



HOTEL PROPERTIES LIMITED

(REG. NO. 198000348Z)

Full Year Financial Statements and Dividend Announcement

1(a)(i) Income Statement

	GROUP \$'000	
	Year ended Dec 31, 2017	Year ended Dec 31, 2016
Revenue	659,160	577,616
Cost of sales	(489,600)	(436,135)
Gross profit	169,560	141,481
Other operating income	17,874	62,044
Administrative expenses	(76,993)	(68,768)
Other operating expenses	(5,397)	(1,237)
Finance costs	(28,665)	(30,317)
Share of results of associates and jointly controlled entities	128,893	34,650
Profit before income tax and fair value changes in investment properties	205,272	137,853
Fair value gain (loss) in investment properties	12,000	(2,350)
Profit before income tax	217,272	135,503
Income tax expense	(37,815)	(26,944)
Profit after income tax	179,457	108,559
Attributable to:		
Shareholders of the Company	173,682	103,452
Non-controlling interests	5,775	5,107
	179,457	108,559

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

	GROUP	
	\$'000	
	Year ended Dec 31, 2017	Year ended Dec 31, 2016
Investment income*	3,542	1,947
Other income including interest income*	2,266	4,947
Depreciation and amortisation	(57,605)	(54,465)
Allowance for doubtful trade receivables*	(130)	(217)
Fair value gain in held-for-trading investments*	87	1,162
Foreign exchange (loss) gain*	(461)	1,652
Adjustment for under provision of tax in respect of prior years	(1,728)	(2,676)
Impairment in advances to associates and jointly controlled entities*	(3,731)	-
Write-back of impairment of available-for-sale investments*	-	147
Gain on deemed disposal of associates*	10,843	-
Gain on disposal of property, plant and equipment*	201	41,272
Insurance proceeds*	935	10,876

Note:

* Included in other operating income (expenses).

1(a)(iii) Statement of Comprehensive Income

	GROUP	
	\$'000	
	Year ended Dec 31, 2017	Year ended Dec 31, 2016
Profit after income tax	179,457	108,559
Other comprehensive income (net of tax):		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Remeasurement of defined benefit obligation	(463)	(224)
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translating foreign operations	(26,167)	57,574
Increase (Decrease) in other reserves	22,281	(7,967)
Share of other comprehensive income (loss) of associates and jointly controlled entities	14,723	(36,123)
	10,837	13,484
Other comprehensive income for the year, net of tax	10,374	13,260
Total comprehensive income	189,831	121,819
Attributable to:		
Shareholders of the Company	187,115	114,753
Non-controlling interests	2,716	7,066
	189,831	121,819

1(b)(i) Statements of Financial Position

	GROUP \$'000		COMPANY \$'000	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
ASSETS				
Current assets:				
Cash and bank balances	211,803	117,179	144,540	18,187
Held-for-trading investments	-	806	-	-
Trade and other receivables ⁽¹⁾	67,825	111,387	3,488	2,353
Amount due from associates and jointly controlled entities	199,138	194,382	5,511	5,511
Amount due from subsidiaries	-	-	994,483	902,429
Inventories	9,515	9,422	202	184
Completed properties held for sale ⁽²⁾	42,305	144,984	-	-
Total current assets	530,586	578,160	1,148,224	928,664
Non-current assets:				
Associates and jointly controlled entities	631,522	590,339	-	-
Subsidiaries	-	-	475,364	450,860
Available-for-sale investments ⁽³⁾	93,353	57,025	-	-
Property, plant and equipment	1,372,067	1,245,447	226,359	228,565
Investment properties	702,359	686,348	-	-
Derivative financial instruments	12,963	12,489	12,963	12,489
Deferred tax assets	3,367	4,236	-	-
Intangible assets	15,697	6,160	-	-
Total non-current assets	2,831,328	2,602,044	714,686	691,914
Total assets	3,361,914	3,180,204	1,862,910	1,620,578
LIABILITIES AND EQUITY				
Current liabilities:				
Short-term borrowings	194,991	282,220	74,993	24,992
Trade and other payables	135,365	126,829	29,666	24,604
Amount due to subsidiaries	-	-	44,456	44,456
Income tax payable	29,045	17,511	-	-
Total current liabilities	359,401	426,560	149,115	94,052
Non-current liabilities:				
Advances from subsidiaries	-	-	157,298	22,980
Long-term borrowings	809,188	710,087	499,244	455,503
Deferred tax liabilities	18,084	15,221	855	1,004
Total non-current liabilities	827,272	725,308	657,397	479,487
Share capital and reserves:				
Share capital	721,143	719,693	721,143	719,693
Reserves	1,210,137	1,073,536	186,502	178,999
Equity attributable to shareholders of the Company	1,931,280	1,793,229	907,645	898,692
Perpetual capital securities	148,753	148,347	148,753	148,347
	2,080,033	1,941,576	1,056,398	1,047,039
Non-controlling interests	95,208	86,760	-	-
Total equity	2,175,241	2,028,336	1,056,398	1,047,039
Total liabilities and equity	3,361,914	3,180,204	1,862,910	1,620,578

