Shareholders' value by improving, *inter alia*, the return on equity of the Group. In addition to growth and expansion of the business, Share Buy-Backs may be considered as one of the ways through which the return on equity of the Group may be enhanced;
- (b) the Share Buy-Back Mandate would provide the Company with the flexibility to purchase or acquire the Shares if and when circumstances permit, during the period when the Share Buy-Back Mandate is in force. It is an expedient, effective and cost-efficient way for the Company to return surplus cash/funds over and above its ordinary capital requirements, if any, which are in excess of its financial requirements, taking into account its growth and expansion plans, to its Shareholders. In addition, the Share Buy-Back Mandate will allow the Company to have greater flexibility over, *inter alia*, the Company's share capital structure and its dividend policy; and
- (c) the purchase or acquisition of Shares under the Share Buy-Back Mandate will help mitigate short-term share price volatility (by way of stabilising the supply and demand of issued Shares) and offset the effects of short-term share price speculation, supporting the fundamental value of the issued Shares, thereby bolstering Shareholders' confidence and employees' morale.

LETTER TO SHAREHOLDERS

Shareholders should note that a Share Buy-Back will only be made when the Directors consider it to be in the best interests of the Company and in circumstances which they believe will not result in any material adverse effect on the financial position of the Company or the Group, or result in the Company being de-listed from the SGX-ST. The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to adversely affect the listing status of the Company.

2.3 Terms and limits on the Share Buy-Back Mandate

The terms and limitations placed on purchases or acquisitions of Shares under the proposed Share Buy-Back Mandate are summarised below:

2.3.1 *Maximum number of Shares*

(i) Share Buy-Back Limit

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired pursuant to the Share Buy-Back Mandate is limited to that number of Shares representing not more than 10% of the total number of Shares of the Company (excluding Treasury Shares and Subsidiary Holdings) as at the date of the EGM at which the Share Buy-Back Mandate is approved. Treasury Shares and Subsidiary Holdings will be disregarded for the purpose of computing the 10% limit.

Purely for illustrative purposes, on the basis that there are 520,434,551 Shares as at the Latest Practicable Date and assuming that no further Shares are issued on or prior to the date of the EGM, not more than 52,043,455 Shares (representing 10% of the total number of Shares of the Company as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Buy-Back Mandate during the period referred to in **Paragraph 2.3.2** below.

However, purchases or acquisitions pursuant to the Share Buy-Back Mandate need not be carried out to the full extent mandated, and in any case, will not be carried out to such an extent that would result in the Company losing the minimum public float required to maintain the listing status of the Company's Shares on the SGX-ST.

(ii) Listing status on the SGX-ST

The Listing Manual provides that a listed company shall ensure that at least 10% of a class of its listed securities is at all times held by the public.

As at the Latest Practicable Date, 71,195,446 Shares (or approximately 13.68% of the total number of issued Shares) are held in the hands of the public.

In order to maintain the listing status of the Shares on the SGX-ST, the Company must ensure (pursuant to Rule 723 of the Listing Manual) that there is at all times a public float of not less than 10% of the issued Shares (excluding Treasury Shares). The Company will not carry out any Share Buy-Back to such

LETTER TO SHAREHOLDERS

extent that it would result in the number of Shares remaining in the hands of the public to fall below the minimum level required under the Listing Manual without adversely affecting the listing status of the Company.

Accordingly, **purely for illustrative purposes** and assuming that 71,195,446 Shares (or approximately 13.68% of the issued Shares (excluding Treasury Shares)) are held in public hands as at the Latest Practicable Date, in order to maintain the public float of not less than 10% in the issued Shares (excluding Treasury Shares), the Company would not purchase or acquire from public shareholders more than 19,151,991 Shares (or 3.68% of the issued Shares (excluding Treasury Shares) as at that date) pursuant to the Share Buy-Back Mandate as at the Latest Practicable Date. **For avoidance of doubt, the above illustration should not in any way bind the Company or be construed to imply that the Company can only buy back up to 19,151,991 Shares.**

The Company is seeking Shareholders' approval to enable the Company to purchase or acquire Shares up to a maximum of 10% of the total number of Shares of the Company (excluding Treasury Shares and Subsidiary Holdings) for greater flexibility. **If approved, the Company will be able to purchase or acquire up to a maximum of 10% of the total number of Shares of the Company (excluding Treasury Shares and Subsidiary Holdings).** Nevertheless, before deciding to effect a Share Buy-Back, the Directors will ensure that, notwithstanding such purchase, a sufficient float in the hands of the public will be maintained to comply with Listing Manual requirements.

As at the Latest Practicable Date, the Company does not hold any Treasury Shares nor does any of its subsidiaries have any Subsidiary Holdings.

2.3.2 *Duration of authority*

Share Buy-Backs may be made at any time and from time to time, on and from the date of the EGM at which the Share Buy-Back Mandate is approved up to:

- (i) the date on which the next annual general meeting of the Company is held or required by law to be held; or
- (ii) the date on which the purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated; or
- (iii) the date on which the authority conferred by the Share Buy-Back Mandate is revoked or varied by the Shareholders in general meeting,

whichever is the earliest.

The authority conferred on the Directors to purchase Shares pursuant to the Share Buy-Back Mandate may be renewed by the Shareholders at each annual general meeting or other general meeting of the Company.

LETTER TO SHAREHOLDERS

2.3.3 Manner of Share Buy-Backs

Share Buy-Backs may be made by way of:

- (i) an on-market Share Buy-Back (“**Market Share Buy-Back**”) transacted through the SGX-ST’s trading system, or as the case may be, any other securities exchange on which the Shares may for the time being be listed on; and/or
- (ii) an off-market Share Buy-Back (“**Off-Market Share Buy-Back**”), otherwise than on a securities exchange, effected in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all conditions prescribed by the Listing Manual and the Companies Act.

Under the Companies Act, an Off-Market Share Buy-Back on an “equal access scheme” must satisfy all of the following conditions:

- (i) the offers under the scheme must be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made to them; and
- (iii) the terms of all the offers are the same except that there shall be disregarded:
 - (a) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
 - (b) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid (if applicable); and
 - (c) differences in the offers introduced solely to ensure that each member is left with a whole number of Shares.

If the Company wishes to make an Off-Market Share Buy-Back on an equal access scheme, the Company must issue an offer document to all Shareholders containing at least the following information:

- (i) terms and conditions of the offer;
- (ii) period and procedures for acceptances;
- (iii) reasons for the proposed Share Buy-Back;
- (iv) the consequences, if any, of share purchases by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (v) whether the Share Buy-Back, if made, could have any effect on the listing of the Shares on the SGX-ST;

LETTER TO SHAREHOLDERS

- (vi) details of any Share Buy-Back made by the Company in the previous 12 months (whether Market Share Buy-Backs or Off-Market Share Buy-Backs), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (vii) whether the Shares purchased by the Company will be cancelled or kept as Treasury Shares.

2.3.4 *Maximum purchase price to be paid for the Shares*

The purchase price (excluding brokerage, commission, applicable goods and services tax and other purchase-related expenses) to be paid for a Share shall be determined by the Directors. However, the purchase price for Shares shall not exceed:

- (i) in the case of a Market Share Buy-Back, 5% above the Average Closing Market Price (as defined below) of the Shares; and
- (ii) in the case of an Off-Market Share Buy-Back pursuant to an equal access scheme, 30% above the Average Closing Market Price of the Shares.

For the above purposes:

“Average Closing Market Price” means the average of the closing market prices of Shares over the last 5 Market Days on which transactions in the Shares were recorded, immediately preceding the day on which a Market Share Buy-Back was made, or as the case may be, the date of the making of the offer pursuant to an Off-Market Share Buy-Back on an equal access scheme, and deemed to be adjusted for any corporate action that occurs after the relevant 5-Market Day period; and

“date of the making of the offer” means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Share Buy-Back.

The Listing Manual restricts a listed company from purchasing Shares by way of Market Share Buy-Backs at a price per Share which is more than 5% above the Average Closing Market Price.

Although the Listing Manual does not prescribe a maximum price in relation to purchases of Shares by way of Off-Market Share Buy-Backs, the Company has set a cap of 30% above the average closing price of a Share as the maximum price for a Share to be purchased or acquired by way of Off-Market Share Buy-Backs.

