



# HOTEL PROPERTIES LIMITED

(REG. NO. 198000348Z)

## Third Quarter Financial Statements

### 1(a)(i) Income Statement

	GROUP \$'000	
	Quarter ended Sep 30, 2017	Quarter ended Sep 30, 2016
Revenue	165,088	139,989
Cost of sales	(124,562)	(107,434)
Gross profit	40,526	32,555
Other operating income	435	1,349
Administrative expenses	(15,564)	(14,974)
Other operating expenses	(316)	(237)
Finance costs	(7,153)	(7,378)
Share of results of associates and jointly controlled entities	29,555	24,187
Profit before income tax	47,483	35,502
Income tax expense	(5,471)	(4,277)
Profit after income tax	42,012	31,225
Attributable to:		
Shareholders of the Company	42,226	32,109
Non-controlling interests	(214)	(884)
	42,012	31,225

### 1(a)(ii) Notes to the income statement:

	GROUP \$'000	
	Quarter ended Sep 30, 2017	Quarter ended Sep 30, 2016
Investment income*	35	101
Other income including interest income*	344	860
Depreciation and amortisation	(13,763)	(13,205)
Fair value gain in held-for-trading investments*	-	93
Foreign exchange gain*	56	212
Gain on disposal of available-for-sale investment*	-	68

Note:

\* Included in other operating income.

1(a)(iii) Statement of Comprehensive Income

	GROUP \$'000	
	Quarter ended Sep 30, 2017	Quarter ended Sep 30, 2016
Profit after income tax	42,012	31,225
Other comprehensive income (net of tax):		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translating foreign operations	(7,784)	16,933
Increase (Decrease) in other reserves	6,593	(317)
Share of other comprehensive income (loss) of associates and jointly controlled entities	2,924	(3,185)
	1,733	13,431
Other comprehensive income for the period, net of tax	1,733	13,431
Total comprehensive income	43,745	44,656
Attributable to:		
Shareholders of the Company	44,845	44,567
Non-controlling interests	(1,100)	89
	43,745	44,656

**1(b)(i) Statements of Financial Position**

	GROUP \$'000		COMPANY \$'000	
	Sep 30, 2017	Dec 31, 2016	Sep 30, 2017	Dec 31, 2016
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and bank balances	210,058	117,179	60,098	18,187
Held-for-trading investments	-	806	-	-
Trade and other receivables	54,196	111,387	4,136	2,353
Amount due from associates and jointly controlled entities	278,888	194,382	5,511	5,511
Amount due from subsidiaries	-	-	1,166,635	902,429
Inventories	8,343	9,422	174	184
Completed properties held for sale	62,920	144,984	-	-
<b>Total current assets</b>	<b>614,405</b>	<b>578,160</b>	<b>1,236,554</b>	<b>928,664</b>
<b>Non-current assets:</b>				
Associates and jointly controlled entities	647,891	590,339	-	-
Subsidiaries	-	-	258,693	450,860
Available-for-sale investments <sup>(1)</sup>	96,010	57,025	-	-
Property, plant and equipment	1,275,898	1,245,447	226,862	228,565
Investment properties	686,348	686,348	-	-
Derivative financial instruments	12,555	12,489	12,555	12,489
Deferred tax assets	4,379	4,236	-	-
Intangible assets	5,986	6,160	-	-
<b>Total non-current assets</b>	<b>2,729,067</b>	<b>2,602,044</b>	<b>498,110</b>	<b>691,914</b>
<b>Total assets</b>	<b>3,343,472</b>	<b>3,180,204</b>	<b>1,734,664</b>	<b>1,620,578</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Short-term borrowings	134,520	282,220	74,983	24,992
Trade and other payables	112,093	126,829	17,630	24,604
Amount due to subsidiaries	-	-	63,714	44,456
Income tax payable	11,147	17,511	1,291	-
<b>Total current liabilities</b>	<b>257,760</b>	<b>426,560</b>	<b>157,618</b>	<b>94,052</b>
<b>Non-current liabilities:</b>				
Advances from subsidiaries	-	-	61,186	22,980
Long-term borrowings	989,632	710,087	517,525	455,503
Deferred tax liabilities	14,695	15,221	869	1,004
<b>Total non-current liabilities</b>	<b>1,004,327</b>	<b>725,308</b>	<b>579,580</b>	<b>479,487</b>
<b>Share capital and reserves:</b>				
Share capital	721,143	719,693	721,143	719,693
Reserves	1,118,848	1,073,536	127,570	178,999
Equity attributable to shareholders of the Company	1,839,991	1,793,229	848,713	898,692
Perpetual capital securities	148,753	148,347	148,753	148,347
	1,988,744	1,941,576	997,466	1,047,039
Non-controlling interests	92,641	86,760	-	-
<b>Total equity</b>	<b>2,081,385</b>	<b>2,028,336</b>	<b>997,466</b>	<b>1,047,039</b>
<b>Total liabilities and equity</b>	<b>3,343,472</b>	<b>3,180,204</b>	<b>1,734,664</b>	<b>1,620,578</b>