Note:

- (1) Trade and other receivables decreased mainly due to collection during the year.
- (2) Completed properties held for sale decreased mainly due to sales during the year.
- (3) Available-for-sale investments increased mainly due to change in fair value by reference to the market prices as at Dec 31, 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 Dec 31, 2017		As at Dec 31, 2016	
Secured	Unsecured	Secured	Unsecured
\$119,998,000	\$74,993,000	\$257,228,000	\$24,992,000

Amount repayable after one year

As at Dec 31, 2017		As at Dec 31, 2016	
Secured	Unsecured	Secured	Unsecured
\$458,296,000	\$350,892,000	\$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

	Year ended Dec 31, 2017 \$'000	Year ended Dec 31, 2016 \$'000
Cash flows from operating activities:		
Profit before income tax and share of results of associates and jointly controlled entities	88,379	100,853
Adjustments for:		
Amortisation of intangible assets	341	332
Depreciation expense	57,264	54,133
Share-based payment expense	2,296	5,248
Impairment in advances to associates and jointly controlled entities	3,731	-
Write-back of impairment of available-for-sale investments	-	(147)
Fair value (gain) loss in investment properties	(12,000)	2,350
Gain on deemed disposal of associates	(10,843)	-
Gain on disposal of property, plant and equipment	(201)	(41,272)
Finance costs	28,665	30,317
Interest income	(1,116)	(2,985)
Dividend income	(3,542)	(1,947)
Profit before working capital changes	152,974	146,882
Trade and other payables	7,465	3,024
Completed properties held for sale	102,834	63,260
Receivables and prepayments	41,934	(52,853)
Held-for-trading investments	806	(806)
Inventories	(23)	124
Cash generated from operations	305,990	159,631
Dividend received	3,542	1,947
Income tax paid	(25,734)	(20,490)
Net cash from operating activities	283,798	141,088
Cash flows used in investing activities:		
Acquisition of additional interests in associates (see Note A below)	(30,649)	-
Acquisition of interest in a subsidiary (see Note B below)	-	(24,071)
Additional property, plant and equipment	(153,642)	(79,987)
Additional available-for-sale investment	(14,045)	(6,305)
Additional investment properties	(4,011)	-
Additional intangible asset	(83)	-
Net repayment from (investment in and advances to) associates and jointly controlled entities	68,239	(14,287)
Proceeds from disposal of available-for-sale investment	-	7,999
Proceeds from disposal of property, plant and equipment	1,019	58,755
Net cash used in investing activities	(133,172)	(57,896)

1(c) Consolidated Statement of Cash Flows (cont'd)