LETTER TO SHAREHOLDERS

2.4 Source of funding of Share Buy-Backs

The Company may only apply funds for the purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate as provided in its Constitution and in accordance with the applicable laws in Singapore. The Company may not buy back its Shares on the SGX-ST for settlement otherwise than in accordance with the trading rules of the SGX-ST or the Companies Act.

The Company intends to use its internal funds and/or external borrowings to finance the purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate. In considering the use of external funding, the Company will take into consideration the availability of external financing and the resulting impact on the prevailing gearing ratio of the Company and the Group. The Company will not propose to exercise the Share Buy-Back Mandate to such an extent that it would have a material adverse financial effect on the Company and the Group.

2.5 Status of purchased Shares under the Share Buy-Back Mandate

The Shares purchased or acquired by the Company pursuant to the Share Buy-Back Mandate shall be deemed to be cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless held by the Company as Treasury Shares in accordance with Section 76H of the Companies Act. At the time of each such Share Buy-Back by the Company, the Directors shall decide whether the Shares purchased will be cancelled or kept as Treasury Shares, or partly cancelled and partly kept as Treasury Shares, depending on the needs of the Company at that time.

Where Shares purchased or acquired by the Company pursuant to the Share Buy-Back Mandate are cancelled, such Shares will be automatically de-listed by the SGX-ST and certificates (if any) in respect thereof will be cancelled and destroyed by the Company as soon as is reasonably practicable following settlement of any such purchase or acquisition, and the total number of issued Shares will be diminished by such number of Shares that are cancelled.

2.6 Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company under the Share Buy-Back may be held or dealt with as Treasury Shares. Some of the provisions on Treasury Shares under the Companies Act are summarised below:

2.6.1 Maximum holdings

The number of Shares held as Treasury Shares cannot at any time exceed 10% of the total number of Shares of the Company.

2.6.2 Voting and other rights

The Company cannot exercise any right in respect of the Treasury Shares, in particular, (a) the right to attend or vote at meetings; and (b) the right to receive dividends or any other distribution (in cash or otherwise) of its assets (including any distribution of assets to Shareholders on a winding up).

LETTER TO SHAREHOLDERS

However, the Company may allot fully paid bonus shares in respect of the Treasury Shares and the Treasury Shares may be sub-divided or consolidated so long as the total value of the Treasury Shares after the subdivision or consolidation is the same as before the subdivision or consolidation, as the case may be. Any Shares allotted as fully paid bonus shares in respect of the Treasury Shares shall be treated for the purposes of the Companies Act as if they were purchased by the Company at the time they were allotted, in circumstances in which Section 76H of the Companies Act applied.

2.6.3 *Disposal and cancellation*

When Shares purchased or acquired are held as Treasury Shares, the Company may at any time but subject always to the Take-over Code:

- (a) sell the Treasury Shares for cash;
- (b) transfer the Treasury Shares for the purposes of or pursuant to a share scheme whether for its employees, Directors or any other persons;
- (c) transfer the Treasury Shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the Treasury Shares; or
- (e) sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister for Finance.

2.7 **Financial effects of the proposed Share Buy-Back Mandate**

The financial effects of the acquisition and purchases of Shares that may be made pursuant to the Share Buy-Back Mandate would depend on, *inter alia*, the aggregate number of Shares purchased, the purchase prices at the relevant time of purchase, how the purchase is funded, whether the purchase is made out of capital or profits, whether the Shares purchased or acquired are cancelled or held as Treasury Shares as well as how the Shares held in treasury are subsequently dealt with by the Company in accordance with Section 76K of the Companies Act.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares (excluding brokerage, commission, goods and services tax and other purchase-related expenses) is made out of available profits, this will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

LETTER TO SHAREHOLDERS

2.8 Illustrative financial effects

For illustrative purposes only, the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buy-Back Mandate on the audited financial statements of the Group for the Financial Year ended 31 December 2016 are based on the assumptions set out below:

- (a) 520,434,551 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued and no Shares are held by the Company as Treasury Shares on or prior to the EGM, not more than 52,043,455 Shares (representing 10% of the issued ordinary share capital of the Company (excluding Treasury Shares and Subsidiary Holdings) as at that date) may be purchased by the Company pursuant to the proposed Share Buy-Back Mandate;
- (b) in the case of Market Share Buy-Back and assuming that the Company purchases 52,043,455 Shares at the maximum price of S\$4.17 for one Share (being the price equivalent to 5% above the average of the closing market prices of the Shares for the 5 consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 52,043,455 Shares is S\$217,021,207; and
- (c) In the case of Off-Market Share Buy-Back and assuming that the Company purchases 52,043,455 Shares at the maximum price of S\$5.16 for one Share (being the price equivalent to 30% above the average of the closing market prices of the Shares for the 5 consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 52,043,455 Shares is S\$268,544,228.

For illustrative purposes only, and based on the assumptions set out in (a), (b) and (c) above and assuming that:

- (i) such purchase or acquisition of Shares is financed by external sources of funds;
- (ii) the Share Buy-Back Mandate had been effective on 1 January 2016; and
- (iii) the Company had purchased or acquired 52,043,455 Shares (representing 10% of its issued ordinary share capital at the Latest Practicable Date),

the financial effects of the purchase or acquisition of the 52,043,455 Shares by the Company on the audited financial accounts of the Company for the Financial Year ended 31 December 2016 pursuant to the Share Buy-Back Mandate:

- (1) by way of purchases made entirely out of capital and held as Treasury Shares; and
- (2) by way of purchases made entirely out of capital and cancelled are set out below.

LETTER TO SHAREHOLDERS

2.8.1 Market Share Buy-Backs

Market Share Buy-Backs of up to maximum of 10% made entirely out of capital

As at 31 December 2016	Group		
(S\$'000)	Before Share Buy-Back	After Share Buy-Back	
		Shares cancelled	Shares held as Treasury Shares
Total Equity ⁽¹⁾	2,028,336	1,811,315	1,811,315
Treasury Shares	–	–	(217,021)
Net Assets ⁽²⁾	1,793,229	1,576,208	1,576,208
Current Assets	578,160	578,160	578,160
Current Liabilities	426,560	426,560	426,560
Net Borrowings ⁽³⁾	875,128	1,092,149	1,092,149
No. of issued and paid up Shares (excluding Treasury Shares) ('000)	520,083	468,040	468,040
Financial Ratios			
Net Assets per Share (S\$)	3.45	3.37	3.37
Net Borrowings to Total Equity (times)	0.43	0.60	0.60
Earnings per Share (cents) ⁽⁴⁾	18.13	20.14	20.14

LETTER TO SHAREHOLDERS

2.8.2 Off-Market Share Buy-Backs

Off-Market Share Buy-Backs of up to maximum of 10% made entirely out of capital

As at 31 December 2016	Group		
(\$'000)	Before Share Buy-Back	After Share Buy-Back	
		Shares cancelled	Shares held as Treasury Shares
Total Equity ⁽¹⁾	2,028,336	1,759,792	1,759,792
Treasury Shares	–	–	(268,544)
Net Assets ⁽²⁾	1,793,229	1,524,685	1,524,685
Current Assets	578,160	578,160	578,160
Current Liabilities	426,560	426,560	426,560
Net Borrowings ⁽³⁾	875,128	1,143,672	1,143,672
No. of issued and paid up shares (excluding Treasury Shares) ('000)	520,083	468,040	468,040
Financial Ratios			
Net Assets per Share (\$)	3.45	3.26	3.26
Net Borrowings to Total Equity (times)	0.43	0.65	0.65
Earnings per Share (cents) ⁽⁴⁾	18.13	20.14	20.14

Notes:

- (1) "Total Equity" means the aggregate amount of issued share capital, other reserves, retained profits attributable to Shareholders, perpetual capital securities and non-controlling interests.
- (2) "Net Assets" as disclosed above excludes perpetual capital securities and non-controlling interests.
- (3) "Net Borrowings" mean the aggregate of short-term and long-term borrowings net of cash and bank balances of the Group.
- (4) The borrowing cost arising from the Share Buy-Back will depend on the timing of such Share Buy-Back and cannot be ascertained as at the date of this Circular. It is therefore not included in the calculation of Earnings per Share After Share Buy-Back.

