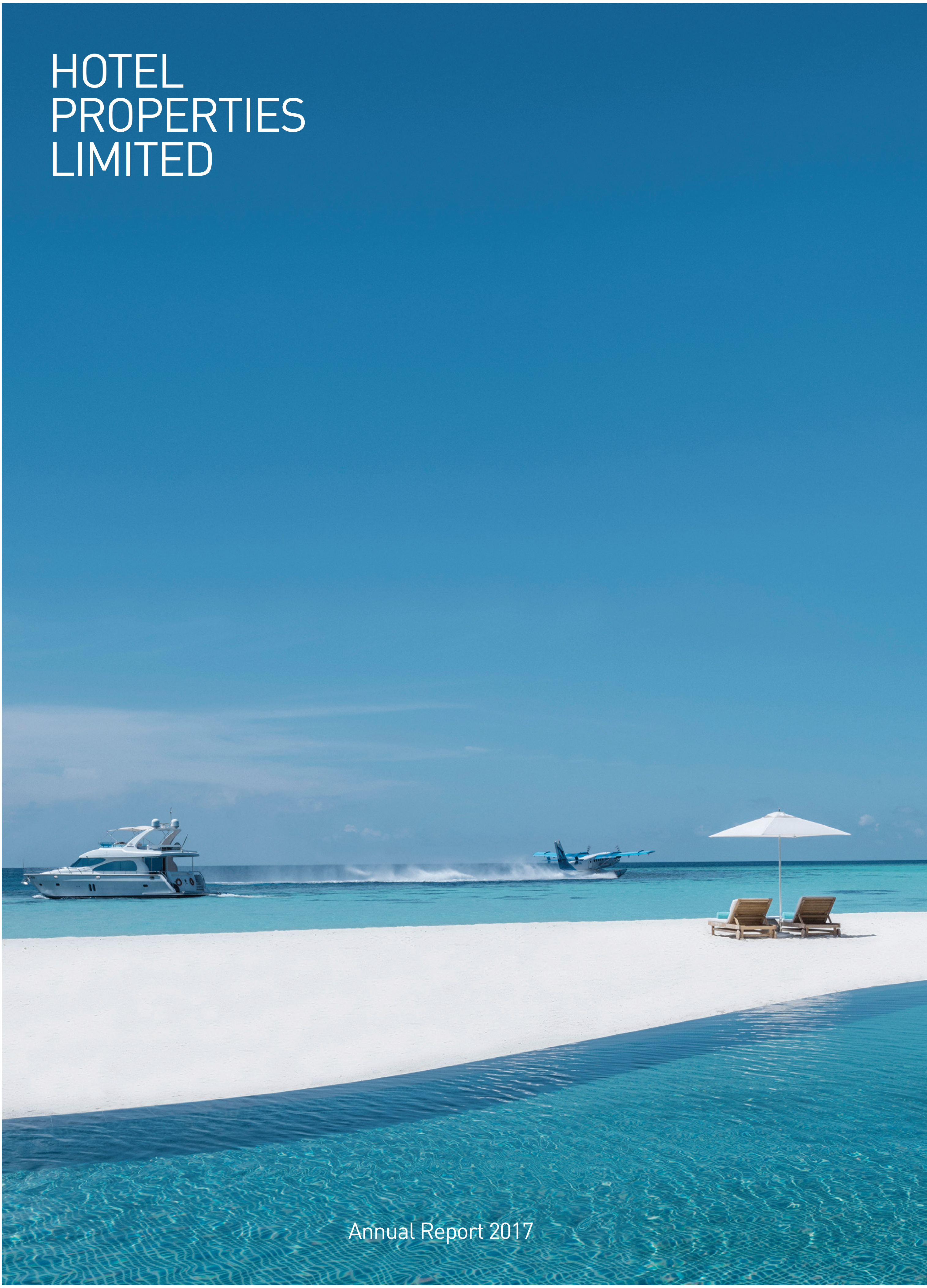
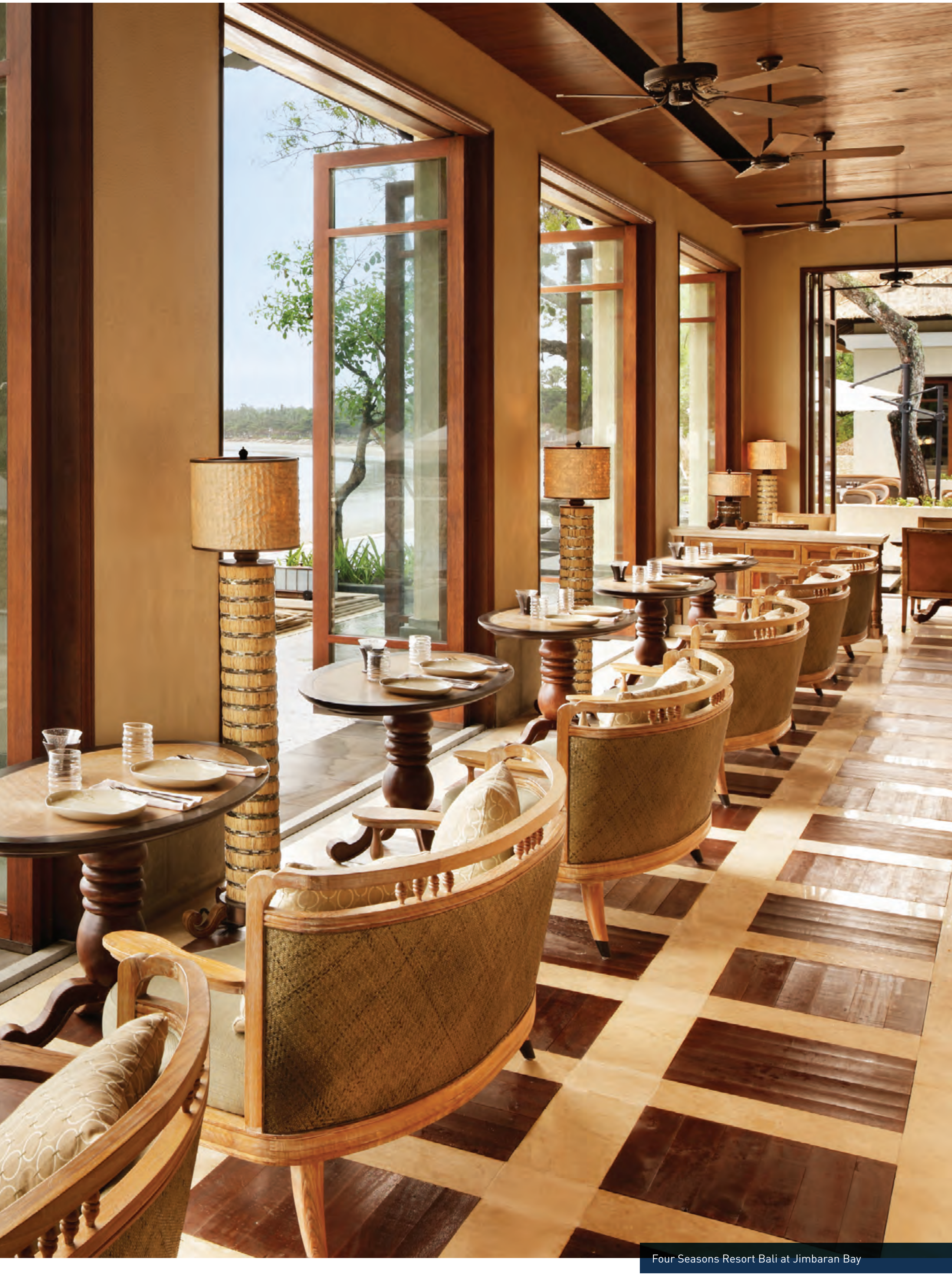
HOTEL PROPERTIES LIMITED



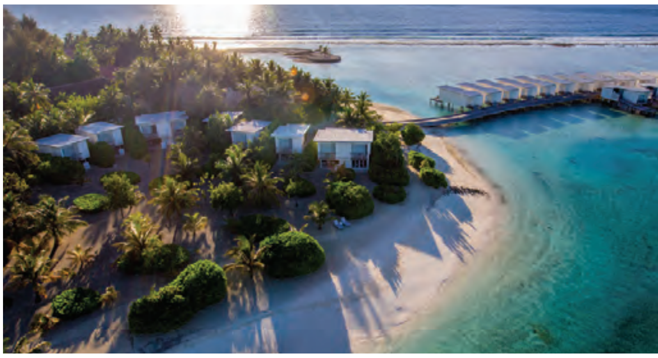
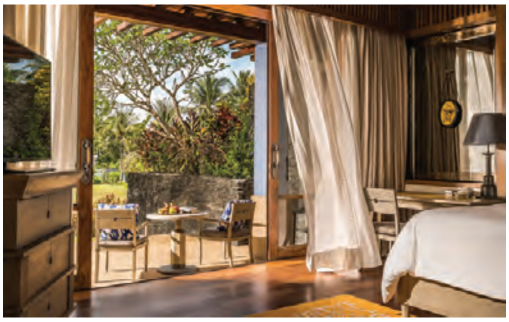
Annual Report 2017



Four Seasons Resort Bali at Jimbaran Bay

CONTENTS



CHAIRMAN'S STATEMENT

FINANCIAL REVIEW

For the year ended December 31, 2017, the Group achieved a revenue of $659.2 million, which was 14.1% higher than the $577.6 million recorded in the previous year. The increase was mainly due to the 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 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 these development projects.

For the year ended December 31, 2017, the Group achieved 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.

RECENT DEVELOPMENTS

Hotels

During the year under review, the Group acquired Hilton London Olympia and DoubleTree by Hilton Hotel London Ealing through jointly controlled entities. The 405-key Hilton London Olympia is situated close to the Olympia Exhibition Centre on Kensington High Street while the DoubleTree by Hilton Hotel London Ealing is a 189-key hotel, known for its accessibility with numerous train stations located nearby. Adding to the Hotel Division's growing portfolio in Malaysia, the Group acquired Four Seasons Langkawi Malaysia through an associate. The luxurious 91-key Four Seasons Langkawi Malaysia was awarded 5th Best Luxury Hotel in Malaysia by TripAdvisor's Travellers' Choice 2017. The Group also acquired an equity interest in an associate which owns a resort on the island of Desroches in Seychelles where refurbishments are in progress.

Properties

Our Bankside project in London consisting of a 1.4 million square feet redevelopment project located on the South Bank adjacent to the Tate Modern Gallery, has been progressing. During the year under review, the planning consents for the site have been successfully amended to improve the quality and appeal of both the residential and commercial space on the Ludgate House site. Design and consultation work on the final proposals for the remaining Sampson House site which will include residential and office components are progressing well. Full demolition of the Ludgate building is on track and is expected to be completed later this year.

Our Paddington project, now formally named Paddington Square, designed by Renzo Piano Building Workshop, has continued through to the final confirmation stages of the planning process. The scheme will provide 360,000 square feet of high tech office space, in an elevated 14-floor crystalline structure, with a rooftop restaurant overlooking Hyde Park and 80,000 square feet of retail and leisure below.

PROSPECTS

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. Overall, such risks, however, should be mitigated by the Group's diversified portfolio of quality 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.

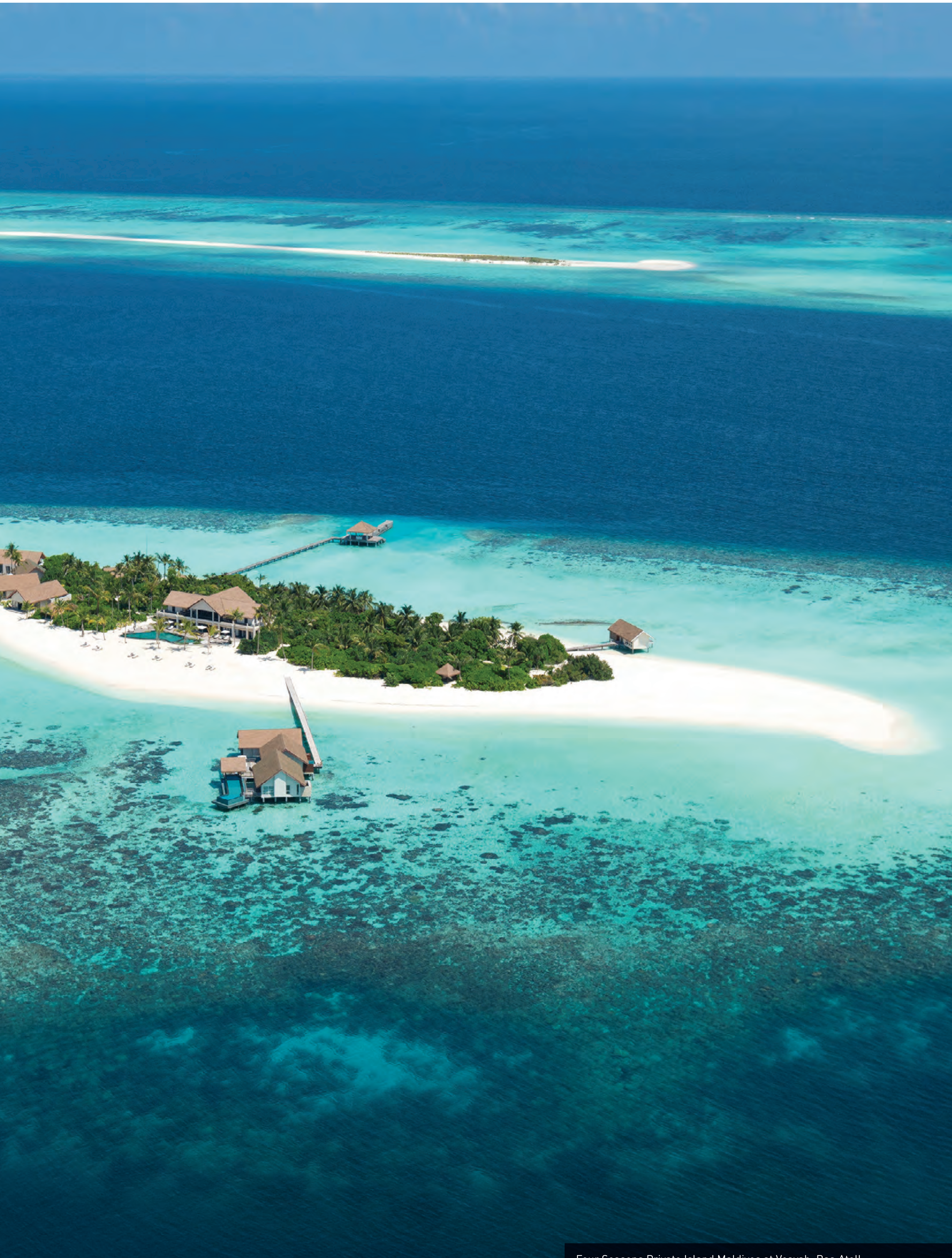
DIVIDEND

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 for the year ended December 31, 2017. On behalf of the Board, I would like to extend our appreciation to our shareholders, customers, bankers, business associates and staff for their invaluable support and contribution throughout 2017.