**Note:**

- (1) Available-for-sale investments increased mainly due to change in fair value by reference to the market prices as at Sep 30, 2017, which was credited to Other Comprehensive Income.

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

As at Sep 30, 2017		As at Dec 31, 2016	
Secured	Unsecured	Secured	Unsecured
\$59,537,000	\$74,983,000	\$257,228,000	\$24,992,000

**Amount repayable after one year**

As at Sep 30, 2017		As at Dec 31, 2016	
Secured	Unsecured	Secured	Unsecured
\$638,582,000	\$351,050,000	\$283,505,000	\$426,582,000

**Details of any collateral**

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

1(c) Consolidated Statement of Cash Flows

	Quarter ended Sep 30, 2017 \$'000	Quarter ended Sep 30, 2016 \$'000
<b>Cash flows from operating activities:</b>		
Profit before income tax and share of results of associates and jointly controlled entities	17,928	11,315
Adjustments for:		
Amortisation of intangible assets	84	83
Depreciation expense	13,679	13,122
Share-based payment expense	560	1,180
Gain on disposal of available-for-sale investments	-	(68)
Finance costs	7,153	7,378
Interest income	(255)	(779)
Dividend income	-	(101)
Profit before working capital changes	39,149	32,130
Trade and other payables	11,152	9,246
Completed properties held for sale	30,025	16,674
Receivables and prepayments	61,576	(8,664)
Held-for-trading investments	-	640
Inventories	(208)	(240)
Cash generated from operations	141,694	49,786
Dividend received	-	101
Income tax paid	(5,253)	(7,377)
Net cash from operating activities	136,441	42,510
<b>Cash flows (used in) from investing activities:</b>		
Additional property, plant and equipment	(66,288)	(17,015)
Additional available-for-sale investment	(3,074)	(2,223)
Net (investment in and advances to) repayment from associates and jointly controlled entities	(106,682)	53,069
Proceeds from disposal of available-for-sale investment	-	7,999
Proceeds from disposal of property, plant and equipment	119	198
Net cash (used in) from investing activities	(175,925)	42,028
<b>Cash flows from (used in) financing activities:</b>		
Interest received	255	779
Finance costs paid	(6,973)	(7,240)
Non-controlling shareholders	5,125	445
Additional borrowings <sup>(1)</sup>	189,061	15,442
Repayment of borrowings	(30,774)	(56,937)
Increase in deposits under pledge to bank	(692)	-
Net cash from (used in) financing activities	156,002	(47,511)
Net increase in cash and cash equivalents	116,518	37,027
Cash and cash equivalents at beginning of period	90,432	68,485
Effect of exchange rate changes on cash balances held in foreign currencies	(1,158)	803
Cash and cash equivalents at end of period	205,792	106,315

**Cash and cash equivalents at end of period**

The cash and cash equivalents as at Sep 30, 2017, for the purposes of Consolidated Statement of Cash Flows, comprise of cash and bank balances less deposits under pledge to banks of \$4,266,000.

**Note:**

- (1) Increase in borrowings is mainly due to investment in and advances to associates and jointly controlled entities.