Shareholders should note that the financial effects illustrated above are purely for illustrative purposes and based only on the abovementioned assumptions. In particular, it is important to note that the above analysis is based on the latest audited accounts of the Group as at 31 December 2016, and is not necessarily representative of the future financial performance of the Group. Although the proposed Share Buy-Back Mandate would authorise the Company to buy back up to 10% of the Company's issued Shares (excluding Treasury Shares and Subsidiary Holdings) as at the date that the Share Buy-Back Mandate is obtained, the Company may not necessarily buy back or be able to buy back 10% of the entire total number of its Shares in full. The Company will, in any case, not carry out any Share Buy-Back that would result in the number of Shares remaining in the hands of the public to fall below the minimum public float required without adversely affecting the listing status of the Company.

LETTER TO SHAREHOLDERS

2.9 Taxation

Shareholders who are in doubt as to their respective tax positions or any tax implications should consult their own professional tax advisors to take into account the tax law applicable, whether in or outside Singapore, to their particular situations.

2.10 Reporting requirements

The Listing Manual specifies that a listed company shall notify the SGX-ST of all purchases or acquisitions of its shares:

- (a) in the case of a Market Share Buy-Back, by 9.00 a.m. on the Market Day following the day on which the Market Share Buy-Back was made; and
- (b) in the case of an Off-Market Share Buy-Back under an equal access scheme, by 9.00 a.m. on the second Market Day after the close of acceptance of the offer.

The notification of such purchases or acquisitions of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

The Company, upon undertaking any sale, transfer, cancellation and/or use of Treasury Shares, will comply with Rule 704(28) of the Listing Manual, which provides that an issuer must make an immediate announcement thereof, stating the following:

- (a) date of the sale, transfer, cancellation and/or use;
- (b) purpose of such sale, transfer, cancellation and/or use;
- (c) number of Treasury Shares sold, transferred, cancelled and/or used;
- (d) number of Treasury Shares before and after such sale, transfer, cancellation and/or use;
- (e) percentage of the number of Treasury Shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (f) value of the Treasury Shares if they are used for a sale or transfer, or cancelled.

2.11 Suspension of buy-back of Shares

The Company will not purchase or acquire Shares during the period commencing 2 weeks and 1 month immediately preceding the announcement of the Company's interim results and the annual (full-year) results respectively.

LETTER TO SHAREHOLDERS

2.12 Takeover Implications under the Take-over Code

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

2.12.1 *Obligation to Make a Take-over Offer*

If, as a result of any purchase or acquisition by the Company of the Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code.

Under Rule 14 of the Take-over Code, a Shareholder and persons acting in concert with the Shareholder will incur an obligation to make a mandatory take-over offer if, *inter alia*, he and persons acting in concert with him increase their voting rights in the Company to 30% or more or, if they, together holding between 30% and 50% of the Company's voting rights, increase their voting rights in the Company by more than 1% in any period of 6 months.

Consequently, depending on the number of Shares purchased or acquired by the Company and the number of Shares at that time, a Shareholder or group of Shareholders acting in concert with each other could obtain or consolidate effective control of the Company and could become obliged to make a take-over offer under Rule 14 of the Take-over Code.

2.12.2 *Persons Acting in Concert*

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert, namely:

- (a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights;
- (b) a company with any of its directors, together with their close relatives, related trusts and companies controlled by any of the directors, their close relatives and related trusts;
- (c) a company with any of its pension funds and employee share schemes;

LETTER TO SHAREHOLDERS

- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its clients in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders, including Directors, and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase of Shares by the Company are set out in Appendix 2 of the Take-over Code.

2.12.3 *Effect of Rule 14 and Appendix 2 of the Take-over Code*

In general terms, the effect of Appendix 2 of the Take-over Code is that:

- (a) unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of 6 months; and

LETTER TO SHAREHOLDERS

- (b) a Shareholder who is not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of 6 months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy-Back Mandate unless so required under the Companies Act.

Based on Substantial Shareholders' notifications received by the Company as at the Latest Practicable Date which are set out in **Paragraph 4** of this Circular, none of the Substantial Shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result only of any proposed purchase by the Company of the maximum limit of 10% of its issued Shares as at the Latest Practicable Date (assuming that the Company is able to exercise the Share Buy-Back Mandate and is still able to maintain the minimum public float required by Listing Manual).

Shareholders who are in doubt as to whether they would incur any obligation to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the Share Buy-Back Mandate are advised to consult their professional advisers and/or the Securities Industry Council before they acquire any Shares in the Company during the period when the Share Buy-Back Mandate is in force.

2.13 Shares purchased by the Company

The Company does not currently have in force a share buy-back mandate and accordingly has not made any Share Buy-Back on or in the 12 months preceding the Latest Practicable Date.

LETTER TO SHAREHOLDERS

3. THE PROPOSED ADOPTION OF THE HOTEL PROPERTIES LIMITED PERFORMANCE SHARE PLAN 2017

3.1 Background and Rationale for the 2017 Plan

3.1.1 2006 Plan

The 2006 Plan was adopted at an extraordinary general meeting of the Company held on 28 April 2006. The duration of the 2006 Plan was 10 years commencing on the date of adoption, that is, 10 years commencing on 28 April 2006. The 2006 Plan had accordingly expired on 27 April 2016. As at the Latest Practicable Date, there are outstanding awards granted to participants under the 2006 Plan in respect of up to 1,055,700 Shares, representing approximately 0.20% of the issued Shares as at the Latest Practicable Date.

3.1.2 Option Schemes

The Company has an existing share option scheme, the Scheme 2010, which was approved and adopted by the Shareholders at an extraordinary general meeting held on 29 April 2010. The duration of the Scheme 2010 is 15 years and the Scheme 2010 is expected to expire on 28 April 2025. The Scheme 2010 replaces the Scheme 2000 which expired on 22 June 2010. Under the Scheme 2010, Options to subscribe for Shares may be granted to Executives. The Scheme 2010 provides an opportunity for deserving employees of the Group to participate in the equity of the Company so as to motivate them to greater dedication and higher standards of performance and to give recognition to their past and continuing contribution and services.

As at the Latest Practicable Date:

- (a) there are outstanding and unexercised options granted to participants under the Scheme 2000 to subscribe for up to an aggregate of 1,220,000 Shares, representing approximately 0.23% of the issued Shares as at the Latest Practicable Date; and
- (b) there are outstanding and unexercised options granted to participants under the Scheme 2010 to subscribe for up to an aggregate of 11,825,000 Shares, representing approximately 2.27% of the issued Shares as at the Latest Practicable Date.

3.1.3 Rationale

The 2017 Plan has substantively the same terms as the 2006 Plan, but takes into account the amendments to the Companies Act and the changes to the Listing Manual. The Company proposes to adopt the 2017 Plan to replace the 2006 Plan which has since expired.

By implementing the 2017 Plan, the Company hopes to inculcate in all Participants, a stronger and more lasting sense of identification with the Group. The 2017 Plan will also operate to attract, retain and provide incentive to Participants to encourage greater dedication and loyalty by enabling the Company to give recognition for past contributions and services as well as motivating Participants generally to contribute towards the Group's long-term prosperity.

LETTER TO SHAREHOLDERS

The purpose of adopting the 2017 Plan in addition to the existing Scheme 2010 is to give the Company greater flexibility to align the interests of employees, especially key Executives, with those of Shareholders. It is also intended that the 2017 Plan complements the Scheme 2010 in its continuing efforts to reward, retain and motivate key employees to achieve superior performance which creates and enhances economic value for Shareholders.

Unlike Options granted under the Scheme 2010 which is targeted at employees of the Group whose contributions are essential to the well-being of the Group, it is intended for the 2017 Plan to be targeted at key Executives in senior management who are in the best position to drive the growth of the Group through superior performance. The 2017 Plan further contemplates the award of fully-paid Shares free of charge to Participants upon the expiry of the prescribed vesting period.

The 2017 Plan will further strengthen the Company's competitiveness in attracting key talents and retaining employees, especially key employees who have the requisite knowledge, technical skills and experience whom the Company believes could contribute to the development and growth of the Group.

The Company believes that the 2017 Plan will be more effective than merely having pure cash bonuses to motivate key Executives to work towards determined goals. The Awards given to a particular Participant will be determined at the discretion of the Committee, who will take into account factors such as the Participant's capability, scope of responsibility, skill and vulnerability to leaving the employment of the Group. In deciding on an Award to be granted to a Participant, the Committee will also consider the compensation and/or benefits to be given to the Participant under the Option Schemes and other share-based incentive schemes of the Company, if any.