	Year ended Dec 31, 2017 \$'000	Year ended Dec 31, 2016 \$'000
Cash flows used in financing activities:		
Interest received	1,116	2,985
Finance costs paid	(27,909)	(29,491)
Dividend paid	(41,635)	(41,599)
Distribution to perpetual capital securities holders	(8,072)	(9,212)
Non-controlling shareholders	8,326	1,961
Additional borrowings	228,125	215,463
Repayment of borrowings	(211,795)	(266,697)
Increase in deposits under pledge to bank	(687)	-
Redemption of perpetual capital securities	(150,000)	-
Net proceeds from issue of perpetual capital securities	148,753	-
Net cash used in financing activities	(53,778)	(126,590)
Net increase (decrease) in cash and cash equivalents	96,848	(43,398)
Cash and cash equivalents at beginning of year	113,371	155,107
Effect of exchange rate changes on cash balances held in foreign currencies	(2,622)	1,662
Cash and cash equivalents at end of year	207,597	113,371
Note A : Summary of cash outflow arising from acquisition of additional interests in associates		
Current assets	7,062	-
Current liabilities	(5,937)	-
Net current assets	1,125	-
Other non-current assets ⁽¹⁾	66,367	-
Other non-current liabilities	(16,155)	-
	51,337	-
Net investment in associates	(13,954)	-
Gain on deemed disposal	(10,843)	-
Goodwill ⁽²⁾	9,409	-
Purchase consideration	35,949	-
Cash of associates acquired	(5,300)	-
Cash outflow arising from acquisition of additional interests in associates	30,649	-
Note B : Summary of cash outflow arising from acquisition of interest in a subsidiary		
Current assets	-	853
Current liabilities	-	(1,089)
Net current liabilities	-	(236)
Other non-current assets	-	24,507
	-	24,271
Goodwill	-	274
Purchase consideration	-	24,545
Cash of subsidiary acquired	-	(474)
Cash outflow arising from acquisition of interest in a subsidiary	-	24,071

Cash and cash equivalents at end of year

The cash and cash equivalents as at Dec 31, 2017, for the purposes of Consolidated Statement of Cash Flows, comprise of cash and bank balances less deposits under pledge to banks of \$4,206,000.

Note:

- (1) This contributed to the increase in Property, plant and equipment in the Statement of Financial Position.
- (2) This attributed to the increase in Intangible assets in the Statement of Financial Position.

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

	Share capital \$'000	Retained profits \$'000	Other reserves* \$'000	Share-holders' equity \$'000	Perpetual capital securities \$'000	Subtotal \$'000	Non-controlling interests \$'000	Total equity \$'000
GROUP								
Balance as at Jan 1, 2016	717,895	907,542	98,602	1,724,039	148,347	1,872,386	76,898	1,949,284
Total comprehensive income for the year								
Profit for the year	-	103,452	-	103,452	-	103,452	5,107	108,559
Other comprehensive income (loss) for the year	-	(216)	11,517	11,301	-	11,301	1,959	13,260
Total	-	103,236	11,517	114,753	-	114,753	7,066	121,819
Transactions with owners, recognised directly in equity								
Recognition of share-based payments	-	-	5,248	5,248	-	5,248	-	5,248
Dividends	-	(41,599)	-	(41,599)	-	(41,599)	-	(41,599)
Net movement during the year	-	-	-	-	-	-	2,796	2,796
Issue of shares	1,798	-	(1,798)	-	-	-	-	-
Total	1,798	(41,599)	3,450	(36,351)	-	(36,351)	2,796	(33,555)
Distribution to perpetual capital securities holders	-	(9,212)	-	(9,212)	-	(9,212)	-	(9,212)
Balance as at Dec 31, 2016	719,693	959,967	113,569	1,793,229	148,347	1,941,576	86,760	2,028,336
Total comprehensive income for the year								
Profit for the year	-	173,682	-	173,682	-	173,682	5,775	179,457
Other comprehensive income (loss) for the year	-	(444)	13,877	13,433	-	13,433	(3,059)	10,374
Total	-	173,238	13,877	187,115	-	187,115	2,716	189,831
Transactions with owners, recognised directly in equity								
Recognition of share-based payments	-	-	2,296	2,296	-	2,296	-	2,296
Dividends	-	(41,635)	-	(41,635)	-	(41,635)	-	(41,635)
Net movement during the year	-	-	-	-	-	-	5,732	5,732
Issue of shares	1,450	-	(1,450)	-	-	-	-	-
Total	1,450	(41,635)	846	(39,339)	-	(39,339)	5,732	(33,607)
Reclassification	-	(1,653)	-	(1,653)	(148,347)	(150,000)	-	(150,000)
Issue of perpetual capital securities	-	-	-	-	148,753	148,753	-	148,753
Distribution to perpetual capital securities holders	-	(8,072)	-	(8,072)	-	(8,072)	-	(8,072)
Balance as at Dec 31, 2017	721,143	1,081,845	128,292	1,931,280	148,753	2,080,033	95,208	2,175,241