Arthur Tan Keng Hock
Chairman

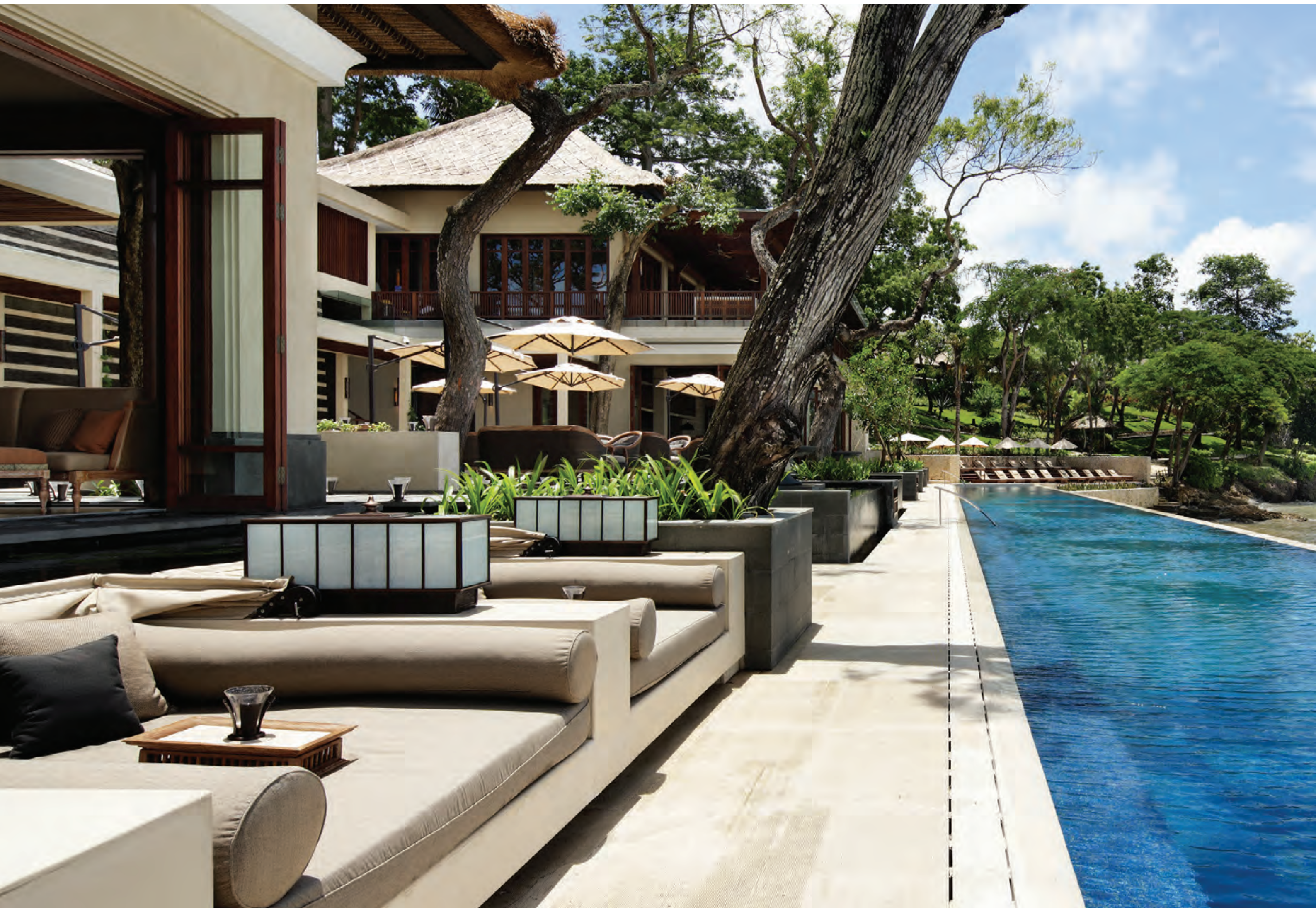
March 21, 2018

BUSINESS REVIEW
HOTELS



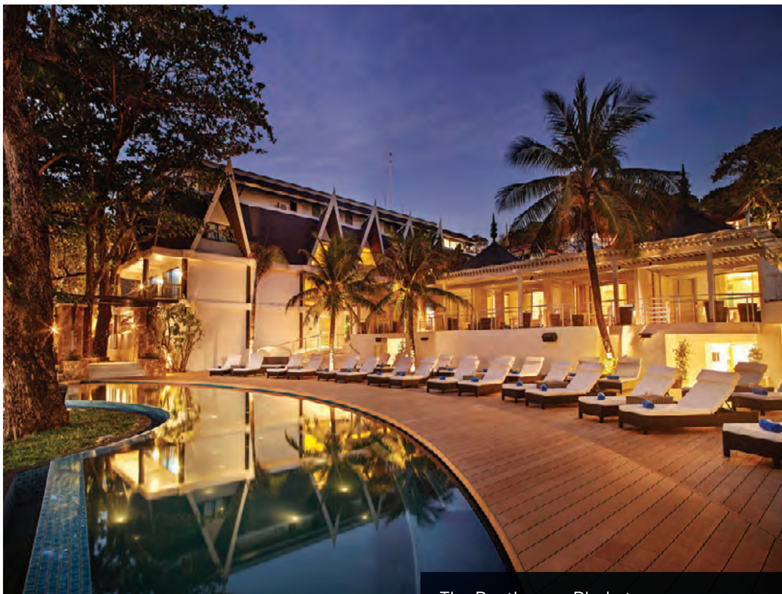
Four Seasons Private Island Maldives at Voavah, Baa Atoll

BUSINESS REVIEW
HOTELS



In 2017, the Hotels Division delivered encouraging results through key additions and strong financial performances, strengthening the Group's portfolio in the luxury hotel and resort sectors.

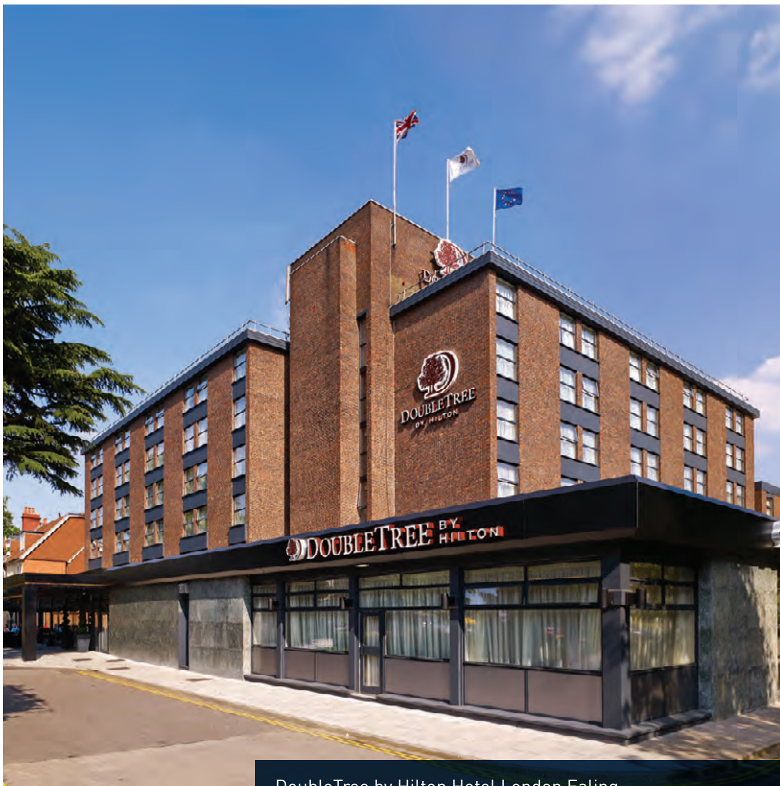
Through jointly controlled entities, the Group acquired Hilton London Olympia and DoubleTree by Hilton Hotel London Ealing. The 405-key Hilton London Olympia is situated close to the Olympia Exhibition Centre on Kensington High Street. With three food and beverage outlets and ten flexible meeting rooms, these facilities make Hilton London Olympia an attractive destination for both tourists and businesses. The DoubleTree by Hilton Hotel London Ealing is a 189-key hotel, known for its accessibility to a number of major train stations and sporting venues such as Wembley and Twickenham located nearby.



The Boathouse, Phuket

In the Maldives, Gili Lankanfushi was ranked the Best Hotel in Maldives by TripAdvisor's Travellers' Choice 2018. Known for the rustic overwater villas perched above a sparkling lagoon full of diverse marine life, the resort was also recently awarded the title of most 'Eco-Friendly Hotel in the World' at the prestigious Haute Grandeur Global Hotel and Spa Awards.

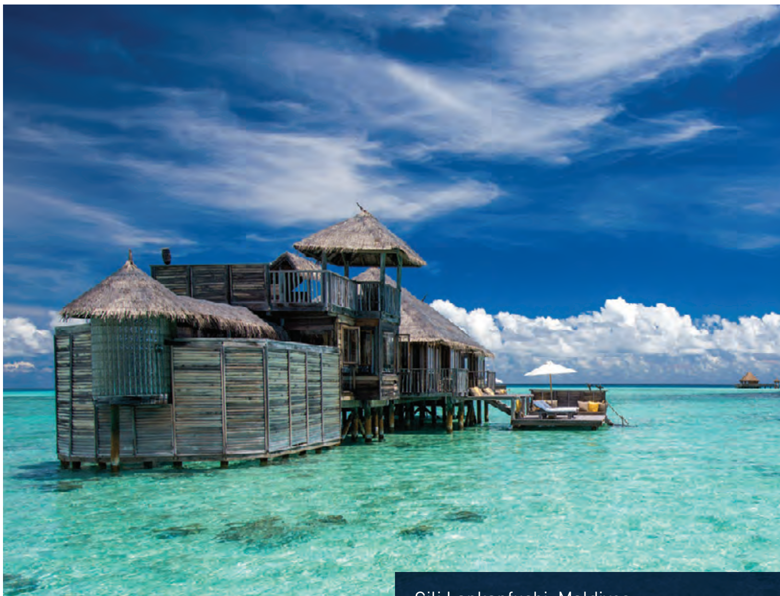
Four Seasons Resort Bali at Jimbaran Bay



DoubleTree by Hilton Hotel London Ealing

Another recent addition was the exclusive Four Seasons Resort in Langkawi. The resort is located on an exclusive beachfront with stunning vistas of the neighbouring islands. Recognised for providing excellent stays, the resort was ranked 5th Best Luxury Hotel in Malaysia by TripAdvisor's Travellers' Choice 2017 and 13th Top Resort in Asia by the Condé Nast Traveller - Readers' Choice Awards 2017.

The Group acquired an equity interest in an associate which owns a resort on the island of Desroches in Seychelles where refurbishments are in progress. In addition, the remaining equity interest in Hard Rock Hotel Penang in Batu Ferringhi, Penang Malaysia was also acquired.



Gili Lankanfushi, Maldives

BUSINESS REVIEW
HOTELS

Ranked 6th Best Luxury Hotel in Maldives by TripAdvisor's Travellers' Choice 2018, Six Senses Laamu is an exclusive resort set in a natural lagoon with abundant marine life. Apart from its idyllic scenery and diverse marine life, Six Senses Laamu is known for its excellent spa facilities, most recently winning the 'Eco-Spa / Hotel of the Year' award at the prestigious AsiaSpa awards.

Located within the Baa Atoll UNESCO World Biosphere Reserve, both Four Seasons Resort Maldives at Landaa Giraavaru and Four Seasons Private Island Maldives at Voavah are set in the remote natural wilderness flanked by exotic greenery, white sandy beaches and rich natural lagoons. The natural appeal of both resorts combined with the exemplary Four Seasons styled hospitality and facilities creates lasting memories for all our guests.