3.2 Summary of the 2017 Plan

The following is a summary of the principal rules of the 2017 Plan. The detailed rules of the 2017 Plan are set out in the Appendix to this Circular.

3.2.1 Eligibility

The following persons (provided that such persons are not undischarged bankrupts at the relevant time) shall be eligible to participate in the 2017 Plan at the absolute discretion of the Committee:

- (a) Executive Directors; and
- (b) Executives

of the Company and its subsidiaries.

Controlling Shareholders and their Associates, and Non-Executive Directors are not eligible to participate in the 2017 Plan. Directors and employees of the Company's associated companies and the subsidiaries of such associated companies as well as those of the Company's parent company and the subsidiaries of the Company's parent company are also not eligible to participate in the 2017 Plan.

LETTER TO SHAREHOLDERS

3.2.2 Awards

Awards represent the right of a Participant to receive fully paid Shares free of charge, upon the expiry of the prescribed vesting period which is to be determined by the Committee on the date of grant of the Award.

The selection of a Participant and the number of Shares which are the subject of each Award to be granted to a Participant shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as his rank, job performance, years of service and potential for future development, his contribution to the success and development of the Group.

The Committee shall decide, in relation to each Award to be granted to a Participant:

- (a) the date on which the Award is to be granted;
- (b) the number of Shares which are the subject of the Award;
- (c) the prescribed vesting period; and
- (d) such other conditions as the Committee may deem appropriate, in its absolute discretion.

The Committee may grant Awards at any time during the Financial Year of the Company, subject to applicable laws and requirements.

An Award letter confirming the Award and specifying, *inter alia*, in relation to the Award, the date of Award, the number of Shares which are the subject of the Award, and the vesting period (the length of which will be determined on a case-by case basis by the Committee), will be sent to each Participant as soon as reasonably practicable after making an Award.

Provided that:

- (i) the Participant has continued to be an Executive Director or Executive, as the case may be, from the date of the Award up to the end of the prescribed vesting period; and
- (ii) the Award is still subsisting,

the Committee will release to the Participant the Shares to which his Award relates upon the expiry of the prescribed vesting period.

Special provisions for the vesting and lapsing of Awards may apply in certain circumstances, including the following:

- (1) the bankruptcy of a Participant;
- (2) the misconduct of a Participant;
- (3) the redundancy or termination of the employment of a Participant;

LETTER TO SHAREHOLDERS

- (4) the Participant committing any breach of the terms of the Award;
- (5) a take-over, winding-up, reconstruction or amalgamation of the Company;
- (6) the ill-health, injury or disability of a Participant; and
- (7) the retirement of the Participant.

3.2.3 *Size and duration of the 2017 Plan*

The total number of Shares over which Awards may be granted on any date under the 2017 Plan, when added to the number of Shares issued and/or issuable under the 2017 Plan, the 2006 Plan, the Option Schemes (i.e. Scheme 2000 and Scheme 2010) and any other share-based incentive schemes of the Company, shall not exceed 15% of the issued Shares of the Company (excluding Treasury Shares and Subsidiary Holdings) on the day preceding that date.

The 2017 Plan shall continue in force for a period of 10 years commencing on the date the 2017 Plan is adopted by the Company at a general meeting, and may be continued beyond the above stipulated period as may be permitted by the SGX-ST and any applicable laws and regulations in Singapore from time to time.

Notwithstanding the expiry or termination of the 2017 Plan, any Awards made to Participants prior to such expiry or termination will continue to remain valid.

3.2.4 *Operation of the 2017 Plan*

Subject to prevailing legislation and the Listing Manual, the Company will deliver Shares to Participants upon vesting of their Awards by way of:

- (a) an issue of New Shares; and/or
- (b) the delivery of Treasury Shares to the Participant, whether Shares are purchased or acquired pursuant to a share buy-back mandate (where applicable) to be held as Treasury Shares or (to the extent permitted by law) are Shares acquired previously and held as Treasury Shares.

If the Company holds any Treasury Shares, the Company may instead of the issue of New Shares, deliver Shares to Participants upon vesting of their Awards by way of the transfer of Treasury Shares to the Participants. The Company currently does not possess any Treasury Shares and does not have in force a share buy-back mandate. The Company is seeking shareholders' approval at the EGM for the adoption of a share buy-back mandate. In the event the Share Buy-Back Mandate is approved, in determining whether to issue New Shares or to purchase Shares for delivery (or both), the Committee will take into account factors such as (but not limited to) the amount of cash available, the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of the various modes of settlement.

The financial effects of the above methods are set out in **Paragraph 3.5** of this Circular.

LETTER TO SHAREHOLDERS

New Shares allotted and issued, and Treasury Shares to be delivered, on the vesting of an Award shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant vesting date of the Award, and shall in all other respects rank *pari passu* with other existing Shares then in issue. The record date means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

3.3 Adjustments and alterations under the 2017 Plan

3.3.1 *Variation of capital*

If a variation in the number of issued Shares of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation or distribution) shall take place:

- (a) the class and/or number of Shares which are the subject of an Award to the extent not vested; and/or
- (b) the class and/or number of Shares in respect of which future Awards may be granted under the 2017 Plan,

shall be adjusted in such manner as the Committee may determine to be appropriate.

Unless the Committee considers an adjustment to be appropriate:

- (i) the issue of securities as consideration for an acquisition or a private placement of securities;
- (ii) the increase in the number of issued Shares as a consequence of the exercise of options or other convertibles or the vesting of share awards, entitling holders of such options, convertibles or share awards, to acquire New Shares in the capital of the Company (including the exercise of Options or the vesting of Awards granted pursuant to the Option Schemes or any previous scheme(s) or the 2017 Plan);
- (iii) the issue of Shares pursuant to any scrip dividend for the time being of the Company; or
- (iv) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force,

shall not normally be regarded as a circumstance requiring adjustment.

Any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the auditors of the Company (acting only as experts and not arbitrators) to be, in their opinion, fair and reasonable.

LETTER TO SHAREHOLDERS

3.3.2 *Modifications or alterations to the 2017 Plan*

The rules of the 2017 Plan may be modified and/or altered from time to time by a resolution of the Committee, subject to applicable laws and requirements.

However, no modification or alteration shall adversely alter the rights attached to Awards granted prior to such modification or alteration, except with the written consent of such number of Participants who, if the Shares comprised in the Awards granted to them have vested, would thereby become entitled to not less than three-quarters in number of all the Shares which would be available under the 2017 Plan.

No modification or alteration shall be made to the rules of the 2017 Plan to the advantage of the Participants except with the prior approval of Shareholders in general meeting.

3.4 **Role and composition of the Committee**

The Remuneration Committee will be designated as the Committee responsible for the administration of the 2017 Plan.

The Committee oversees executive development in the Group with the aim of building capable and committed management teams, through focused management and progressive policies which can attract and retain a pool of talented senior executives to meet the current and future growth of the Group.

In compliance with the requirements of the Listing Manual, a member of the Committee shall not be involved in any deliberation or decision in respect of Awards granted or to be granted to him.

3.5 **Financial effects of the 2017 Plan**

The 2017 Plan is considered a share-based payment that falls under the scope of FRS 102, Share-based payment. Participants will receive Shares and the Awards would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the Awards would be recognised as an expense in the income statement with a corresponding increase in a reserve account over the vesting period. The total expense to be recognised over the vesting period is determined by reference to the fair value of each Award granted on the Award Date. As at the end of each Financial Year, the Company will revise its estimated number of New Shares under the Awards that are expected to become exercisable on the date on which the Awards vest recognising the effect of the revision of estimates in the income statement with a corresponding adjustment to the reserve account over the remaining vesting period.

LETTER TO SHAREHOLDERS

3.5.1 *Share capital*

The 2017 Plan will result in an increase in the Company's issued share capital only if New Shares are issued to Participants pursuant to the grant of the Awards. This will in turn depend on, *inter alia*, the number of Shares comprised in the Awards to be issued. If, instead of issuing New Shares to Participants, existing Shares are purchased pursuant to a Share Buy-Back Mandate for delivery to Participants, the 2017 Plan will have no impact on the Company's issued share capital.