* 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	Share-holders' equity \$'000	Perpetual capital securities \$'000	Total equity \$'000
COMPANY						
Balance as at Jan 1, 2016	717,895	61,960	117,069	896,924	148,347	1,045,271
Total comprehensive income for the year						
Profit for the year	-	47,274	-	47,274	-	47,274
Other comprehensive income for the year	-	-	57	57	-	57
Total	-	47,274	57	47,331	-	47,331
Transactions with owners, recognised directly in equity						
Recognition of share-based payments	-	-	5,248	5,248	-	5,248
Dividends	-	(41,599)	-	(41,599)	-	(41,599)
Issue of shares	1,798	-	(1,798)	-	-	-
Total	1,798	(41,599)	3,450	(36,351)	-	(36,351)
Distribution to perpetual capital securities holders	-	(9,212)	-	(9,212)	-	(9,212)
Balance as at Dec 31, 2016	719,693	58,423	120,576	898,692	148,347	1,047,039
Total comprehensive income for the year						
Profit for the year	-	57,134	-	57,134	-	57,134
Other comprehensive income for the year	-	-	883	883	-	883
Total	-	57,134	883	58,017	-	58,017
Transactions with owners, recognised directly in equity						
Recognition of share-based payments	-	-	2,296	2,296	-	2,296
Dividends	-	(41,635)	-	(41,635)	-	(41,635)
Issue of shares	1,450	-	(1,450)	-	-	-
Total	1,450	(41,635)	846	(39,339)	-	(39,339)
Reclassification	-	(1,653)	-	(1,653)	(148,347)	(150,000)
Issue of perpetual capital securities	-	-	-	-	148,753	148,753
Distribution to perpetual capital securities holders	-	(8,072)	-	(8,072)	-	(8,072)
Balance as at Dec 31, 2017	721,143	64,197	122,305	907,645	148,753	1,056,398

** 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 since the end of the previous period reported on.

As at Dec 31, 2017, the number of outstanding share options under the Company's Share Option Schemes was 14,225,000 (as at Dec 31, 2016: 13,045,000), and the number of outstanding performance shares under the Company's Performance Share Plan was 1,055,700 (as at Dec 31, 2016: 1,407,600).

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

	Dec 31, 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 year 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 year 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

	Year ended Dec 31, 2017	Year ended Dec 31, 2016
Based on the weighted average number of ordinary shares in issue	31.82 cents	18.13 cents
On a fully diluted basis	31.75 cents	18.09 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

	Dec 31, 2017	Dec 31, 2016
GROUP	\$3.71	\$3.45
COMPANY	\$1.74	\$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 year ended December 31, 2017, the Group achieved a revenue of \$659.2 million, which is 14.1% higher than the \$577.6 million recorded in the previous year. The increase was mainly attributable to sale of completed condominium units from the Tomlinson Heights development as well as better performances by the Group's hotels and resorts. These contributed to an increase in cash generated from operations from \$159.6 million last year to \$306 million for the year under review.

Other operating income decreased from \$62 million last year to \$17.9 million for the year under review due to the absence of an extraordinary gain on disposal of two plots of land in Bangkok, Thailand last year. The Group's share of results of associates and jointly controlled entities, on the other hand, increased significantly from \$34.7 million to \$128.9 million mainly due to profits from the Burlington Gate and Holland Park Villas in London, upon completion of both development projects.