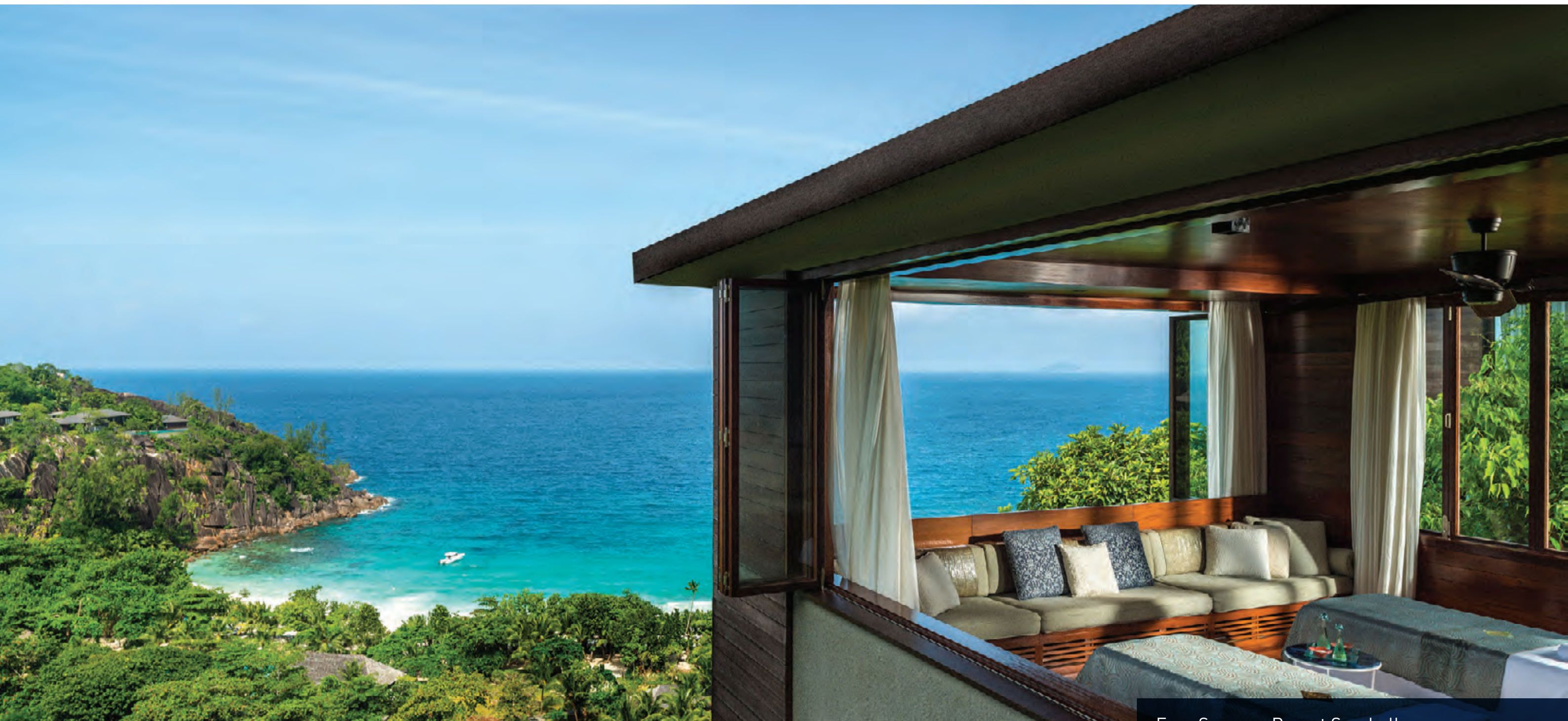
Close to three UNESCO sites, the exclusive Four Seasons Resort The Nam Hai, Hoi An is located on a private beach along Ha My beach. Ranked 4th Best Luxury Hotel in Vietnam by TripAdvisor's Travellers' Choice 2018, guests can choose to experience indulgent massages from the Heart of the Earth Spa or chill to relaxing vibes at our brand-new Beach Bar for a memorable holiday.

On bustling Kata Beach of Phuket, The Boathouse, promises guests an intimate small boutique hotel experience complimented with the legendary Boathouse Restaurant and Bar. Over at the COMO Point Yamu, guests can recharge their mind and body at the renowned Shambhala wellness retreat while enjoying the picturesque views of the Andaman Sea.

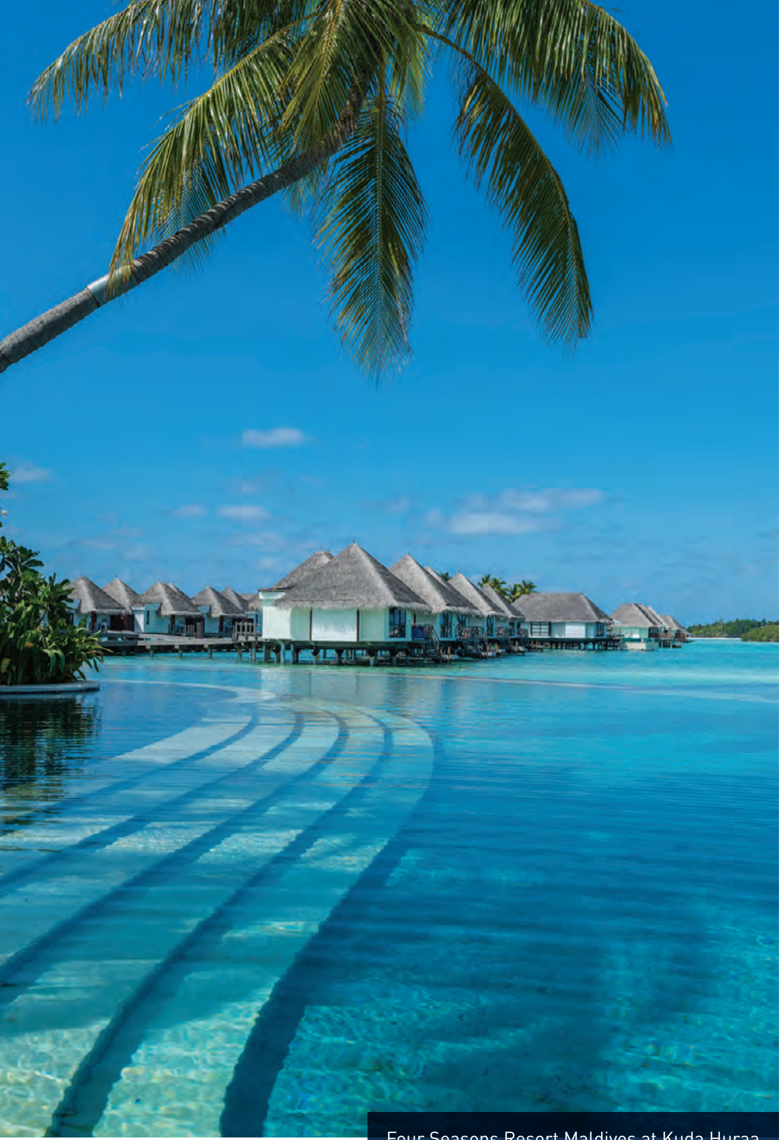
In Bali, our hotels and resorts continue to do well at the popular tourist destination. Awarded a coveted 'Five-Star Rating' in the Forbes Travel Guide 2017, Four Seasons Resort Bali at Jimbaran Bay's unique oceanfront location allows guests direct access to a 14-hectare beach. Guests can choose to unwind with holistic spa treatments and indulge in a wide variety of dining options for the complete island experience.

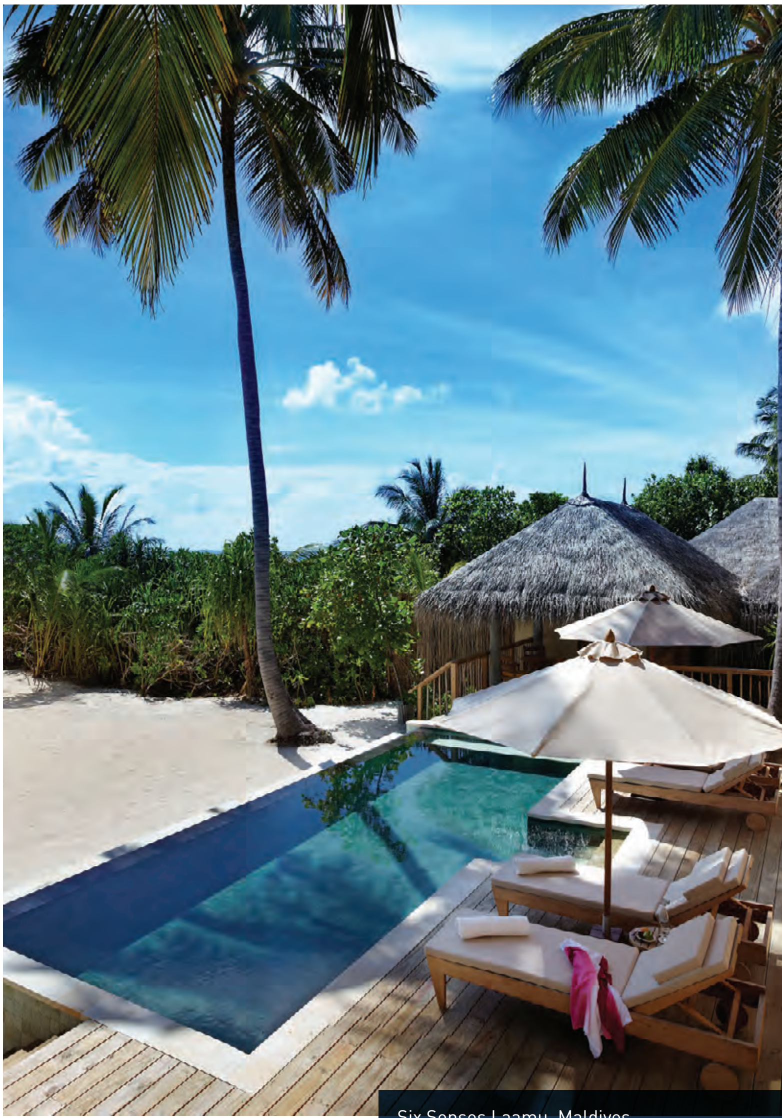
Located in the heart of Singapore's prime shopping hub on Orchard Road, the Hilton Hotel Singapore, Four Seasons Hotel Singapore and Concorde Hotel Singapore continue to attract guests with their excellent locations and amenities. Recognised for excellent service, Four Seasons Hotel Singapore was ranked the 4th Best Hotel for Service and 8th Best Hotel in Singapore by TripAdvisor's Travellers' Choice 2018. Concorde Hotel Singapore has also recently completed a major rooms renovation of all guestrooms in order to better serve our guests.

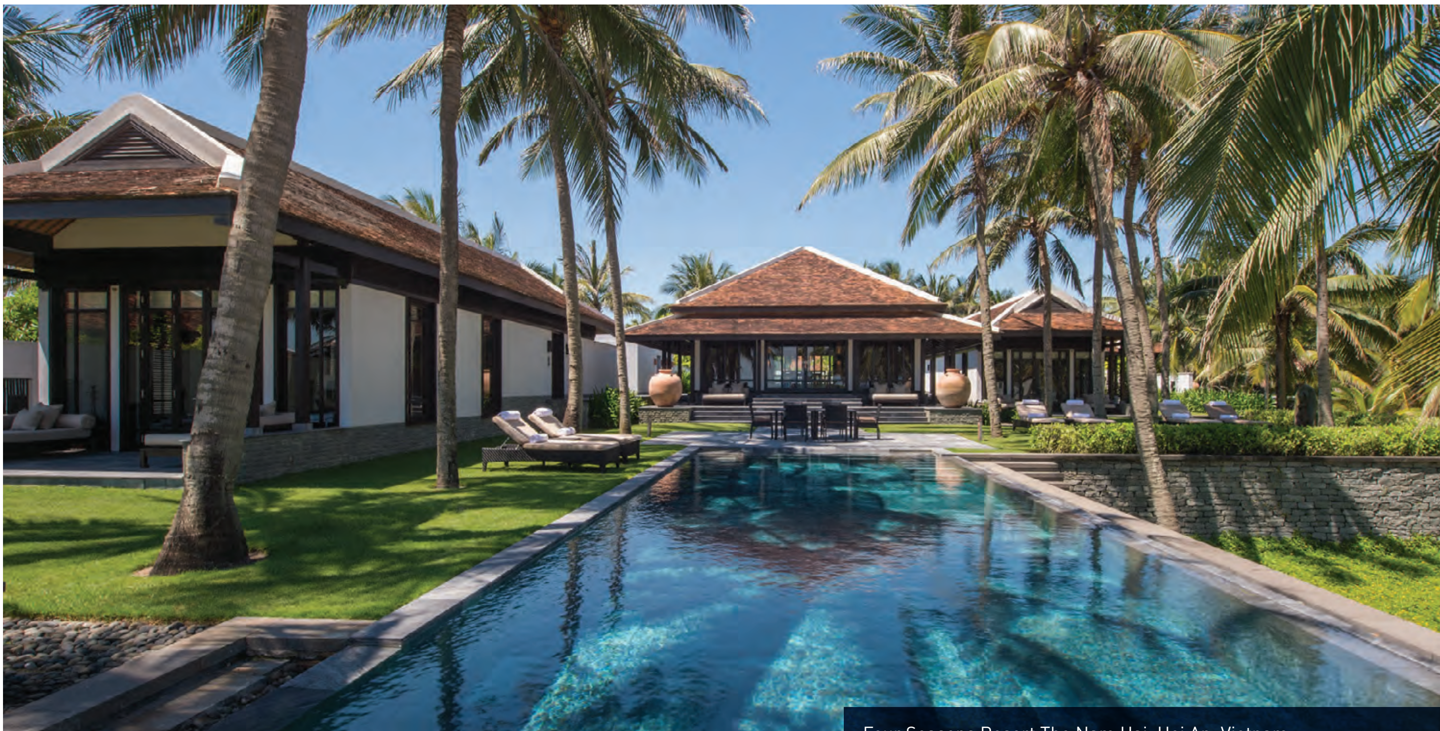
With the addition of recent acquisitions to the division and positive financial performances, our Hotel Division is looking forward to a year of steady growth for the Group.