3.5.2 *Net tangible assets*

As described in **Paragraph 3.5.3** below, the 2017 Plan will result in a charge to the Company's profit and loss account equal to the fair value at each grant date. If New Shares are issued to Participants pursuant to the vesting of the Awards, there will be no effect on the consolidated NTA of the Company. If, instead of issuing New Shares to Participants, existing Shares are purchased for delivery to Participants, the consolidated NTA of the Company would decrease by the cost of the Shares purchased.

3.5.3 *Costs to the Company*

FRS 102 requires the recognition of an expense in respect of Awards granted under the 2017 Plan, and applies to the financial statements for financial periods beginning on or after 1 January 2005. The expense will be based on the fair value of the Awards at each grant date.

LETTER TO SHAREHOLDERS

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and Substantial Shareholders, direct or indirect, in the Shares as recorded in the Register of Directors' Shareholding and the Register of Substantial Shareholders respectively as at the Latest Practicable Date are set out below:

	Direct/Beneficial Interest		Deemed Interest		Total Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Directors						
Arthur Tan Keng Hock	–	–	–	–	–	–
Ong Beng Seng	100,434,455	19.30	316,825,514	60.88	417,259,969	80.18
Christopher Lim Tien Lock	814,900	0.16	–	–	814,900	0.16
Michael S. Dobbs-Higginson	–	–	–	–	–	–
Leslie Mah Kim Loong	–	–	–	–	–	–
David Fu Kuo Chen	24,326,307	4.67	–	–	24,326,307	4.67
Stephen Lau Buong Lik	540,800	0.10	–	–	540,800	0.10
William Fu Wei Cheng	–	–	–	–	–	–
Stephen Ng Tin Hoi	–	–	–	–	–	–
Substantial Shareholders						
68 Holdings Pte Ltd	293,368,206	56.37	–	–	293,368,206	56.37
Ong Beng Seng	100,434,455	19.30	316,825,514 ⁽²⁾	60.88	417,259,969	80.18
Cuscaden Partners Pte. Ltd.	–	–	293,368,206 ⁽³⁾	56.37	293,368,206	56.37
Nassim Developments Pte Ltd	–	–	293,368,206 ⁽⁴⁾	56.37	293,368,206	56.37
WPS Capital Pte. Ltd.	–	–	293,368,206 ⁽⁴⁾	56.37	293,368,206	56.37
Wheelock Properties (Singapore) Limited	–	–	293,368,206 ⁽⁴⁾	56.37	293,368,206	56.37
Star Attraction Limited	–	–	293,368,206 ⁽⁴⁾	56.37	293,368,206	56.37
Wheelock Investments Limited	–	–	293,368,206 ⁽⁴⁾	56.37	293,368,206	56.37
Wheelock and Company Limited	–	–	293,368,206 ⁽⁴⁾	56.37	293,368,206	56.37

Notes:

- (1) The percentage shareholding interest is based on the issued share capital of 520,434,551 Shares as at the Latest Practicable Date.
- (2) Mr. Ong Beng Seng is deemed to have an interest in the shares of 68 Holdings Pte Ltd and the shares held by his spouse.
- (3) Cuscaden Partners Pte. Ltd. is deemed to have an interest in the shares of 68 Holdings Pte Ltd.
- (4) Nassim Developments Pte Ltd, WPS Capital Pte. Ltd., Wheelock Properties (Singapore) Limited, Star Attraction Limited, Wheelock Investments Limited, Wheelock and Company Limited are deemed to have an interest in the 293,368,206 shares held by 68 Holdings Pte Ltd.

LETTER TO SHAREHOLDERS

5. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 44 to 46 of this Circular, will be held at **Crescent Ballroom, Level 2, Four Seasons Hotel Singapore, 190 Orchard Boulevard, Singapore 248646** on 27 April 2017 at 4.30 p.m. (or as soon thereafter following the conclusion or adjournment of the Thirty-Seventh Annual General Meeting of the Company to be held at 4.00 p.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without amendments, the Resolutions.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached proxy form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company not later than forty-eight (48) hours before the time fixed for the EGM. Completion and return of the proxy form by a Shareholder will not prevent him from attending and voting at the EGM if he so wishes in place of the proxy.

7. DIRECTORS' RECOMMENDATIONS

7.1 Proposed adoption of the Share Buy-Back Mandate

The Directors are of the opinion that the adoption of the proposed Share Buy-Back Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the ordinary resolution relating to the adoption of the Share-Buy Back Mandate to be proposed at the EGM as set out in the Notice of EGM on pages 44 to 46 of this Circular.

7.2 Proposed adoption of the 2017 Plan

The Directors (other than Mr. Christopher Lim Tien Lock and Mr. Stephen Lau Buong Lik, who are eligible to participate and are therefore interested in the 2017 Plan) are of the opinion that the adoption of the 2017 Plan is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the ordinary resolution relating to the adoption of the 2017 Plan to be proposed at the EGM as set out in the Notice of EGM on pages 44 to 46 of this Circular.

Any Shareholder who is eligible to participate in the 2017 Plan (such as Executive Directors and Executives) must abstain from voting at the EGM in respect of the ordinary resolution for the 2017 Plan. The Company will procure persons who are eligible to participate in the 2017 Plan to abstain from voting on the ordinary resolution for the 2017 Plan.

The Company will also procure that all persons who are eligible to participate in the 2017 Plan (including the Executive Directors and Executives) will decline to accept appointment as proxies for Shareholders to vote on the ordinary resolution for the 2017 Plan unless the Shareholder concerned shall have given specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of this ordinary resolution.

LETTER TO SHAREHOLDERS

8. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the adoption of the Share Buy-Back Mandate and the adoption of the 2017 Plan, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

Yours faithfully
for and on behalf of
the Board of Directors
HOTEL PROPERTIES LIMITED

ARTHUR TAN KENG HOCK
Chairman

APPENDIX: RULES OF THE HOTEL PROPERTIES LIMITED PERFORMANCE SHARE PLAN 2017

1. Name of the 2017 Plan

The plan shall be called the “Hotel Properties Limited Performance Share Plan 2017”.

2. Definitions

2.1 In the 2017 Plan, unless the context otherwise requires, the following words and expressions shall have the following meanings:

2006 Plan The Hotel Properties Limited Performance Share Plan approved by Shareholders at the extraordinary general meeting on 28 April 2006;

2017 Plan The Hotel Properties Limited Performance Share Plan 2017, as modified or altered from time to time;

Associate (a) In relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:

(i) his immediate family;

(ii) 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

(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and

(b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;

Auditors The auditors for the time being of the Company;

Award A contingent award of Shares granted under the 2017 Plan;

Award Date The date on which an Award is granted;

Board of Directors The board of directors of the Company for the time being;

**APPENDIX: RULES OF THE HOTEL PROPERTIES LIMITED
PERFORMANCE SHARE PLAN 2017**

<i>CDP</i>	The Central Depository (Pte) Limited;
<i>CPF</i>	The Central Provident Fund;
<i>Commencement Date</i>	The date for the commencement of the 2017 Plan;
<i>Committee</i>	A committee comprising directors of the Company, duly authorised and appointed by the Board of Directors to administer the 2017 Plan;
<i>Companies Act</i>	The Companies Act, Chapter 50 of Singapore;
<i>Company or HPL</i>	Hotel Properties Limited;
<i>Constitution</i>	The constitution of the Company, constituting the memorandum and articles of association of the Company;
<i>control</i>	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company;
<i>Controlling Shareholder</i>	A shareholder who, in relation to the Company, has control. Unless rebutted, a person who holds directly or indirectly, a shareholding of 15% or more of the Company's issued Shares shall be presumed to be a Controlling Shareholder;
<i>Executive</i>	A full-time confirmed employee of any company in the Group who has attained the age of 21 years on or before the Commencement Date;
<i>Executive Director</i>	A director from time to time of any company in the Group, who performs an executive function;
<i>Financial Year</i>	Financial year ended, or as the case may be, ending 31 December;
<i>Group</i>	The Company and its subsidiaries;
<i>Listing Manual</i>	The Listing Manual of the SGX-ST;
<i>Market Day</i>	A day on which the SGX-ST is open for trading of securities;
<i>New Shares</i>	The new Shares which may be allotted and issued from time to time pursuant to the vesting of the Awards granted under the 2017 Plan;