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

	Share capital \$'000	Retained profits \$'000	Other reserves* \$'000	Shareholders' equity \$'000	Perpetual capital securities \$'000	Subtotal \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>GROUP</b>								
Balance as at Jul 1, 2016	719,345	888,922	80,951	1,689,218	148,347	1,837,565	79,634	1,917,199
Total comprehensive income for the period								
Profit (Loss) for the period	-	32,109	-	32,109	-	32,109	(884)	31,225
Other comprehensive income for the period	-	-	12,458	12,458	-	12,458	973	13,431
Total	-	32,109	12,458	44,567	-	44,567	89	44,656
Transactions with owners, recognised directly in equity								
Recognition of share-based payments	-	-	1,180	1,180	-	1,180	-	1,180
Net movement during the period	-	-	-	-	-	-	851	851
Issue of shares	348	-	(348)	-	-	-	-	-
Total	348	-	832	1,180	-	1,180	851	2,031
<b>Balance as at Sep 30, 2016</b>	<b>719,693</b>	<b>921,031</b>	<b>94,241</b>	<b>1,734,965</b>	<b>148,347</b>	<b>1,883,312</b>	<b>80,574</b>	<b>1,963,886</b>
Balance as at Jul 1, 2017	721,143	944,489	128,954	1,794,586	148,753	1,943,339	89,058	2,032,397
Total comprehensive income for the period								
Profit (Loss) for the period	-	42,226	-	42,226	-	42,226	(214)	42,012
Other comprehensive income (loss) for the period	-	-	2,619	2,619	-	2,619	(886)	1,733
Total	-	42,226	2,619	44,845	-	44,845	(1,100)	43,745
Transactions with owners, recognised directly in equity								
Recognition of share-based payments	-	-	560	560	-	560	-	560
Net movement during the period	-	-	-	-	-	-	4,683	4,683
Total	-	-	560	560	-	560	4,683	5,243
<b>Balance as at Sep 30, 2017</b>	<b>721,143</b>	<b>986,715</b>	<b>132,133</b>	<b>1,839,991</b>	<b>148,753</b>	<b>1,988,744</b>	<b>92,641</b>	<b>2,081,385</b>

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

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

	Share capital \$'000	Retained profits \$'000	Other reserves** \$'000	Shareholders' equity \$'000	Perpetual capital securities \$'000	Total equity \$'000
<b>COMPANY</b>						
Balance as at Jul 1, 2016	719,345	10,525	121,859	851,729	148,347	1,000,076
Total comprehensive income (loss) for the period						
Loss for the period	-	(2,275)	-	(2,275)	-	(2,275)
Other comprehensive income for the period	-	-	321	321	-	321
Total	-	(2,275)	321	(1,954)	-	(1,954)
Transactions with owners, recognised directly in equity						
Recognition of share-based payments	-	-	1,180	1,180	-	1,180
Issue of shares	348	-	(348)	-	-	-
Total	348	-	832	1,180	-	1,180
<b>Balance as at Sep 30, 2016</b>	<b>719,693</b>	<b>8,250</b>	<b>123,012</b>	<b>850,955</b>	<b>148,347</b>	<b>999,302</b>
Balance as at Jul 1, 2017	721,143	7,735	121,356	850,234	148,753	998,987
Total comprehensive income (loss) for the period						
Loss for the period	-	(2,164)	-	(2,164)	-	(2,164)
Other comprehensive income for the period	-	-	83	83	-	83
Total	-	(2,164)	83	(2,081)	-	(2,081)
Transactions with owners, recognised directly in equity						
Recognition of share-based payments	-	-	560	560	-	560
Total	-	-	560	560	-	560
<b>Balance as at Sep 30, 2017</b>	<b>721,143</b>	<b>5,571</b>	<b>121,999</b>	<b>848,713</b>	<b>148,753</b>	<b>997,466</b>

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

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

The Company did not issue any new share for the current quarter under review.

As at Sep 30, 2017, the number of outstanding share options under the Company's Share Option Schemes was 15,445,000 (as at Sep 30, 2016: 13,045,000), and the number of outstanding performance shares under the Company's Performance Share Plan was 1,055,700 (as at Sep 30, 2016: 1,407,600).