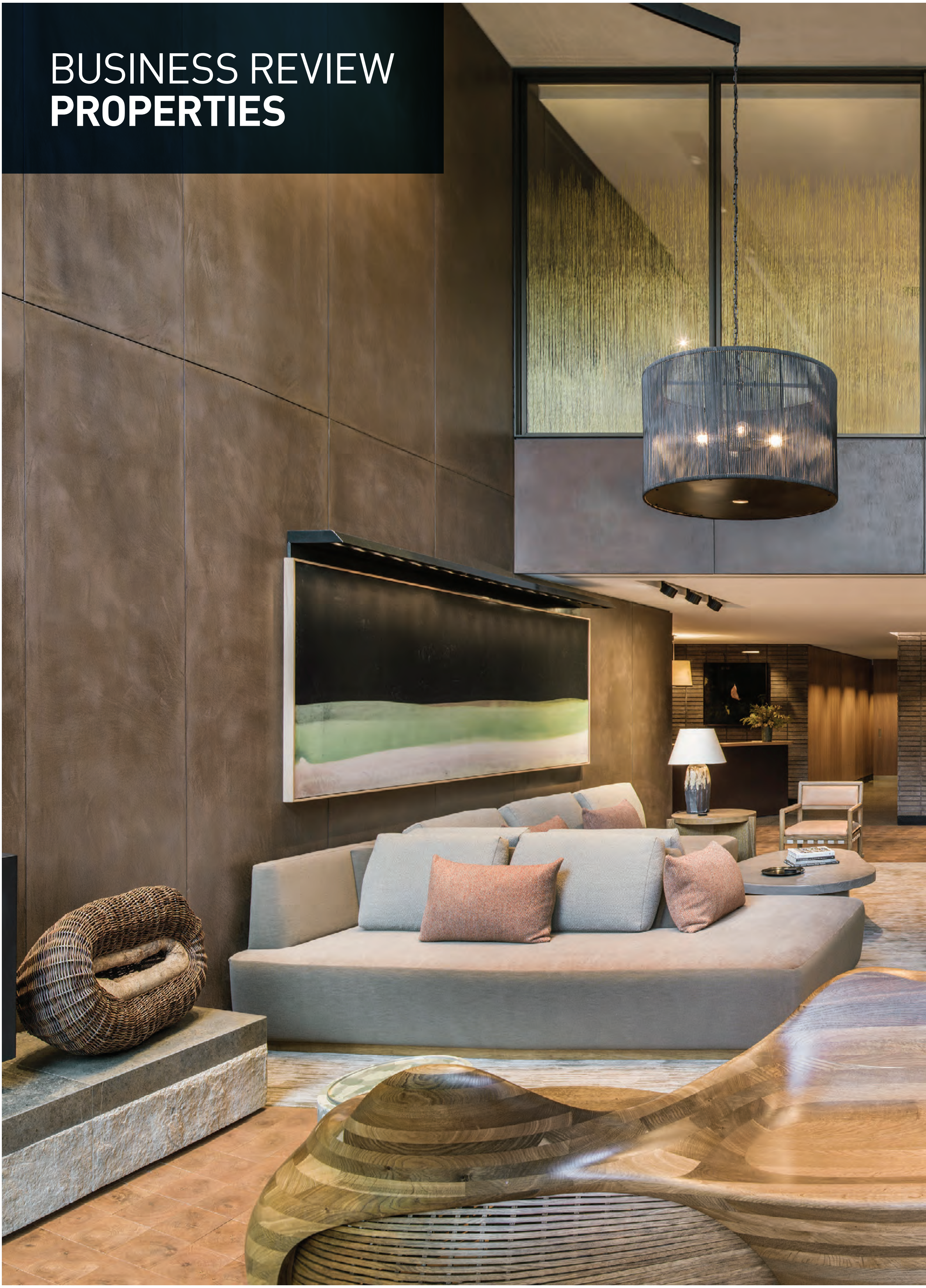
Four Seasons Resort Seychelles

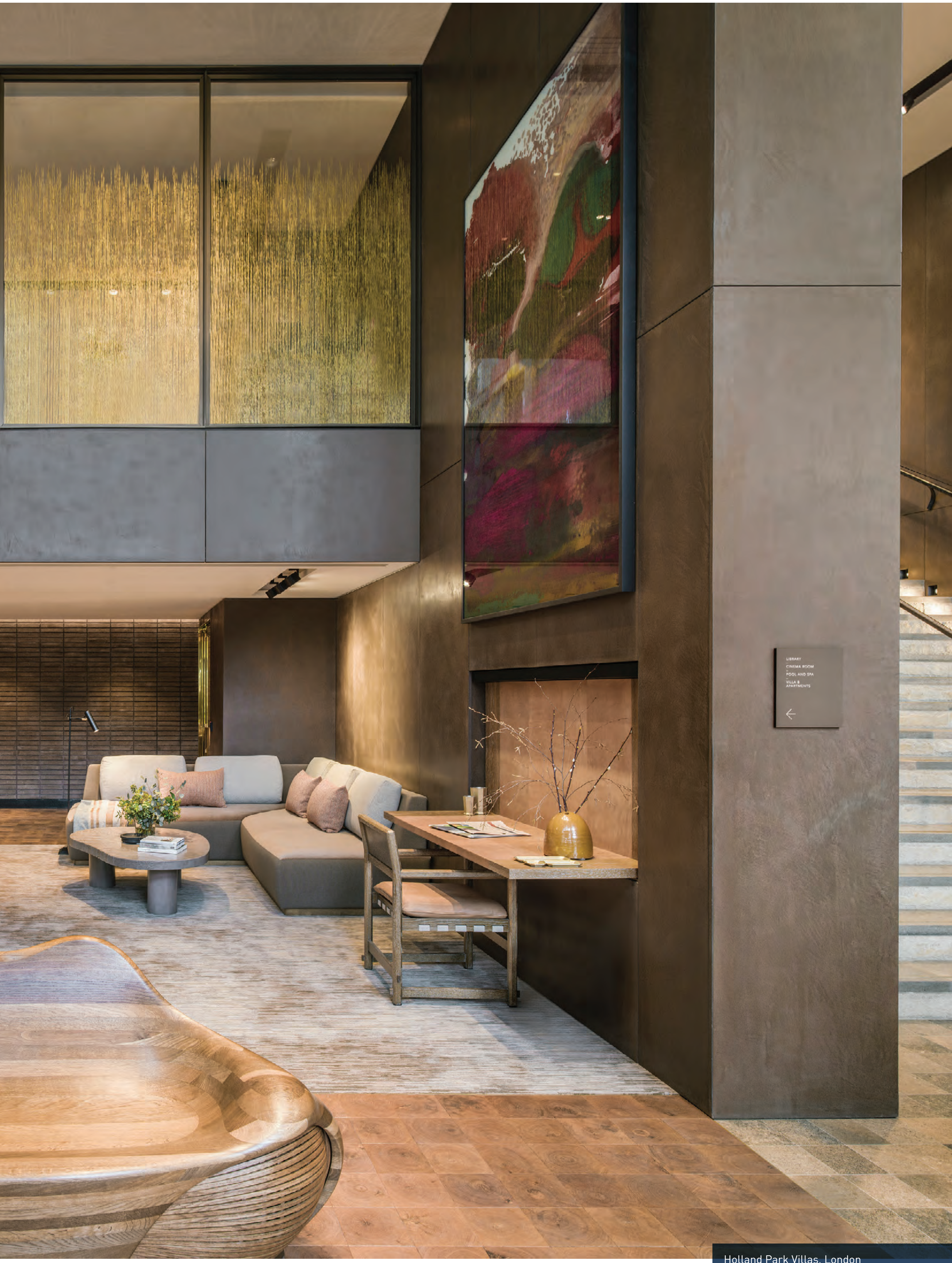

Four Seasons Resort Maldives at Kuda Huraa


Six Senses Laamu, Maldives


Four Seasons Resort The Nam Hai, Hoi An, Vietnam

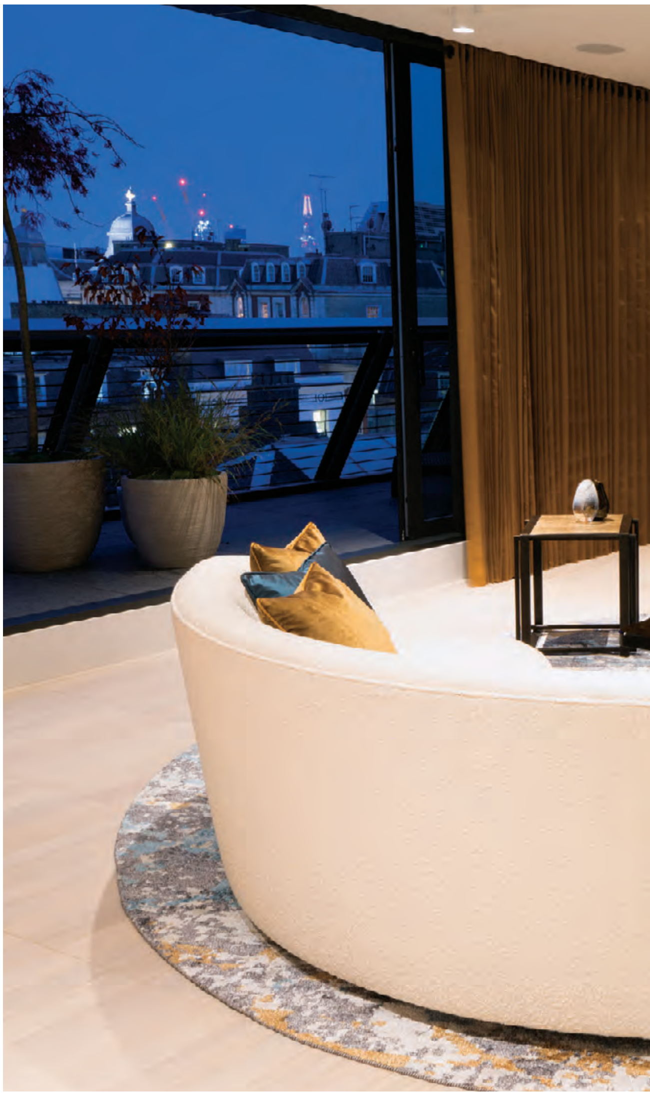
BUSINESS REVIEW
PROPERTIES





Holland Park Villas, London

BUSINESS REVIEW
PROPERTIES

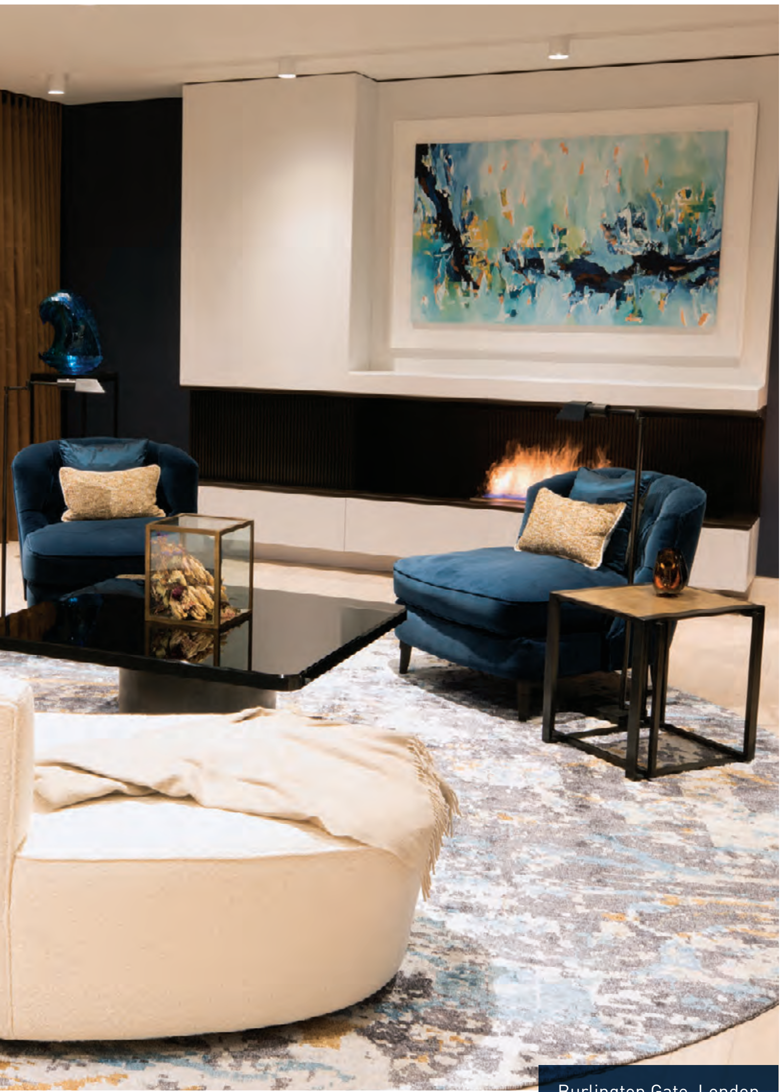


In recent years, the Group has progressively established its presence in the heart of London with four joint-venture freehold developments, namely – Burlington Gate, Holland Park Villa, Paddington Square and the combined project of Ludgate House and Sampson House.

Designed by Rogers Stirk Harbour + Partners, the luxurious Burlington Gate was completed in the 3rd quarter of 2017. Located in the heart of the fashion and arts district close to Bond Street, the development is made up of 42 luxury apartments with boutique hotel styled amenities, art gallery spaces curated by a well-established institutional investor and Mayfair's first arcade since 1930.

Hidden away from the hustle and bustle of the metropolis, Holland Park Villas was completed in the 4th quarter of 2017. Located in the Royal Borough of Kensington and Chelsea and overlooking the charming Holland Park, the private gated development houses 68 elegant apartments and 4 immaculately designed penthouses. Residents of Holland Park Villas can utilise state-of-the-art facilities such as a business suite, private cinema, club room, library, spa and an indoor pool within its premises.

Cultural Plaza at Bankside Yards, on the site of Sampson and Ludgate House, London *(Artist's impression)*



Burlington Gate, London

The Property Division's other developments include The Met condominium in Bangkok, renowned for winning a multitude of design awards, and in Singapore – Tomlinson Heights, d'Leedon and The Interlace condominiums.

A freehold residential development located in the prime land of District 10, residents of Tomlinson Heights have easy access to the main shopping and entertainment belt of Orchard Road. Many top educational institutions are in close proximity, making the development an appealing property to well-heeled residents. Residents can also enjoy a spectacular view that overlooks Orchard, Scotts Road, Tanglin, Botanic Gardens, Dempsey and beyond.

The d'Leedon condominium is another property that is located close to Orchard Road. Jointly developed with CapitaLand, the property was designed by the late Pritzker Architecture Prize winner, Zaha Hadid. The unique design of the property defines the skyline, standing over a neighbourhood of good class bungalows. The property's prime location offers a clear view of the Botanic Gardens and allows residents numerous amenities and lifestyle options in the vicinity.

Our Bankside project in London consisting of a 1.4 million square feet redevelopment project located on the South Bank adjacent to the Tate Modern Gallery, has been progressing. During the year under review, the planning consents for the site have been successfully amended to improve the quality and appeal of both the residential and commercial space on the Ludgate House site. Design and consultation work on the final proposals for the remaining Sampson House site which will include residential and office components are progressing well. Full demolition of the Ludgate building is on track and is expected to be completed later this year.