**APPENDIX: RULES OF THE HOTEL PROPERTIES LIMITED
PERFORMANCE SHARE PLAN 2017**

<i>Participant</i>	Any person who has been granted an Award;
<i>Rules</i>	The rules of the 2017 Plan, as the same may be amended from time to time;
<i>Scheme 2000</i>	Hotel Properties Limited Share Option Scheme 2000 approved by Shareholders at an extraordinary general meeting on 23 June 2000, and which expired on 22 June 2010;
<i>Scheme 2010</i>	Hotel Properties Employee Share Option Scheme 2010 approved by Shareholders at an extraordinary general meeting on 29 April 2010, as modified or altered from time to time;
<i>SGX-ST</i>	Singapore Exchange Securities Trading Limited;
<i>Shareholders</i>	Registered holders of Shares except that where the registered holder is CDP, the term <i>Shareholders</i> shall, in relation to such Shares, mean the Depositors who have Shares entered against their names in the Depository Register;
<i>Shares</i>	Ordinary shares in the capital of the Company;
<i>subsidiary</i>	A company which is for the time being a subsidiary of the another corporation, as defined in Section 5 of the Companies Act, and <i>subsidiaries</i> shall be construed accordingly;
<i>Subsidiary Holdings</i>	Shares held by subsidiaries of the Company in accordance with the Companies Act;
<i>Treasury Shares</i>	Shares which: (a) are purchased by the Company in circumstances in which Section 76H of the Companies Act applies; and (b) held by the Company continuously since the Treasury Shares are so purchased;
<i>Vesting Period</i>	In relation to an Award, a period or periods of time before vesting occurs, the duration of which is to be determined by the Committee on the date of grant of the Award;
<i>%</i>	Percentage or per centum.

APPENDIX: RULES OF THE HOTEL PROPERTIES LIMITED PERFORMANCE SHARE PLAN 2017

- 2.2 The terms *Depositor*, *Depository Agent* and *Depository Register* shall have the respective meanings ascribed to them in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.
- 2.3 Any reference to any enactment is a reference to that enactment as for the time being amended, modified, extended, replaced or re-enacted so far as such amendment, modification, extension, replacement or re-enactment applies or is capable of applying to any transaction entered into hereunder. Any word defined under the Companies Act, the Listing Manual or any statutory modification thereof and not otherwise defined in the Rules shall have the meaning assigned to it under the Companies Act, the Listing Manual or any statutory modification thereof, as the case may be.
- 2.4 Words importing the singular number shall include the plural number where the context admits and vice versa.
- 2.5 Words importing the masculine gender shall include the feminine and neuter gender where the context admits.
- 2.6 Word importing persons include corporations.
- 2.7 Any reference to a time of day shall be a reference to Singapore time.
- 2.8 The headings in the Rules are inserted for convenience only and shall be ignored in construing the Rules.
- 3. Objectives**
- 3.1 The purpose of the 2017 Plan is to provide an opportunity for Executive Directors and Executives, who are not Controlling Shareholders or their Associates, to be remunerated not just through cash bonuses but also by an equity stake in the Company.
- 3.2 The Company believes that the retention of outstanding and key employees within the Group is paramount to the Group's long-term objective of pursuing continuous growth and expansion in its business and operations. The Group also acknowledges that it is important to preserve financial resources for future business developments and to withstand difficult times. As such, one of the Group's strategies is to contain the remuneration of its employees and executives that is a major component of the Group's operating costs.
- 3.3 The 2017 Plan is formulated with those objectives in mind. It is hoped that through the 2017 Plan, the Company would be able to remain an attractive and competitive employer and better able to manage its fixed overhead costs without compromising on performance standards and efficiency.

APPENDIX: RULES OF THE HOTEL PROPERTIES LIMITED PERFORMANCE SHARE PLAN 2017

4. Eligibility

4.1 The following persons (provided that such persons are not undischarged bankrupts at the relevant time) shall be eligible to participate in the 2017 Plan at the absolute discretion of the Committee:

(a) Executive Directors; and

(b) Executives

of the Company and its subsidiaries.

4.2 Persons who are Controlling Shareholders and their Associates shall not be eligible to participate in the 2017 Plan. Directors and employees of the Company's associated companies and the subsidiaries of such associated companies as well as those of the Company's parent company and the subsidiaries of the Company's parent company are also not eligible to participate in the 2017 Plan.

4.3 For the purposes of Rule 4.1 above, the secondment of an Executive to another company within the Group shall not be regarded as a break in his employment or his having ceased by reason only of such secondment to be an employee of the Group.

4.4 There shall be no restriction on the eligibility of any Participant to participate in any other share option or share incentive schemes implemented by the Company or any other company within the Group.

4.5 Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the 2017 Plan may be amended from time to time at the absolute discretion of the Committee.

5. Size of the 2017 Plan

The aggregate number of Shares over which Awards may be granted on any date under the 2017 Plan, when added to the number of Shares issued or issuable under the 2017 Plan, 2006 Plan, Scheme 2010 and Scheme 2000 and any other share-based incentive schemes of the Company, shall not exceed 15% of the issued Shares of the Company on the day preceding that date (excluding Treasury Shares and Subsidiary Holdings, if any).

6. Award Date

The Committee may grant Awards at any time during the Financial Year of the Company, subject to applicable laws and requirements.

**APPENDIX: RULES OF THE HOTEL PROPERTIES LIMITED
PERFORMANCE SHARE PLAN 2017**

7. Grant of Awards

- 7.1 Awards are personal to the Participant to whom it is given and shall not be transferred (other than to a Participant's personal representative(s) on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, except to the extent set out in the Award letter or with the prior written approval of the Committee.
- 7.2 Once an Award is finalised by the Committee, the Committee shall send an Award letter to the Participant confirming the said Award. The said Award letter shall specify *inter alia*, the following:
- (a) the Award Date;
 - (b) the number of Shares which are the subject of the Award;
 - (c) the Vesting Period; and
 - (d) any other condition which the Committee may determine in relation to that Award.

8. Vesting of the Awards

8.1 Provided that:

- (a) the Participant has continued to be an Executive Director or Executive, as the case may be, from the Award Date up to the end of Vesting Period; and
- (b) the Award is still subsisting,

upon the expiry of the Vesting Period, the Award shall vest, subject to the terms of the Award, and the Committee will release to the Participant the Shares comprised in the Award.

8.2 Awards granted to the Participant but to the extent not vested shall immediately lapse without any claim whatsoever against the Company in the event of:

- (a) the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Award;
- (b) any misconduct on the part of the Participant as determined by the Committee at its discretion;
- (c) subject to Rule 8.3 below, the Participant ceasing to be in the employment of or ceasing to hold any office in the Group for any reason whatsoever; and/or
- (d) the Participant commits any breach of any of the terms of his Award.

APPENDIX: RULES OF THE HOTEL PROPERTIES LIMITED PERFORMANCE SHARE PLAN 2017

For the purposes of Rule 8.2(c), the Participant shall be deemed to have ceased to be so employed as at the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date. For the avoidance of doubt, no Award shall lapse pursuant to Rule 8.2(c) in the event of a transfer of employment of a Participant between any company within the Group.

8.3 Where the Participant ceases to be employed by or ceases to hold any office in the Group, by reason of:

- (a) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
- (b) redundancy;
- (c) retirement at or after the legal retirement age;
- (d) retirement before the legal retirement age with the written consent of the Committee;
- (e) the company by which he is employed ceasing to be a company within the Group or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group; or
- (f) any other reason approved in writing by the Committee,

the Committee may, in its absolute discretion, notwithstanding Rule 8.2, preserve all or any part of any Award and decide either to release some or all of the Shares comprised in the Award or to preserve all or part of the Award until the end of the relevant Vesting Period. In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant, and the proportion of the Vesting Period which has elapsed.

8.4 In the event of a take-over, winding-up, reconstruction or amalgamation of the Company, the Committee will consider, at its absolute discretion, whether or not to release Shares comprised in Awards that have already been granted but to the extent not vested. If the Committee decides to vest such Award, then in determining the number of Shares to be delivered in respect of such Award, the Committee will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by the relevant Participant and the proportion of the Vesting Period which has elapsed.

9. Release of Awards

9.1 Subject to prevailing legislation and trading rules of the SGX-ST, the Company will deliver Shares to Participants upon vesting of their Awards by way of:

- (a) an issue of New Shares; and/or
- (b) the delivery of Treasury Shares to the Participant, whether Shares are purchased or acquired pursuant to a share buy-back mandate (where applicable) to be held as Treasury Shares or (to the extent permitted by law) are Shares acquired previously and held as Treasury Shares.