For the year ended December 31, 2017, the Group achieved record profit before income tax of \$217.3 million compared to \$135.5 million last year. After accounting for income tax and non-controlling interests, Group net profit attributable to shareholders for the year ended December 31, 2017 was \$173.7 million, an increase of 67.9% from \$103.5 million reported 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 remains largely positive, although the Group's hotels and resorts continue to face potential risks of adverse political or environmental conditions in certain countries which the Group operates in. Such risks, however, should be mitigated with the Group's diversified and quality portfolio of assets.

The Group's two development projects in London, the Burlington Gate and Holland Park Villas attained practical completion during the year under review and fresh marketing campaigns had been launched for the remaining units.

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

The Board of Directors has recommended a first and final one-tier tax exempt cash dividend of 4 cents per ordinary share, and a one-tier tax exempt special dividend of 6 cents per ordinary share, in respect of the current financial year reported on. Payment of the said dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting.

(b) Corresponding Period of the Immediately Preceding Financial Year

The Company declared a first and final one-tier tax exempt cash dividend of 4 cents per ordinary share, and a one-tier tax exempt special dividend of 4 cents per ordinary share in respect of the immediately preceding financial year.

(c) Date payable

Will be announced at a later date.

(d) Books closure date

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

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

Not applicable.

13. Interested Person Transactions ("IPT")

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

14. Segmental Revenue and Results

Information by business segment

Year ended December 31, 2017

	Hotels \$'000	Properties \$'000	Others \$'000	Elimination \$'000	Consolidated \$'000
REVENUE					
External sales	488,958	170,196	6		659,160
Inter-segment sales		411		(411)	-
Total revenue	488,958	170,607	6	(411)	659,160
RESULTS					
Earnings before interest and tax	73,646	27,332	2,950		103,928
Finance costs					(28,665)
Interest income					1,116
Share of results of associates and jointly controlled entities	3,167	126,798	(1,072)		128,893
Profit before fair value changes					205,272
Fair value changes in investment properties		12,000			12,000
Profit before income tax					217,272
Income tax expense					(37,815)
Non-controlling interests					(5,775)
Profit attributable to shareholders of the Company					173,682

14. Segmental Revenue and Results (cont'd)

Year ended December 31, 2016

	Hotels \$'000	Properties \$'000	Others \$'000	Elimination \$'000	Consolidated \$'000
REVENUE					
External sales	463,780	113,830	6		577,616
Inter-segment sales		412		(412)	-
Total revenue	463,780	114,242	6	(412)	577,616
RESULTS					
Earnings before interest and tax	64,397	63,436	2,702		130,535
Finance costs					(30,317)
Interest income					2,985
Share of results of associates and jointly controlled entities	23,441	11,910	(701)		34,650
Profit before fair value changes					137,853
Fair value changes in investment properties		(2,350)			(2,350)
Profit before income tax					135,503
Income tax expense					(26,944)
Non-controlling interests					(5,107)
Profit attributable to shareholders of the Company					103,452

15. Review of Performance by Business Segments

Please refer to item 8 above.

16. Breakdown of Sales and Operating Profit

	Latest Financial Year \$'000 Group	Previous Financial Year \$'000 Group	% increase/(decrease) Group
(a) Sales reported for first half year	334,999	273,350	22.55
(b) Operating profit after tax before deducting non-controlling interests reported for first half year**	37,308	32,256	15.66
(c) Sales reported for second half year	324,161	304,266	6.54
(d) Operating profit after tax before deducting non-controlling interests reported for second half year**	130,149	78,653	65.47

** excludes fair value gain (loss) on investment properties.

17. Breakdown of Total Annual Dividend

	Latest Full Year (\$'000)	Previous Full Year (\$'000)
Ordinary	52,043	41,635
Preference	-	-
Total:	52,043	41,635

The dividend amounts for the latest full year are estimated based on the number of issued shares as at December 31, 2017. The actual dividend payment can only be determined on books closure date.

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) of the Listing Manual

There are currently no persons occupying managerial positions in the Company or any of its principal subsidiaries who are relatives of a director or chief executive officer or substantial shareholder of the Company.

19. 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
February 26, 2018