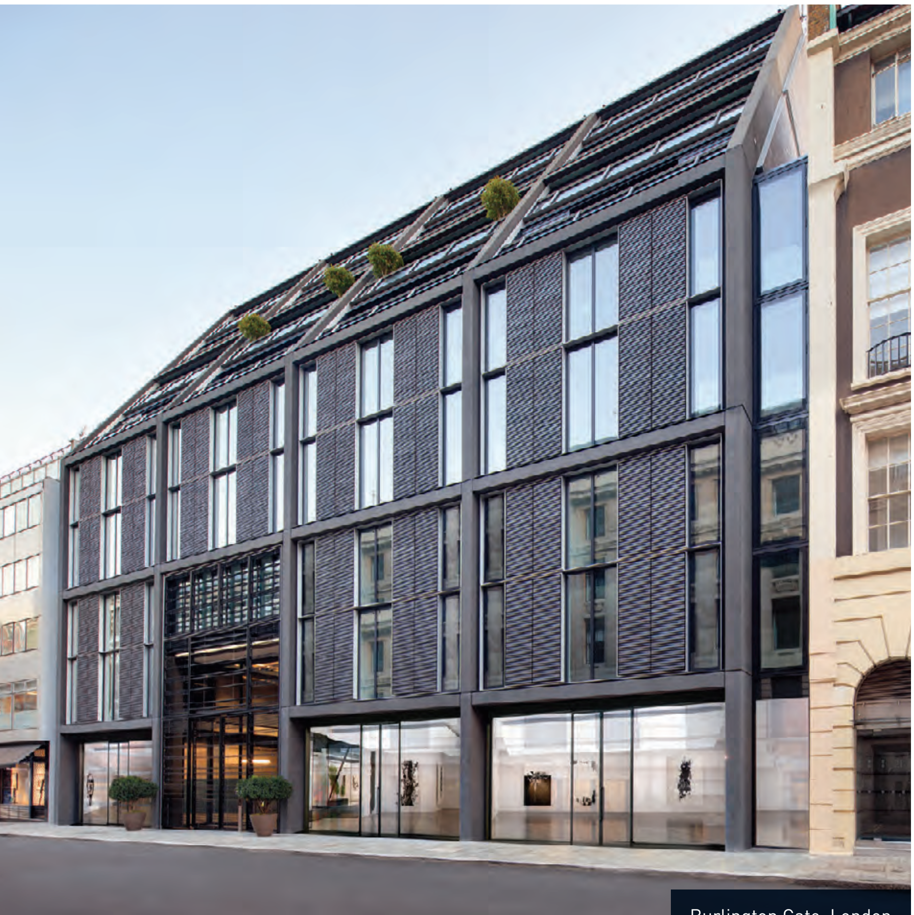
Our Paddington project, now formally named Paddington Square, designed by Renzo Piano Building Workshop, has continued through to the final confirmation stages of the planning process. The scheme will provide 360,000 square feet of high tech office space, in an elevated 14-floor crystalline structure, with a rooftop restaurant overlooking Hyde Park and 80,000 square feet of retail and leisure below.

Paddington Square, London *(Artist's impression)*

BUSINESS REVIEW
PROPERTIES

An iconic development in Singapore, The Interlace is a joint-venture with CapitaLand designed by the internationally renowned architect, Ole Scheeren. The futuristic design of the property won the prestigious Building of the Year award at the 2015 World Architecture Festival. Consisting of 31 blocks, The Interlace features 1,040 apartment units arranged in a hexagonal pattern to form eight recreational courtyards for residents.

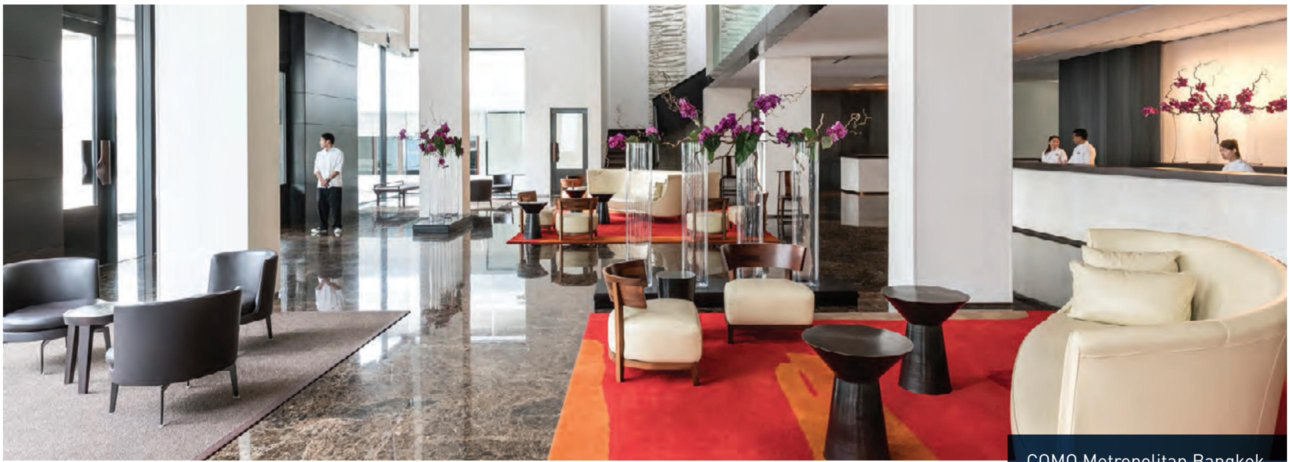
Under the portfolio of the Property Division is a duo of retail properties in the form of Concorde Shopping Centre and Forum The Shopping Mall, which is home to high-fashion boutiques such as Bao Bao Issey Miyake and Kids21. The mall is also a haven for food connoisseurs with numerous reputable F&B outlets, most notably Jamie's Italian, led by the acclaimed British celebrity chef, Jamie Oliver.



Burlington Gate, London

Holland Park Villas, London

CORPORATE INFORMATION



COMO Metropolitan Bangkok

BOARD OF DIRECTORS

Chairman
Arthur Tan Keng Hock

Managing Director
Ong Beng Seng

Members
Christopher Lim Tien Lock
Michael S. Dobbs-Higginson
Leslie Mah Kim Loong
David Fu Kuo Chen
Stephen Lau Buong Lik
William Fu Wei Cheng
Stephen Ng Tin Hoi

NOMINATING COMMITTEE

Chairman
Leslie Mah Kim Loong

Members
Michael S. Dobbs-Higginson
David Fu Kuo Chen

REMUNERATION COMMITTEE

Chairman
Michael S. Dobbs-Higginson

Members
Arthur Tan Keng Hock
Ong Beng Seng

AUDIT COMMITTEE

Chairman
Leslie Mah Kim Loong

Members
Michael S. Dobbs-Higginson
Arthur Tan Keng Hock

SECRETARIES

Lo Swee Oi
Lim Guek Hong

PRINCIPAL BANKERS

OCBC Bank
DBS Bank
United Overseas Bank

AUDITORS

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

Partner-in-charge
Seah Gek Choo
(appointed on April 27, 2017)

REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01
Singapore Land Tower
Singapore 048623
Telephone: 6536 5355

REGISTERED OFFICE

50 Cuscaden Road
#08-01 HPL House
Singapore 249724
Telephone: 6734 5250

FINANCIAL STATEMENTS 2017

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2017.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company set out on pages 28 - 90 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2017, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1. DIRECTORS

The directors of the Company in office at the date of this statement are:

Arthur Tan Keng Hock
Ong Beng Seng
Christopher Lim Tien Lock
Michael S. Dobbs-Higginson
Leslie Mah Kim Loong
David Fu Kuo Chen
Stephen Lau Buong Lik
William Fu Wei Cheng
Stephen Ng Tin Hoi

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at anytime during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate except as disclosed in this statement.

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

Name of director and company in which interests are held	At beginning of year	At end of year
Shares in Cuscaden Partners Pte. Ltd.		
Ong Beng Seng	90	90
Shares in 68 Holdings Pte. Ltd.		
Ong Beng Seng	120*	120*

DIRECTORS' STATEMENT

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

Name of director and company in which interests are held	At beginning of year	At end of year
Shares in Hotel Properties Limited		
Ong Beng Seng	417,259,969**	417,259,969**
David Fu Kuo Chen	24,326,307	24,326,307
Christopher Lim Tien Lock	626,600	814,900
Stephen Lau Buong Lik	377,200	540,800
Shares in HPL Resorts (Maldives) Private Limited		
Ong Beng Seng	10,000*	10,000*
Shares in HPL Properties (Indian Ocean) Pte Ltd		
Ong Beng Seng	10*	10*
Shares in HPL Properties (Pacific Ocean) Pte Ltd and HPL Olympia Pte Ltd		
Ong Beng Seng	-	10*
Shares in Great Western Enterprises Limited		
Ong Beng Seng	10*	10*
David Fu Kuo Chen	3*	3*
Shares in HPL Ealing Pte Ltd		
Ong Beng Seng	-	10*
David Fu Kuo Chen	-	3*
Options to acquire ordinary shares under the Hotel Properties Limited Share Option Schemes		
Christopher Lim Tien Lock	3,250,000	3,950,000
Stephen Lau Buong Lik	2,920,000	3,350,000
Performance shares awarded under the Hotel Properties Limited Performance Share Plan		
Christopher Lim Tien Lock	753,200	564,900
Stephen Lau Buong Lik	654,400	490,800

* Held by other persons or bodies corporate in which the director has interest by virtue of Section 7 of the Singapore Companies Act.

** 316,825,514 shares are held by other persons or bodies corporate in which the director has interest by virtue of Section 7 of the Singapore Companies Act.

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

By virtue of Section 7 of the Singapore Companies Act, Mr Ong Beng Seng is deemed to have an interest in the other related corporations of the Company.

There have been no changes in the above directors' interests as at January 21, 2018.

4. SHARE OPTIONS AND PERFORMANCE SHARES

The Company has a share option scheme, known as Hotel Properties Employee Share Option Scheme 2010 ("Scheme 2010"), which was approved and adopted by the shareholders on April 29, 2010. The Company has a performance share plan, known as the Hotel Properties Limited Performance Share Plan 2017 ("HPL PSP 2017"), which was approved and adopted by the shareholders on April 27, 2017.

Scheme 2010 and HPL PSP 2017 are administered by the Remuneration Committee whose members are:

Michael S. Dobbs-Higginson (Chairman)
Arthur Tan Keng Hock
Ong Beng Seng

a) Share Options Granted

On August 16, 2017, ("Offering Date"), options were granted pursuant to the Scheme 2010 to executives of the Company to subscribe for 2,400,000 ordinary shares in the Company at the subscription price of $3.10 per ordinary share ("Offering Price"). An announcement was released to SGX-ST via SGXNET on August 16, 2017 in accordance with Rule 704(29) of the Listing Rules.

The options may be exercised during the period from August 16, 2019 to August 15, 2027, both dates inclusive, by notice in writing accompanied by a remittance for the full amount of the Offering Price (subject to adjustments under certain circumstances).

The Offering Price was set at a discount to the market price of the shares based on the average last business done price for the shares of the Company for the five consecutive market days preceding the Offering Date or failing which, the last five market days on which there was trading in the shares of the Company before the Offering Date.

The employees to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

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

b) Share Options Exercised

There were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares during the financial year.

4. SHARE OPTIONS AND PERFORMANCE SHARES (CONT'D)

c) Unissued Shares Under Option

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

Date of Grant	Number of Share Options			Exercise Price	Exercise Period
	Balance at 1/1/17 or date of grant if later	Lapsed	Balance at 31/12/17		
Pursuant to Scheme 2000					
10/10/2007	1,220,000	(1,220,000)	-	$4.00	10/10/2009 – 09/10/2017
Total	1,220,000	(1,220,000)	-		
Pursuant to Scheme 2010					
03/07/2014	3,400,000	-	3,400,000	$3.21	03/07/2016 – 02/07/2024
06/01/2015	3,500,000	-	3,500,000	$3.24	06/01/2017 – 05/01/2025
28/08/2015	2,525,000	-	2,525,000	$2.90	28/08/2017 – 27/08/2025
11/03/2016	2,400,000	-	2,400,000	$2.82	11/03/2018 – 10/03/2026
16/08/2017	2,400,000	-	2,400,000	$3.10	16/08/2019 – 15/08/2027
Total	14,225,000	-	14,225,000		

d) The information on directors of the Company participating in the Share Option Schemes is as follows:

Name of director	Options granted during the financial year	Aggregate options granted since commencement of the Schemes to the end of the financial year	Aggregate options exercised/ lapsed since commencement of the Schemes to the end of the financial year	Aggregate options outstanding at the end of the financial year
Christopher Lim Tien Lock	700,000	8,415,000	4,465,000	3,950,000
Stephen Lau Buong Lik	600,000	6,645,000	3,295,000	3,350,000

Other than those disclosed above, no participant has received 5% or more of the total number of options available under the Share Option Schemes.

No options under the Schemes were granted to controlling shareholders or their associates.

e) Awards under Performance Share Plan

Details of the movement in the awards of the Company during the financial year were as follows:

Year of award	Granted	Released	Balance as at December 31, 2017	
	No. of shares	No. of shares	No. of holders	No. of shares
2015	2,111,400	1,055,700	2	1,055,700
Total	2,111,400	1,055,700		1,055,700

5. AUDIT COMMITTEE

The Audit Committee ("AC") comprises three non-executive directors namely, Mr Leslie Mah Kim Loong, Mr Arthur Tan Keng Hock and Mr Michael S. Dobbs-Higginson, all of whom are independent directors. The AC is chaired by Mr Leslie Mah Kim Loong. The AC has held four meetings since the last Annual General Meeting and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

- the audit plans and results of the internal auditors' examination and evaluation of the Group's system of internal accounting controls;
- the quarterly and full year announcements of the results and financial position of the Company and the Group and the financial statements of the Company and consolidated financial statements of the Group prior to their submission to the board of directors;
- interested party transactions;
- the co-operation given by the Company's officers to the internal and external auditors; and
- the re-appointment of the external auditors of the Group.

The AC received co-operation from the management and was not obstructed or impeded by the management in carrying out its functions during the year. The AC has full discretion to invite any director or executive officer of the Company to attend its meetings.

The AC has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting of the Company.

6. AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Arthur Tan Keng Hock

Ong Beng Seng

March 28, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HOTEL PROPERTIES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Hotel Properties Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2017, and the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 28 - 90.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at December 31, 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code"), together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation for investment properties

Investment properties of the Group comprise commercial properties located in Singapore which amounted to $702.4 million as at December 31, 2017. These investment properties are stated at fair values based on independent external valuations carried out by independent valuers based on income capitalisation approach and direct comparison method. The valuation of investment properties requires significant judgement and estimation. The valuation involves judgement in selecting an appropriate valuation methodology and estimates which are used in the underlying assumptions. These estimates include rate of capitalisation, rental growth, discount rates and adjustments made for differences between the subject properties and comparables taking into consideration differences such as location, size and tenure.

Our audit performed and responses thereon

Our audit procedures included understanding management's process in selecting the external valuers with the appropriate knowledge and experience and how the valuation reports are used in determining the fair values for accounting purpose. We evaluated the qualifications and competence of the external valuers.