APPENDIX: RULES OF THE HOTEL PROPERTIES LIMITED PERFORMANCE SHARE PLAN 2017

If the Company holds any Treasury Shares, the Company may instead of the issue of New Shares, deliver Shares to Participants upon vesting of their Awards by way of the transfer of Treasury Shares to the Participants. In determining whether to issue New Shares or to purchase Shares for delivery (or both), the Committee will take into account factors such as (but not limited to) the amount of cash available, the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of the various modes of settlement.

- 9.2 Subject to such consents or other required action of any competent authority under any regulations or enactments for the time being in force as may be necessary and subject to the compliance with the terms of the 2017 Plan and the Constitution of the Company, the Company shall, within a reasonable period after the vesting of an Award:
- (a) allot and issue the relevant New Shares; and/or
 - (b) despatch to CDP the relevant share certificates and share transfer forms (where applicable) by ordinary post or such other mode as the Committee may deem fit.
- 9.3 The Company shall, as soon as practicable after such allotment, apply to the SGX-ST for permission to deal in and for quotation of such Shares, if they are not already quoted on the SGX-ST.
- 9.4 Shares which are the subject of an Award shall be issued in or transferred to (as the case may be, and as designated by that Participant) the name of CDP to the credit of the securities account of that Participant maintained with CDP, the securities sub-account maintained with a Depository Agent or the CPF investment account maintained with a CPF agent bank.
- 9.5 New Shares allotted and issued, and Treasury Shares to be delivered, upon the vesting of an Award shall be subject to all the provisions of the Constitution of the Company, and shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant vesting date of the Award, and shall in all other respects rank *pari passu* with other existing Shares then in issue.
- Record Date** means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.
- 9.6 The Company shall keep available sufficient unissued Shares to satisfy the delivery of the Shares pursuant to vesting of the Awards.

APPENDIX: RULES OF THE HOTEL PROPERTIES LIMITED PERFORMANCE SHARE PLAN 2017

10. Variation of Capital

10.1 If a variation in the number of issued Shares of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:

- (a) the class and/or number of Shares which are the subject of an Award to the extent not vested; and/or
- (b) the class and/or number of Shares in respect of which future Awards may be granted under the 2017 Plan,

shall be adjusted in such manner as the Committee may determine to be appropriate.

10.2 Unless the Committee considers an adjustment to be appropriate:

- (a) the issue of securities as consideration for an acquisition or a private placement of securities;
- (b) the increase in the number of issued Shares as a consequence of the exercise of options or other convertibles or the vesting of share awards, entitling holders of such options, convertibles or share awards, to acquire New Shares in the capital of the Company (including the exercise of options or the vesting of share awards granted pursuant to the 2017 Plan or any previous scheme(s));
- (c) the issue of Shares pursuant to any scrip dividend for the time being of the Company; or
- (d) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders of the Company (including any renewal of such mandate) is in force,

shall not normally be regarded as a circumstance requiring adjustment.

10.3 Notwithstanding the provisions of Rule 10.1:

- (a) no such adjustment shall be made if as a result, the Participant receives a benefit that a Shareholder does not receive; and
- (b) any determination by the Committee as to whether to make any adjustment and if so, the manner in which such adjustment should be made, must (except in relation to a capitalisation issue) be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

APPENDIX: RULES OF THE HOTEL PROPERTIES LIMITED PERFORMANCE SHARE PLAN 2017

- 10.4 Any increase in the issued share capital of the Company as a consequence of the delivery of Shares pursuant to the vesting of Awards from time to time by the Company or through any other share-based incentive schemes implemented by the Company will also not be regarded as a circumstance requiring adjustment.
- 10.5 Upon any adjustment required to be made pursuant to this Rule 10, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representative(s) where applicable) a statement setting forth the class and/or number of Shares which are the subject of an Award to the extent not vested. Any adjustment shall take effect upon such written notification being given.

11. Administration of the 2017 Plan

- 11.1 The 2017 Plan shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board of Directors, provided that no member of the Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him.
- 11.2 The Committee shall have the power, from time to time, to make and vary such regulations for the implementation and administration of the 2017 Plan as they think fit including, but not limited to imposing restrictions on the number of Awards that may be vested within each Financial Year.
- 11.3 Any decision of the Committee made pursuant to any provision of the 2017 Plan (other than a matter to be certified by the Auditors) shall be final and binding (including any decisions pertaining to the number of Shares to be vested) or to disputes as to the interpretation of the 2017 Plan or any rule, regulation, procedure thereunder or as to any rights under the 2017 Plan).

12. Notices and Annual Report

- 12.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other addresses as may be notified by the Company to him in writing.
- 12.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address according to the records of the Company or at the last known address of the Participant and if sent by post, shall be deemed to have been given on the day following the date of posting.

APPENDIX: RULES OF THE HOTEL PROPERTIES LIMITED PERFORMANCE SHARE PLAN 2017

13. Modifications to the 2017 Plan

- 13.1 Any or all the provisions of the 2017 Plan may be modified and/or altered at any time and from time to time by resolution of the Committee, except that:
- (a) any modification or alteration which would be to the advantage of Participants under the 2017 Plan shall be subject to the prior approval of Shareholders in general meeting;
 - (b) no modification or alteration shall adversely alter the rights attached to Awards granted prior to such modification or alteration, except with the written consent of such number of Participants who, if the Shares comprised in the Awards granted to them have vested, would thereby become entitled to not less than three-quarters in number of all the Shares which would be available under the 2017 Plan; and
 - (c) no modification or alteration shall be made except with due compliance with the Listing Manual and to the extent necessary, with the approval of the SGX-ST and such other regulatory authorities.
- 13.2 The Committee may at any time by resolution amend or alter the Rules or provisions of the 2017 Plan in any way to the extent necessary to cause the 2017 Plan to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).
- 13.3 Written notice of any modification or alteration made in accordance with this Rule 13 shall be given to all Participants (or their duly appointed personal representative(s) where applicable).

14. Terms of employment unaffected

The terms of employment of a Participant shall not be affected by his participation in the 2017 Plan, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

15. Duration of the 2017 Plan

- 15.1 The 2017 Plan shall continue in force for a period of 10 years commencing on the date the 2017 Plan is adopted by the Company at a general meeting, and may be continued beyond the above stipulated period as may be permitted by the SGX-ST and any applicable laws and regulations in Singapore from time to time.
- 15.2 The 2017 Plan may be terminated at any time by the Committee or by resolution of the Company in general meeting subject to all relevant approvals which may be required and if the 2017 Plan is so terminated, no further Awards shall be granted by the Company thereunder.
- 15.3 The expiry or termination of the 2017 Plan shall not affect the validity of Awards which have been granted prior to such expiry or termination.

APPENDIX: RULES OF THE HOTEL PROPERTIES LIMITED PERFORMANCE SHARE PLAN 2017

16. Taxes

All taxes (including income tax) arising from the allotment, issue, delivery and/or disposal of Shares pursuant to the Awards granted to any Participant under the 2017 Plan shall be borne by that Participant.

17. Costs and expenses

- 17.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment of any Shares (where applicable) pursuant to the Awards in CDP's name, the deposit of share certificate(s) and share transfer form(s) (where applicable) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a CDP Depository Agent or CPF investment account with a CPF agent bank.
- 17.2 Save for the taxes referred to in Rule 16 and such other costs and expenses expressly provided in the 2017 Plan to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the 2017 Plan including but not limited to the fees, costs and expenses relating to the allotment, issue and/or delivery of Shares pursuant to the Awards shall be borne by the Company.

18. Disclaimer of liability

Notwithstanding any provisions herein contained, the Board of Directors, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing the new Shares, delivering Treasury Shares, or applying for or procuring the listing of such Shares (if they are not already listed) on the SGX-ST in accordance with Rule 9.3.

19. Disputes

Any disputes or differences of any nature arising hereunder shall be referred to the Committee and its decision shall be final and binding in all respects.

20. Condition of Awards

Every Award shall be subject to the condition that no Shares would be issued pursuant to the vesting of any Award if such issue would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country having jurisdiction in relation to the issue of Shares hereto.

APPENDIX: RULES OF THE HOTEL PROPERTIES LIMITED PERFORMANCE SHARE PLAN 2017

21. Abstention from voting

Shareholders who are eligible to participate in the 2017 Plan (including Executive Directors and Executives) are to abstain from voting on any Shareholders' resolution relating to the 2017 Plan and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast.