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

	Sep 30, 2017	Dec 31, 2016
Total number of issued shares excluding treasury shares	520,434,551	520,082,651

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

Not applicable. There is no treasury share as at the end of the current financial period reported on.

#### 1(d)(v) Statement Showing All Sales, Transfers, Cancellation and/or Use of Subsidiary Holdings

Not applicable. There is no subsidiary holdings as at the end of the current financial period reported on.

#### 2. Audit Statement

The figures have not been audited or reviewed.

#### 3. Auditors' Report

Not applicable.

#### 4. Changes in Accounting Policies

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

#### 5. Reasons for and Effect of Changes in Accounting Policies

The Group has adopted all relevant revised Singapore Financial Reporting Standards ("FRS") and amendments that are mandatory for financial years beginning on or after January 1, 2017. The adoption of these revised FRSs and amendments has no significant impact to the Group.



## 6. Earnings Per Ordinary Share

	Quarter ended Sep 30, 2017	Quarter ended Sep 30, 2016
Based on the weighted average number of ordinary shares in issue	7.78 cents	5.73 cents
On a fully diluted basis	7.76 cents	5.72 cents

Earnings per ordinary share is calculated based on net profit attributable to ordinary shareholders after deducting provision for distribution to perpetual capital securities holders.

## 7. Net Asset Value

	Sep 30, 2017	Dec 31, 2016
GROUP	\$3.54	\$3.45
COMPANY	\$1.63	\$1.73

Net asset value per ordinary share is calculated based on net assets excluding perpetual capital securities that is attributable to the ordinary shareholders divided by the number of issued shares of the Company.

## 8. Review of Performance

For the quarter ended September 30, 2017, the Group achieved a revenue of \$165 million, which is 18% higher than the \$140 million recorded for the corresponding quarter last year. The increase was mainly attributable to sale of completed condominium units from the Tomlinson Heights development as well as higher contribution from the Group's hotels and resorts, particularly those in Bali, Indonesia and the Maldives.

The Group's share of results of associates and jointly controlled entities increased from \$24.2 million to \$29.6 million mainly due to recognition of profits from Burlington Gate, London, upon completion of the project. The Group's share of profit for the corresponding quarter last year included a gain of \$21.2 million from disposal of Mandarin Oriental Hotel Prague by an associate. During the quarter under review, the Group, through associate and joint venture entities, acquired Four Seasons Resort Langkawi, DoubleTree by Hilton Hotel London – Ealing and Hilton London Olympia. These contributed to the increase in the Group's investments and advances to associates and jointly controlled entities in the Group's Statement of Financial Position.

Group profit before income tax for the quarter ended September 30, 2017 was \$47.5 million compared to \$35.5 million for the corresponding quarter last year. After accounting for taxes and non-controlling interests, the net profit attributable to shareholders for the quarter ended September 30, 2017 was \$42.2 million, an increase of 31.5% from \$32.1 million reported for the corresponding quarter last year.

## 9. Variance from Previous Forecast or Prospect Statement

Not applicable.

## 10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The global economic outlook has improved. Nevertheless, the Group's hotels and resorts continue to face challenges such as competition and potential adverse political or environmental conditions of the countries in which the Group operates.

On the property front, the Burlington Gate development in London was completed during the quarter under review and barring unforeseen circumstances, the Group expects the Holland Park Villas development to attain practical completion before the end of the year. In Singapore, the residential properties market sentiments have improved. The Group will continue to market the remaining units in Tomlinson Heights, d'Leedon and the Interlace.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? None

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? None

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

No dividend has been declared/recommendeded by the Company for the current financial period reported on.

**13. Interested Person Transactions ("IPT")**

The Group has not obtained a general mandate from shareholders for IPTs.

**14. Negative Assurance Confirmation pursuant to Rule 705(5) of the Listing Manual**

The Board confirms that, to the best of its knowledge, nothing has come to the attention of the Board which may render the third quarter 2017 unaudited financial statements to be false or misleading in any material respect.

**15. Confirmation pursuant to Rule 720(1) of the Listing Manual**

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

**BY ORDER OF THE BOARD**

Lo Swee Oi  
Company Secretary  
November 13, 2017