We held discussions with valuers to understand the valuation methodologies used and the underlying assumptions. We tested the inputs used in the valuation to rental agreements where appropriate, and challenged the capitalisation, discount, and terminal yield rates for the subject properties based on income capitalisation method. We also evaluated the reasons underlying the directional movement of fair value for the subject properties based on direct comparison method.

We noted that the Group has a process to select valuers with appropriate knowledge and to review and accept the valuations. We are satisfied with the competency and objectivity of the valuers selected. We noted the valuation methodologies used are in line with general market practices and the key assumptions, including capitalisation, rental growth and discount rates, used in the valuations are also within a reasonable range. We have also assessed the disclosures in the financial statements to be appropriate.

Valuation for completed properties held for sale

The Group has completed residential properties held for sale in Singapore and Thailand. These are stated at the lower of cost and their net realisable value, amounting to $42.3 million as at December 31, 2017. Weak demand of residential properties may continue to impact valuation of the Group's residential properties. Management estimates the net realisable value based on recent transacted sales of the existing units as well as similar properties in the surrounding location. The assessment is performed on a unit-by-unit basis taking into consideration the location and type of the underlying unit.

Our audit performed and responses thereon

We noted that the Group estimates the expected net realisable value by taking into consideration historical price trends, forecast selling prices, macroeconomic developments and industry knowledge. We challenged the Group's forecast selling prices by comparing the forecast selling price to, where available, recently transacted prices and prices of similar properties in the surrounding location. We found that the estimates are within a reasonable range of our expectation in the determination of net realisable values.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HOTEL PROPERTIES LIMITED (CONT'D)

Information other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HOTEL PROPERTIES LIMITED (CONT'D)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HOTEL PROPERTIES LIMITED (CONT'D)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Seah Gek Choo.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

March 28, 2018

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017

	Note	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
ASSETS					
Current assets:					
Cash and bank balances	6	211,803	117,179	144,540	18,187
Held-for-trading investments	7	-	806	-	-
Trade and other receivables	8	67,825	111,387	3,488	2,353
Amount due from associates and jointly controlled entities	11	199,138	194,382	5,511	5,511
Amount due from subsidiaries	14	-	-	994,483	902,429
Inventories	9	9,515	9,422	202	184
Completed properties held for sale	10	42,305	144,984	-	-
Total current assets		530,586	578,160	1,148,224	928,664
Non-current assets:					
Associates and jointly controlled entities	11	631,522	590,339	-	-
Subsidiaries	14	-	-	475,364	450,860
Available-for-sale investments	15	93,353	57,025	-	-
Property, plant and equipment	16	1,372,067	1,245,447	226,359	228,565
Investment properties	17	702,359	686,348	-	-
Derivative financial instruments	21	12,963	12,489	12,963	12,489
Deferred tax assets	22	3,367	4,236	-	-
Intangible assets	18	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	19	194,991	282,220	74,993	24,992
Trade and other payables	20	135,365	126,829	29,666	24,604
Amount due to subsidiaries	14	-	-	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	14	-	-	157,298	22,980
Long-term borrowings	19	809,188	710,087	499,244	455,503
Deferred tax liabilities	22	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	23	721,143	719,693	721,143	719,693
Reserves		1,210,137	1,073,536	186,502	178,999
Equity attributable to owners of the Company		1,931,280	1,793,229	907,645	898,692
Perpetual capital securities	25	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**

See accompanying notes to financial statements.

CONSOLIDATED INCOME STATEMENT

YEAR ENDED DECEMBER 31, 2017

	Note	Group 2017 $'000	Group 2016 $'000
Revenue	26	659,160	577,616
Cost of sales		(489,600)	(436,135)
Gross profit		169,560	141,481
Other operating income	27	17,874	62,044
Administrative expenses		(76,993)	(68,768)
Other operating expenses	27	(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	17	12,000	(2,350)
Profit before income tax	27	217,272	135,503
Income tax expense	28	(37,815)	(26,944)
Profit for the year		179,457	108,559
Attributable to:			
Owners of the Company	29	173,682	103,452
Non-controlling interests		5,775	5,107
		179,457	108,559
Earnings per share (Cents):	29		
- basic		31.82	18.13
- diluted		31.75	18.09

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2017

	Group	
	2017 **$'000**	**2016** **$'000**
Profit for the year	179,457	108,559
Other comprehensive income (net of tax):		
Item that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit obligation	(463)	(224)
Items that may be reclassified subsequently to profit or loss		
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 for the year	189,831	121,819
Attributable to:		
Owners of the Company	187,115	114,753
Non-controlling interests	2,716	7,066
	189,831	121,819

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2017

Group	Share capital $'000	Retained profits $'000	Other reserves $'000	Attributable to owners of the Company $'000	Perpetual capital securities $'000	Subtotal $'000	Non-controlling interests $'000	Total equity $'000
			(Note 24)					
Balance as at January 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
Transaction with owners, recognised directly in equity								
Recognition of share-based payments	-	-	5,248	5,248	-	5,248	-	5,248
Dividends (Note 30)	-	(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 December 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
Transaction with owners, recognised directly in equity								
Recognition of share-based payments	-	-	2,296	2,296	-	2,296	-	2,296
Dividends (Note 30)	-	(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 December 31, 2017	**721,143**	**1,081,845**	**128,292**	**1,931,280**	**148,753**	**2,080,033**	**95,208**	**2,175,241**

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2017 (CONT'D)

Company	Share capital $'000	Retained profits $'000	Other reserves $'000	Attributable to owners of the Company $'000	Perpetual capital securities $'000	Total equity $'000
			(Note 24)			
Balance as at January 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
Transaction with owners, recognised directly in equity						
Recognition of share-based payments	-	-	5,248	5,248	-	5,248
Dividends (Note 30)	-	(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 December 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
Transaction with owners, recognised directly in equity						
Recognition of share-based payments	-	-	2,296	2,296	-	2,296
Dividends (Note 30)	-	(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 December 31, 2017	**721,143**	**64,197**	**122,305**	**907,645**	**148,753**	**1,056,398**

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2017

	Group 2017 $'000	Group 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
Fair value gain in held-for-trading investments	(87)	(1,162)
Gain on disposal of property, plant and equipment	(201)	(41,272)
Gain on deemed disposal of associates	(10,843)	-
Finance costs	28,665	30,317
Interest income	(1,116)	(2,985)
Dividend income	(3,542)	(1,947)
Operating cash flows before movements in working capital	152,887	145,720
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	893	356
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 assets	(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
Cash used in investing activities	(133,172)	(57,896)

* Includes interest income of $17,204,000 (2016: $44,250,000) and dividend income of $51,781,000 (2016: $25,732,000) received from associates and jointly controlled entities during the year.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2017 (CONT'D)

	Group	
	2017 $'000	**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	-
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**

The cash and cash equivalents as at December 31, 2017, for the purposes of Consolidated Statement of Cash Flows, comprise of cash and bank balances less deposits pledged to banks (Note 6).

Note A

Effect of acquisition of additional interests in associates for the year ended December 31, 2017

	$'000
Current assets	7,062
Current liabilities	(5,937)
Net current assets	1,125
Other non-current assets	66,367
Other non-current liabilities	(16,155)
	51,337
Net investment in associates	(13,954)
Gain on deemed disposal	(10,843)
Goodwill (Note 18)	9,409
Purchase consideration	35,949
Cash of associates acquired	(5,300)
Cash outflow arising from acquisition of additional interests in associates	30,649

As a result of the above acquisition, the associates were reclassified to subsidiaries during the financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2017 (CONT'D)

Note B

Effect of acquisition of interest in a subsidiary for the year ended December 31, 2016

	$'000
Current assets	853
Current liabilities	(1,089)
Net current liabilities	(236)
Other non-current assets	24,507
	24,271
Goodwill (Note 18)	274
Purchase consideration	24,545
Cash of subsidiary acquired	(474)
Cash outflow arising from acquisition of interest in a subsidiary	24,071

If the acquisitions had been completed at the beginning of the financial year, the Group's revenue and profit for the year would have been $677.3 million (2016: $582.4 million) and $180.4 million (2016: $108.2 million) respectively.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

Group	$'000
Borrowings and interest payable:	
As at January 1, 2017	997,635
Acquisition of additional interests in associates	12,464
Financing cash flows (1)	(11,579)
Finance costs	28,665
Foreign exchange movement	(17,001)
Other changes (2)	(650)
As at December 31, 2017	1,009,534

Note:

(1) The cash flows make up the net amount of additional borrowings, repayment of borrowings and finance costs paid in the consolidated statement of cash flows.

(2) Other changes include movement in bank credit facility fees.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

1. GENERAL

The Company (Registration No. 198000348Z) is incorporated in the Republic of Singapore with its principal place of business and registered office at 50 Cuscaden Road, #08-01 HPL House, Singapore 249724. The principal place of business for the hotel operations of Hilton Singapore is at 581 Orchard Road, Singapore 238883.

The Company's immediate and ultimate holding companies are 68 Holdings Pte. Ltd. and Cuscaden Partners Pte. Ltd. respectively, both incorporated in the Republic of Singapore. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activities of the Company are those of a hotelier and an investment holding company. The principal activities of subsidiaries, significant associates and jointly controlled entities are described in Notes 34, 35 and 36 respectively to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2017 were authorised for issue by the Board of Directors on March 28, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements are prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payments*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

ADOPTION OF NEW AND REVISED STANDARDS - In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after January 1, 2017. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and the Company's accounting policies.

At the date of authorisation of these financial statements, the following FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective during the financial year:

- FRS 109 *Financial Instruments*[1]
- FRS 115 *Revenue from contracts with customers*[1]
- FRS 116 *Leases*[2]

[1] Applies to annual period beginning on or after January 1, 2018, with early application permitted.

[2] Applies to annual period beginning on or after January 1, 2019, with earlier application permitted if FRS 115 is adopted.

Consequential amendments were also made to various standards as a result of these new/revised standards.

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting and (iii) impairment requirements for financial assets.

All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at fair value through profit or loss (FVTPL) at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.

In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Group plans to adopt FRS 109 when it becomes effective in 2018, which would result in changes to the accounting policies relating to the impairment provisions of financial assets and liabilities. The Group will consider whether a lifetime or 12-month expected credit losses on financial assets and liabilities would be recognised, which is dependent on whether there has been a significant increase in the credit risk of the assets and liabilities from initial recognition to the date of initial application of FRS 109. Additional disclosures will also be made. Based on assessment as at the financial year end, the Group does not expect any significant impact on the accounting of its existing hedges on the adoption of FRS 109.

FRS 115 *Revenue from contracts with customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

Entities can choose to apply the standard retrospectively or to use a modified approach, which is to apply the standard retrospectively only to contracts that are not completed contracts at the date of initial application.

The Group plans to adopt FRS 115 when it becomes effective in 2018. Based on assessment as at the financial year end, the Group does not expect any significant impact on the financial statements upon adoption.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

FRS 116 *Leases*

FRS 116 was issued in July 2016 and will supersede FRS 17 *Leases* and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

The Group has performed a preliminary high-level assessment of the new standard on the existing operating lease arrangements as a lessee. Based on the assessment, the Group expects these operating leases to be recognised as assets with corresponding lease liabilities in the financial statements. The Group plans to adopt the standard when it becomes effective in 2019.

ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK IN 2018 – In December 2017, the Accounting Standards Council has issued a new financial reporting framework - Singapore Financial Reporting Standards (International) ("SFRS(I)"). Singapore-incorporated companies listed on the Singapore Exchange will be required to apply the new Singapore financial reporting framework, SFRS(I), that is identical to the International Financial Reporting Standards as issued by the International Accounting Standards Board for annual periods beginning on or after January 1, 2018. The Group will be adopting SFRS(I) for the first time for the financial year ending December 31, 2018, and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* will be applied in the first set of SFRS(I) financial statements, with retrospective application to the comparative financial year ended December 31, 2017, and the opening Statement of Financial Position as at January 1, 2017 (date of transition).

The Group expects that the adoption of the new framework will have no material impact on the finanical statements in the year of inital application, other than the reclassification of the credit balance of $221,479,000 in the asset revaluation reserve at the date of transition to retained earnings. The Group also plans to elect the optional exemption to reset its cumulative foreign currency translation reserve to nil at the date of transition by reclassifying the debit balance of $87,268,000 in the foreign currency translation reserve at that date to retained earnings.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies used in line with the Group's accounting policies.

All significant intra-group transactions and balances are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, or when appropriate, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's financial statements, investments in subsidiaries and associates are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

BUSINESS COMBINATION – Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of each acquisition is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed by the Group, and any equity interests issued by the Group, in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments*: *Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 102 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year from acquisition date.

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

For the acquisition of an asset or a group of assets that does not constitute a business, the Group identifies and recognises the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets in FRS 38 *Intangible Assets*) and liabilities assumed. The cost of acquisition is allocated to the individual assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Investments are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, and in the case of available-for-sale investments, directly attributable transaction costs are also included.

Investments are classified as either investments held-for-trading or as available-for-sale, and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognised in other comprehensive income, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss. Impairment losses recognised in profit or loss for available-for-sale equity instruments are not subsequently reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income and accumulated in other capital reserves. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Trade and other receivables and amount due from subsidiaries, associates and jointly controlled entities are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents comprise cash on hand, demand deposits (net of deposits pledged), bank overdrafts and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Financial liabilities

Trade and other payables and amount due to subsidiaries are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate fluctuations. The Group maintains natural hedges, whenever possible, by borrowing in currencies that match the future revenue stream to be generated from its investments.

The Group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially measured at fair value on the contracted date, and are remeasured to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised in other comprehensive income and the ineffective portion is recognised directly in profit or loss. Changes in fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit or loss as they arise.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and hedged item. On an ongoing basis, the Group reviews the hedging relationship for effectiveness.

Hedging derivatives is classified as a non-current asset or a non-current liability if the remaining maturity of the hedge relationship is more than 12 months and as a current asset or a current liability if the remaining maturity of the hedge relationship is less than 12 months.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, the net cumulative gain or loss on the hedging instrument previously recognised in other comprehensive income is reclassified to profit or loss for the period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the moving average/first-in first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

DEVELOPMENT PROPERTIES - Development properties for sale are stated at cost plus, where appropriate, a portion of the attributable profit, net of progress billings. The cost of property under development includes land cost, acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are also capitalised as part of the cost of the development property until the completion of development.