22. Governing law

The 2017 Plan shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by accepting Awards in accordance with the 2017 Plan, and the Company irrevocably submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

HOTEL PROPERTIES LIMITED

(Incorporated in the Republic of Singapore)

(Registration No: 198000348Z)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of the shareholders of Hotel Properties Limited (the “**Company**”) will be held at **Crescent Ballroom, Level 2, Four Seasons Hotel Singapore, 190 Orchard Boulevard, Singapore 248646** on 27 April 2017 at 4.30 p.m. (or as soon thereafter following the conclusion or adjournment of the Thirty-Seventh Annual General Meeting of the Company to be held at 4.00 p.m. on the same day and at the same place) for the purposes of considering and, if thought fit, passing with or without amendment, the following:

RESOLUTION 1: ORDINARY RESOLUTION RELATING TO THE ADOPTION OF THE PROPOSED SHARE BUY-BACK MANDATE

That:

- (a) for the purposes of the Companies Act (Cap. 50) of Singapore (the “**Companies Act**”), the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares (“**Share Buy-Backs**”) in the capital of the Company (“**Shares**”) not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
- (i) an on-market Share Buy-Back (“**Market Share Buy-Back**”) transacted through the SGX-ST’s trading system; and/or
 - (ii) an off-market Share Buy-Back (“**Off-Market Share Buy-Back**”), otherwise than on a securities exchange, effected in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all conditions prescribed by the Listing Manual and the Companies Act,
- and otherwise in accordance with the applicable provisions of the Companies Act and the Listing Manual, be and is hereby authorised and approved generally and unconditionally (the “**Share Buy-Back Mandate**”);
- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on:
- (i) the date on which the next annual general meeting of the Company (“**AGM**”) is held or required by law to be held;
 - (ii) the date on which the purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated; or
 - (iii) the date on which the authority conferred by the Share Buy-Back Mandate is revoked or varied by the Shareholders in general meeting,

whichever is the earliest.

(c) in this Resolution:

“Prescribed Limit” means 10% of the total number of Shares as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury Shares that may be held by the Company and Shares held by subsidiaries of the Company in accordance with the Companies Act (**“Subsidiary Holdings”**) from time to time);

“Relevant Period” means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution;

“Maximum Price” in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) to be paid for a Share, which shall not exceed:

- (i) in the case of an Market Share Buy-Back, 5% above the average of the closing market prices of the Shares over the last 5 Market Days on the SGX-ST on which transactions in the Shares were recorded, immediately preceding the day of the Market Share Buy-Back by the Company, and deemed to be adjusted for any corporate action that occurs after such 5-day period; and
 - (ii) in the case of an Off-Market Share Buy-Back pursuant to an equal access scheme, 30% above the average of the closing market prices of the Share over the last 5 Market Days on the SGX-ST on which transactions in the Shares were recorded, immediately preceding the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Share Buy-Back, and deemed to be adjusted for any corporate action that occurs after such 5-day period; and
- (d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary or expedient to give effect to the transactions contemplated by this Resolution.

RESOLUTION 2: ORDINARY RESOLUTION RELATING TO THE PROPOSED HOTEL PROPERTIES LIMITED PERFORMANCE SHARE PLAN 2017

That:

- (a) a new performance share plan to be known as the “Hotel Properties Limited Performance Share Plan 2017” (the **“2017 Plan”**), the details and rules whereof are set out in the Circular to Shareholders dated 12 April 2017, under which awards (**“Awards”**) of fully paid-up Shares will be issued free of charge, to selected Executive Directors and Executives of the Company and/or any of its subsidiaries (**“Participants”**), be and is hereby approved;

- (b) the Directors of the Company be and are hereby authorised:
- (i) to establish and administer the 2017 Plan; and
 - (ii) to modify and/or alter the 2017 Plan at any time and from time to time, provided that such modification and/or alteration is effected in accordance with the provisions of the 2017 Plan, and to do all such acts and to enter into all such transactions and arrangements as may be necessary or expedient in order to give full effect to the 2017 Plan; and
- (c) the Directors of the Company be and are hereby authorised to grant the Awards in accordance with the provisions of the 2017 Plan and to:
- (i) offer and grant Awards in accordance with the 2017 Plan and to allot and issue or deliver from time to time such number of fully paid-up new Shares or treasury Shares as may be required pursuant to the vesting of the Awards under the 2017 Plan, provided that the aggregate number of Shares issued and issuable pursuant to the 2017 Plan, 2006 Plan and the Option Schemes (i.e. Scheme 2000 and 2010) and any other share-based incentive schemes of the Company, shall not exceed 15% of the issued Shares of the Company from time to time (excluding treasury Shares and Subsidiary Holdings); and
 - (ii) to complete and do all acts and things (including executing such documents as may be required) as they may consider necessary, desirable or expedient to give effect to or for the purposes of this resolution or as they shall deem fit in the interests of the Company.

By order of the Board of Directors

Lo Swee Oi
Company Secretary
12 April 2017
Singapore

Notes:

- (1) Except for a member who is a relevant intermediary as defined under Section 181(6) of the Companies Act, a member of the Company entitled to attend and vote at the EGM is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
- (2) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 50 Cuscaden Road, #08-01 HPL House, Singapore 249724 not less than forty-eight (48) hours before the time appointed for holding the EGM.
- (3) Shareholders of the Company who are Executive Directors or employees of the Company or any of its subsidiaries, or who will benefit or are likely to benefit from the implementation of the 2017 Plan, must abstain from voting at the EGM.
- (4) By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

HOTEL PROPERTIES LIMITED

(Incorporated in the Republic of Singapore)
(Registration No. 198000348Z)

PROXY FORM

Extraordinary General Meeting (“EGM”)
(Please read notes overleaf before completing
this form)

IMPORTANT

- 1 Pursuant to Section 181(1C) of the Companies Act, Chapter 50 (the “Act”), Relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the EGM.
- 2 For investors who have used their CPF moneys to buy shares in the Company, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
- 3 CPF investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies.

I/We _____ (Name), _____ (NRIC/Passport/
Company Registration No.) of _____ (Address)
being a member/members of Hotel Properties Limited (“Company”), hereby appoint:

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

and/or (delete as appropriate)

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

or failing him/them, the Chairman of the EGM, as my/our proxy/proxies to vote for me/us on my/our behalf, at the EGM of the Company to be held on 27 April 2017 at 4.30 p.m. (or as soon thereafter as the Thirty-Seventh Annual General Meeting of the Company to be held at 4.00 p.m. on the same day has been concluded or adjourned) at **Crescent Ballroom, Level 2, Four Seasons Hotel Singapore, 190 Orchard Boulevard, Singapore 248646** and at any adjournment thereof.

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

No.	Ordinary Resolutions relating to:	For	Against
1.	Adoption of the Share Buy-Back Mandate		
2.	Adoption of the Hotel Properties Limited Performance Share Plan 2017		

Dated this _____ day of _____ 2017.

Total Number of Shares held

Signature(s) of member(s) or
Common Seal of corporate member(s)

Notes:

- 1 Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.
- 2 Except for a member who is Relevant Intermediary as defined under Section 181(6) of the Act, a member is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
- 3 Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary, is entitled to appoint more than two (2) proxies to attend and vote at the EGM, but each proxy must be appointed to exercise rights attached to a different Share or Shares held by such member. Where such member appoints more than two (2) proxies, the number and class of Shares held by such member in relation to which each proxy has been appointed shall be specified in the proxy form.
- 4 A proxy need not be a member of the Company.
- 5 The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 50 Cuscaden Road, #08-01 HPL House, Singapore 249724, not less than 48 hours before the time appointed for the EGM.
- 6 The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal, or under the hand of its attorney or a duly authorised officer.
- 7 Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
- 8 Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the EGM.
- 9 A corporation that is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Act.
- 10 The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have Shares against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company. A Depositor shall not be regarded as a member of the Company entitled to attend the meeting and to vote thereat unless his name appears on the Depository Register 72 hours before the time appointed for the meeting.
- 11 An investor who buys Shares using CPF monies ("**CPF Investor**") and/or SRS monies ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at EGM in person. CPF and SRS Investors who are unable to attend the EGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the EGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the EGM.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 12 April 2017.