Revenue and costs are recognised based on the percentage of completion method when the transfer of significant risks and rewards of ownership occurs on a continuous transfer basis as construction progresses. Under the percentage of completion method, profits are recognised by reference to the stage of completion of the development activity at the end of the reporting period based on survey of work completed at the end of each reporting period performed by independent qualified surveyors. Profits are recognised only in respect of properties with finalised sales agreements. When losses are expected, full provision is made in the financial statements after adequate consideration has been made for estimated costs to completion. Developments are considered complete upon the issue of temporary occupation permits.

Revenue and costs are recognised based on the completion of construction method when the transfer of significant risks and rewards of ownership coincides with the time when the property is completed or when the development units are delivered to the purchasers.

COMPLETED PROPERTIES HELD FOR SALE - Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is calculated using the specific identification method. Net realisable value represents the estimated selling price less all estimated costs to be incurred in the marketing and selling.

ASSOCIATES AND JOINTLY CONTROLLED ENTITIES - An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and jointly controlled entities (collectively referred to as "equity accounted investees") are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with FRS 105. Under the equity method, investments in equity accounted investees are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the investees. Losses of an investee in excess of the Group's interest in that investee (which includes any long-term interests that, in substance, form part of the Group's net investment in the investee) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the investee.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

An investment in an equity accounted investee is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the equity accounted investees recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of investment, after reassessment, is recognised immediately in profit or loss.

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an equity accounted investee. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an equity accounted investee, or when the investment is classified as held for sale. When the Group retains an interest in the former investee and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the equity accounted investee at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the equity accounted investee is included in the determination of the gain or loss on disposal of the investee. In addition, the Group reclassifies to profit or loss all amounts previously recognised in other comprehensive income in relation to that investee on the same basis as would have been required if that investee had directly disposed of the related assets or liabilities.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an equity accounted investee but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Where a Group entity transacts with an equity accounted investee of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant equity accounted investees.

The gain or loss arising on the disposal of an equity accounted investee of the Group is determined as the difference between the sales proceeds and its net carrying amount and is recognised in profit or loss. Amounts previously recognised in other comprehensive income in relation to the equity accounted investee are reclassified from equity to profit or loss (as a reclassification adjustment) upon disposal.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost or valuation, less accumulated depreciation and any accumulated impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount.

Any revaluation increase arising on the revaluation of freehold land and long-term leasehold land is recognised in other comprehensive income and accumulated in asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged to profit or loss. A decrease in carrying amount arising on the revaluation of freehold land and long-term leasehold land is charged to profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Properties in the course of construction are carried at cost, less any recognised impairment loss. Cost includes professional fees, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Operating equipment is written off based on periodic physical inventory counts. Depreciation is charged so as to write off the cost of assets, other than freehold and long-term leasehold land and construction-in-progress, over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold land and property	-	19 to 89 years
Buildings and improvements	-	5 to 50 years
Plant and equipment, furniture, fixtures and fittings	-	3 to 20 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is not provided on freehold and long-term leasehold land and construction-in-progress. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in profit or loss. On the sale or retirement of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained profits.

INVESTMENT PROPERTIES - Investment properties are held on a long-term basis for investment potential and income. Investment properties are measured initially at their cost, including transaction cost. Subsequent to initial recognition, investment properties are stated at their fair values based on valuation performed by professional valuers on an open market value basis. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss for the period in which they arise.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

INTANGIBLE ASSETS - These comprise goodwill and franchise rights. Franchise rights are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over the estimated useful lives of 20 years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets (excluding goodwill) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit or loss, unless the relevant asset (cash-generating unit) is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair values at the inception of the lease, or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's accounting policy for borrowing costs.

Rental payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received or receivable as an incentive to enter into an operating lease are also spread over on a straight-line basis over the lease term.

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligations. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation, and is discounted to present value where the effect is material.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

SHARE-BASED PAYMENTS - The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

a) Sales other than revenue from development properties are recognised when all the following conditions are satisfied:

   - the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
   - the amount of revenue can be measured reliably;
   - it is probable that the economic benefits associated with the transaction will flow to the Group; and
   - the costs incurred or to be incurred in respect of the transaction can be measured reliably.

b) Revenue from development properties is recognised in accordance with the Group's accounting policy on development properties (see above);

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c) Hotel room revenue is recognised based on room occupancy while other hotel revenue are recognised when the goods are delivered or the services are rendered to the customers;

d) Rental income is recognised on a straight-line basis over the term of the relevant lease;

e) Management fee income is recognised when services are rendered;

f) Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable; and

g) Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

For defined benefit retirement benefit plans, the cost of providing benefits is determined by actuarial valuations carried out at the end of each reporting period. Remeasurement, comprising actuarial gains or losses, is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in the other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in the profit or loss in the period of a plan amendment.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and respective subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates (and tax laws) that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

For the purpose of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except where they arise from the initial accounting for a business combination, in which case the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each entity within the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in the Group's exchange fluctuation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in exchange fluctuation reserve (attributed to non-controlling interest, as appropriate). Such reserves are reclassified from equity to profit or loss (as a reclassification adjustment) on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with FRSs requires the exercise of judgement, the use of estimates and assumptions concerning the future by management.

The Group on its own or in reliance on third party experts, applies estimates, judgements and assumptions in various areas including the following:

i) Level of impairment of tangible and intangible assets.
Determining whether an asset is impaired requires an estimation of the recoverable amount of this asset. The recoverable amount of the asset is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal is largely based on the fair value of the asset determined by independent professional valuer. The value in use calculation requires the Group to estimate the future cash flows expected from the investment and an appropriate discount rate in order to calculate the present value of the future cash flows. The net realisable value of completed properties held for sale is estimated based on recent transacted sales of the existing units as well as similar properties in the surrounding location. The assessment is performed on a unit-by-unit basis taking into consideration the location and type of the underlying unit.

ii) Determination of fair value of unquoted available-for-sale investments, investment properties and financial derivatives, where the details are described in Notes 15, 17 and 4 respectively.

iii) Assessment of adequacy of provision for income taxes.
The Group is subject to income taxes in numerous jurisdictions. Judgement is involved in determining the group-wide provision for income taxes. The Group recognises the expected liabilities for tax based on an estimation of the likely taxes due, which requires judgement as to the ultimate tax determination of certain items, where the actual liability arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax provisions in the period when such determination is made.

These estimates, judgements and assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The carrying amounts of the above are disclosed in the respective notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Financial assets				
Held-for-trading investments	-	806	-	-
Derivative financial instruments	12,963	12,489	12,963	12,489
Advances and receivables (including cash and bank balances)	463,251	405,749	1,490,350	1,246,952
Available-for-sale investments	93,353	57,025	-	-
Financial liabilities				
Other financial liabilities	1,139,544	1,119,136	805,657	572,535

The main risks arising from the Group's financial instruments are interest rate risk, foreign exchange risk, credit risk, market risk and liquidity risk. The policies for managing each of these risks are summarised below:

<u>Interest rate risk management</u>

The Group's and the Company's exposure to the risk of changes in interest rates relates mainly to bank borrowings and advances to and from subsidiaries respectively. The Group actively reviews its debt portfolio to achieve the most favourable interest rates available. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. Hedging instruments such as interest rate swaps are also used where appropriate to minimise its exposure to interest rate volatility.

Interest rate sensitivity

The sensitivity analysis below have been determined based on the exposures to interest rates for significant non-derivatives instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

At the end of the reporting period, it is estimated that a 50 basis point increase/decrease in interest rates would decrease/increase the Group's and the Company's profit before tax by approximately $2.9 million and $0.8 million respectively (2016: $2.7 million and $1.7 million respectively).

<u>Foreign exchange risk management</u>

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to United States dollars, Sterling pounds, Australian dollars and Malaysian ringgit.

The Group maintains natural hedges, whenever possible, by borrowing in currencies that match the future revenue stream to be generated from its investments. Hedging instruments such as cross currency swaps are also used where appropriate to hedge its exposure to foreign currency risk. Further details on the cross currency swaps are found in Note 21 to the financial statements.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

At the reporting date, the significant carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies, after taking into consideration the cross currency swaps, are as follows:

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
United States dollars	103,243	53,197	95,686	86,222	599	-	632	449
Sterling pounds	279,964	261,352	190,713	100,449	149,872	29,113	149,195	29,173
Australian dollars	-	18,429	-	23,398	-	2,593	-	1,947
Malaysian ringgit	-	-	8,998	8,447	-	-	-	-

Foreign currency sensitivity

The sensitivity analysis uses a 10% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity analysis includes only significant outstanding foreign currency denominated monetary items not designated as hedge and adjusts their translation at the year end for a 10% change in foreign currency rates. The following table details the sensitivity to a 10% increase/decrease in the functional currency against the relevant foreign currencies. If the functional currency strengthens by 10% against the relevant foreign currency, profit before tax and other equity will increase (decrease) by:

	US dollar impact		Sterling pound impact		Australian dollar impact		Malaysian ringgit impact	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Group								
Profit before tax	(404)	(179)	(69)	41	-	(497)	-	-
Other equity	1,160	(3,123)	8,994	16,049	-	-	(900)	(845)
Company								
Profit before tax	(3)	(45)	68	(6)	-	65	-	-

If the functional currency weakens by 10% against the relevant foreign currency, profit before tax and other equity will (increase) decrease by the same amounts.

Credit risk management

The Group has a diversified portfolio of businesses and at the end of the reporting period, there was no significant concentration of credit risk with any entity. The Group has guidelines governing the process of granting credit as a service or product provider in its respective segments of business. The Group and the Company have considered the credit quality of the advances and receivables and determined that the amounts are considered recoverable except as disclosed.

The carrying amount of advances and receivables (including cash and bank balances) represents the maximum credit risk exposure for the Group and the Company at the end of the reporting period.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

Liquidity risk management

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient level of cash or cash convertible investments to meet its working capital requirement. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

Liquidity risk analysis

The following are the expected contractual undiscounted cash flows of financial liabilities, including interest payments:

		Contractual cash flows (including interest payments)			
	Carrying amount $'000	**Total $'000**	**On demand or within 1 year $'000**	**Within 2 to 5 years $'000**	**After 5 years $'000**
Group					
2017					
Non-interest bearing	135,365	135,365	135,365	-	-
Interest bearing	1,004,179	1,071,987	220,130	736,795	115,062
	1,139,544	1,207,352	355,495	736,795	115,062
2016					
Non-interest bearing	126,828	126,828	126,828	-	-
Interest bearing	992,307	1,071,227	306,131	555,260	209,836
	1,119,135	1,198,055	432,959	555,260	209,836
Company					
2017					
Non-interest bearing	74,122	74,122	74,122	-	-
Interest bearing	731,535	788,253	94,043	591,638	102,572
	805,657	862,375	168,165	591,638	102,572
2016					
Non-interest bearing	69,060	69,060	69,060	-	-
Interest bearing	503,475	570,493	42,665	321,585	206,243
	572,535	639,553	111,725	321,585	206,243

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

The Group and the Company have provided corporate guarantees of approximately $134 million (2016: $65 million) and $450 million (2016: $456 million) to financial institutions in respect of credit facilities granted to certain associates and certain subsidiaries respectively at the end of the reporting period. The earliest period that the corporate guarantees could be called is within 1 year (2016: 1 year) from the end of the reporting period. Based on expectations at the end of the reporting period, the Group and the Company consider that it is more likely than not that no amount will be payable under the arrangements. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses. The Group and the Company have also obtained bankers' guarantees as disclosed in Note 19.

The Group's financial assets are due on demand or within 1 year. The Company's financial assets are due on demand or within 1 year except for advances to subsidiaries (Note 14).

Market risk management

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to quoted securities or factors affecting all securities traded in the market.

The Group has invested in various securities. The valuations and liquidity of these investments are subject to market risk.

At the end of the reporting period, it is estimated that a 10% change in market prices would have an impact on the Group's profit before tax and equity for the year by approximately Nil (2016: $0.1 million) and $7.4 million (2016: $4.7 million) respectively.

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value.

The total capital of the Group as at the end of the reporting period is represented by the "Equity attributable to owners of the Company" as presented on the statements of financial position.

The Group manages its capital structure and makes adjustment to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives during the years ended December 31, 2017 and December 31, 2016.

Fair values of financial assets and financial liabilities

The carrying amounts of cash and bank balances, trade and other current receivables and payables, provisions and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The carrying amounts of long-term financial liabilities and financial assets comprising mainly long-term borrowings and certain advances to subsidiaries approximate their respective fair values as they are based on interest rates that approximate market interest rates except as disclosed in Note 19(a).

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

The fair values of other classes of financial assets and liabilities are determined as follows:

i) the fair value of financial assets and financial liabilities traded on active liquid markets are determined with reference to quoted market prices; and

ii) the fair value of unquoted financial instruments are determined in accordance with Note 15.

The table below analyses financial instruments carried at fair value, by valuation method.

	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Group				
2017				
Financial assets				
Available-for-sale investments	93,353	75,311	-	*18,042
Derivative financial instruments	12,963	-	**12,963	-
2016				
Financial assets				
Held-for-trading investments	806	806	-	-
Available-for-sale investments	57,025	47,049	-	*9,976
Derivative financial instruments	12,489	-	**12,489	-

* The key unobservable input used to determine the fair value of the available-for-sale investments is the net asset value. The higher the net asset value, the higher the fair value of the investments.

** Derivative financial instruments are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present valuation calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rate.

5. RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand.

5. RELATED PARTY TRANSACTIONS (CONT'D)

a) Significant transactions with such related parties during the year, other than those disclosed elsewhere in the financial statements, are as follows:

	Group	
	2017 $'000	**2016 $'000**
Transactions with companies in which certain directors are deemed to have interests:		
Management fee expense	987	847
Management fee income	(1,059)	(1,238)
Rental income	(8,907)	(10,019)
Transactions with associates:		
Management fee income	(1,335)	(1,238)

b) The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2017 $'000	**2016 $'000**
Short-term benefits	21,703	19,612
Post-employment benefits	286	332
Share-based payments	1,974	4,278
	23,963	24,222

6. CASH AND BANK BALANCES

a) As at December 31, 2017, cash and bank balances of approximately $4,206,000 (2016: $3,808,000) were pledged to the banks to secure certain credit facilities.

b) Certain bank deposits of the Group bear annual interest ranging from 0% to 5.0% (2016: 0% to 5.5%). The interest rate is re-fixed on a short-term basis typically 6 months or less.

7. HELD-FOR-TRADING INVESTMENTS

	Group	
	2017 $'000	**2016 $'000**
Quoted equity shares, at fair value	-	806

The fair values of these quoted equity shares were based on closing quoted market prices on the last market day of the previous financial year.

8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Trade receivables	51,184	64,402	2,005	1,401
Less: Allowances for doubtful receivables	(533)	(450)	(22)	(7)
	50,651	63,952	1,983	1,394
Other deposits	3,049	2,474	644	1
Other receivables	1,659	30,236	373	475
Prepayments	12,466	14,725	488	483
Total	67,825	111,387	3,488	2,353

Movement in allowance for doubtful receivables:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Balance at beginning of year	450	222	7	-
Amount written off during the year	(27)	-	-	-
Net increase in allowance recognised in profit or loss	130	217	15	7
Exchange realignment	(20)	11	-	-
Balance at end of year	533	450	22	7

Interest is charged at rates ranging from 14% to 18% (2016: 14% to 18%) per annum on certain overdue trade balances. In the previous financial year, an amount of $19.3 million included in other receivables bore interest ranging from 8% to 12% per annum. Trade receivables are provided for based on estimated irrecoverable amounts from the sale of goods and services, determined by reference to past default experience and objective evidence of impairment which includes ageing of receivables and the financial condition of the debtor.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable. The concentration of credit risk is limited due to the customer base being large and unrelated to one another.

Included in the Group's trade receivables balance are debtors with a carrying amount of $3.8 million (2016: $7.0 million) which are past due as at the end of the reporting period for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The average age of these receivables is 45 days (2016: 45 days).

9. INVENTORIES

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Saleable merchandise	7,432	7,155	202	184
Operating supplies	2,083	2,267	-	-
Total	9,515	9,422	202	184

10. COMPLETED PROPERTIES HELD FOR SALE

Location	Title	Description
The Met 125 South Sathorn Road, Bangkok, Thailand	Freehold	12 (2016: 12) condominium units with an aggregate floor area of approximately 27,220 (2016: 27,147) square feet
Tomlinson Heights 31 Tomlinson Road, Singapore 247855	Freehold	4 (2016: 20) condominium units with an aggregate floor area of approximately 16,188 (2016: 69,028) square feet

11. ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Associates (Note 12)	292,431	298,214	-	-
Jointly controlled entities (Note 13)	339,091	292,125	-	-
Total	631,522	590,339	-	-
Amount due from associates – current (Note 12)	61,161	140,736	5,511	5,511
Amount due from jointly controlled entities – current (Note 13)	137,977	53,646	-	-
Total	199,138	194,382	5,511	5,511

12. ASSOCIATES

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Cost of investments in associates[1]	339,990	304,883	-	-
Share of post-acquisition results and reserves net of dividend received	(84,107)	(53,076)	-	-
Advances to associates[2]	36,819	46,407	-	-
Impairment loss	(271)	-	-	-
Net (Note 11)	292,431	298,214	-	-

(1) During the financial year, equity contribution of $39,910,000 (2016: $970,000) was made in an associate of the Group in which a director is deemed to have interest.

(2) Advances to associates are in substance net investment.

Impairment loss is determined based on estimated irrecoverable amounts by reference to the financial conditions of the associates. Arising from this exercise, an impairment loss of $271,000 is charged to the Group's profit or loss for the current financial year.

As at December 31, 2017, the amounts due from associates (classified as current asset) to the Group and Company of $61,161,000 (2016: $140,736,000) and $5,511,000 (2016: $5,511,000) respectively are unsecured, interest-free and repayable on demand, except for the amount of $808,000 (2016: $760,000) due to the Group which bears interest at 6.0% (2016: 6.0%) per annum.

Information relating to significant associates is shown in Note 35 to the financial statements.

13. JOINTLY CONTROLLED ENTITIES

	Group	
	2017 $'000	2016 $'000
Cost of investments in jointly controlled entities	195,606	260,937
Share of post-acquisition results and reserves net of dividend received	30,947	(70,649)
Advances to jointly controlled entities[1]	115,998	101,837
Impairment loss	(3,460)	-
Net (Note 11)	339,091	292,125

[1] Advances to jointly controlled entities are in substance net investment.

Impairment loss is determined based on estimated irrecoverable amounts by reference to the financial conditions of the jointly controlled entities. Arising from this exercise, an impairment loss of $3,460,000 is charged to the Group's profit or loss for the current financial year.

As at December 31, 2017, the amount due from jointly controlled entities (classified as current asset) to the Group of $137,977,000 (2016: $53,646,000) is unsecured, interest-free and repayable on demand, except for the amount of $13,699,000 (2016: $36,490,000) which bears interest at 12.0% (2016: interest ranging from 12.3% to 14.0%) per annum.

Information relating to significant jointly controlled entities is shown in Note 36 to the financial statements.

14. SUBSIDIARIES

	Company	
	2017 $'000	2016 $'000
Total advances to subsidiaries	1,361,720	1,239,802
Less: Impairment loss	(23,777)	(18,417)
	1,337,943	1,221,385
Less: Amount due from subsidiaries classified as current asset	(994,483)	(902,429)
Non-current advances to subsidiaries	343,460	318,956
Unquoted equity shares, at cost	131,904	131,904
Total	475,364	450,860

As at December 31, 2017, advances to subsidiaries of $343,460,000 (2016: $318,956,000) bear interest at rates ranging from 1.7% to 3.9% (2016: 1.2% to 3.9%) per annum, are unsecured and substantially non-trade in nature.

The amounts due from subsidiaries of $994,483,000 (2016: $902,429,000) are unsecured, interest-free and repayable on demand.

Impairment loss is determined based on estimated irrecoverable amounts by reference to the financial conditions of the subsidiaries. Arising from this exercise, an impairment loss of $5,360,000 is charged to the Company's profit or loss for the current financial year.

As at December 31, 2017, the amounts due to subsidiaries of $44,456,000 (2016: $44,456,000) are unsecured, interest-free and repayable on demand. The advances from subsidiaries of $157,298,000 (2016: $22,980,000) bear interest at rates ranging from 1.0% to 3.2% (2016: 2.1% to 2.4%) per annum and are unsecured.

During the financial year, interest income from subsidiaries amounted to $10,864,000 (2016: $8,645,000).

Information relating to subsidiaries is shown in Note 34 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

15. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2017 $'000	**2016 $'000**
Non-current:		
Unquoted equity shares, at fair value	18,042	9,976
Quoted equity shares, at fair value	74,289	47,049
Quoted debt securities, at fair value	1,022	-
Total	93,353	57,025

The fair values of the unquoted equity shares are determined based on the net asset values of these investments which approximate the fair values. The fair values of the quoted equity shares and debt securities are determined based on market prices at the end of the reporting period. The quoted debt securities bear fixed interest at 5.2% per annum and mature on July 19, 2024.

During the financial year ended December 31, 2016, there was a reversal of impairment loss of $147,000 due to the change in fair value of the quoted debt securities by reference to the market prices.

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold and leasehold land $'000	**Leasehold property $'000**	**Buildings and improvements $'000**	**Plant and equipment, furniture, fixtures and fittings $'000**	**Construction-in-progress $'000**	**Total $'000**
Group						
Cost or valuation:						
At January 1, 2016	554,568	116,872	776,143	440,585	39,744	1,927,912
Additions	260	-	19,288	24,112	36,327	79,987
Arising from acquisition of interest in a subsidiary	20,546	-	3,458	541	-	24,545
Reclassifications	-	-	9,629	9,407	(19,036)	-
Disposals	(14,382)	-	(7,506)	(16,094)	-	(37,982)
Exchange realignment	5,530	-	15,735	6,793	1,934	29,992
At December 31, 2016	566,522	116,872	816,747	465,344	58,969	2,024,454
Additions	60,242	-	6,664	13,290	73,446	153,642
Arising from acquisition of additional interests in associates	33,030	-	26,786	6,165	-	65,981
Reclassifications	-	-	32,519	17,043	(49,562)	-
Disposals	-	-	(63)	(12,523)	-	(12,586)
Exchange realignment	(3,460)	-	(41,468)	(16,677)	(3,509)	(65,114)
At December 31, 2017	656,334	116,872	841,185	472,642	79,344	2,166,377

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold and leasehold land $'000	Leasehold property $'000	Buildings and improvements $'000	Plant and equipment, furniture, fixtures and fittings $'000	Construction-in-progress $'000	Total $'000
Group						
Comprising:						
December 31, 2016						
At cost	212,306	116,872	816,747	465,344	58,969	1,670,238
At valuation	354,216	-	-	-	-	354,216
	566,522	116,872	816,747	465,344	58,969	2,024,454
December 31, 2017						
At cost	302,369	116,872	841,185	472,642	79,344	1,812,412
At valuation	353,965	-	-	-	-	353,965
	656,334	116,872	841,185	472,642	79,344	2,166,377
Accumulated depreciation:						
At January 1, 2016	19,320	35,465	321,433	350,268	-	726,486
Depreciation for the year	1,456	1,313	24,253	27,111	-	54,133
Arising from acquisition of interest in a subsidiary	-	-	19	19	-	38
Disposals	-	-	(4,993)	(15,506)	-	(20,499)
Exchange realignment	599	-	6,581	5,114	-	12,294
At December 31, 2016	21,375	36,778	347,293	367,006	-	772,452
Depreciation for the year	1,535	1,313	25,634	28,782	-	57,264
Disposals	-	-	(27)	(11,741)	-	(11,768)
Exchange realignment	(1,536)	-	(16,566)	(12,193)	-	(30,295)
At December 31, 2017	21,374	38,091	356,334	371,854	-	787,653
Impairment loss:						
At January 1, 2016	225	-	-	-	6,142	6,367
Exchange realignment	(5)	-	-	-	193	188
At December 31, 2016	220	-	-	-	6,335	6,555
Exchange realignment	5	-	-	-	97	102
At December 31, 2017	225	-	-	-	6,432	6,657
Carrying amount:						
At December 31, 2016	544,927	80,094	469,454	98,338	52,634	1,245,447
At December 31, 2017	634,735	78,781	484,851	100,788	72,912	1,372,067

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold and leasehold land $'000	Buildings and improvements $'000	Plant and equipment, furniture, fixtures and fittings $'000	Construction-in-progress $'000	Total $'000
Company					
Cost or valuation:					
At January 1, 2016	208,800	24,684	98,877	3,933	336,294
Additions	-	-	1,288	2,816	4,104
Reclassifications	-	-	6,432	(6,432)	-
Disposals	-	(568)	(11,530)	-	(12,098)
At December 31, 2016	208,800	24,116	95,067	317	328,300
Additions	-	-	1,606	1,564	3,170
Reclassifications	-	-	1,402	(1,402)	-
Disposals	-	-	(3,117)	-	(3,117)
At December 31, 2017	208,800	24,116	94,958	479	328,353
Comprising:					
December 31, 2016					
At cost	-	24,116	95,067	317	119,500
At valuation	208,800	-	-	-	208,800
	208,800	24,116	95,067	317	328,300
December 31, 2017					
At cost	-	24,116	94,958	479	119,553
At valuation	208,800	-	-	-	208,800
	208,800	24,116	94,958	479	328,353
Accumulated depreciation:					
At January 1, 2016	-	18,508	88,166	-	106,674
Depreciation for the year	-	419	4,543	-	4,962
Disposals	-	(568)	(11,333)	-	(11,901)
At December 31, 2016	-	18,359	81,376	-	99,735
Depreciation for the year	-	419	4,526	-	4,945
Disposals	-	-	(2,686)	-	(2,686)
At December 31, 2017	-	18,778	83,216	-	101,994
Carrying amount:					
At December 31, 2016	208,800	5,757	13,691	317	228,565
At December 31, 2017	208,800	5,338	11,742	479	226,359

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The freehold and long-term leasehold land are stated at valuation based on the open market value for existing use as at December 31, 1996 by DTZ Debenham Tie Leung (SEA) Pte Ltd and its associates. The revaluation surplus of the Company and of the Group has been recorded in the asset revaluation reserve. Subsequent to the above one-off revaluation, no further revaluation was done after the adoption of FRS 16 *Property, Plant and Equipment.*

Had the total freehold and long-term leasehold land been carried at historical cost less accumulated depreciation and accumulated impairment losses, their carrying amounts for the Group and Company would have been approximately $399 million (2016: $309 million) and $98 million (2016: $98 million) respectively.

As at December 31, 2017, certain property, plant and equipment with total carrying amount of $1,009 million (2016: $1,012 million) were mortgaged to banks to secure credit facilities for the Company and respective subsidiaries of the Group.

17. INVESTMENT PROPERTIES

The Group acquired two shop units amounting to $4.0 million during the financial year.

Gross rental income and direct operating expenses arising from investment properties amounted to $26.1 million (2016: $25.3 million) and $8.5 million (2016: $9.0 million) respectively for the year ended December 31, 2017.

For the year ended December 31, 2017, fair value gain recognised amounted to $12 million (2016: fair value loss of $2.4 million).

Certain investment properties amounting to approximately $665 million as at December 31, 2017 (2016: $653 million) were mortgaged to banks to secure credit facilities for the respective subsidiaries of the Group.

The fair values of the investment properties at December 31, 2017, and 2016 have been determined on the basis of valuations carried out at the respective year end dates by independent valuers having an appropriate recognised professional qualification based on income capitalisation approach and direct comparison method that reflects prevailing property market conditions and existing tenancies as at the respective dates.

Details of the investment properties and information about the fair value hierarchy as at December 31, 2017 are as follows:

	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Group				
2017				
Investment properties	702,359	-	-	702,359
2016				
Investment properties	686,348	-	-	686,348

The Group considers certain unobservable inputs used by the independent valuers in determining the fair value measurement of the Group's investment properties as sensitive to the fair value measurement. A change in these inputs will have a corresponding increase/decrease in the fair valuation as follows:

a) The higher the rental, the higher the fair value;

b) The higher the capitalisation rate which ranges from 3.0% to 5.0% (2016: 3.0% to 5.0%), the lower the fair value; and

c) The higher the transacted price of comparable units which range from $17,200 to $54,900 (2016: $17,600 to $55,600) per square metre, the higher the fair value.

18. INTANGIBLE ASSETS

	Goodwill $'000	Franchise rights $'000	Total $'000
Group			
Cost:			
At January 1, 2016	5,435	6,221	11,656
Additions	274	-	274
Exchange realignment	-	117	117
At December 31, 2016	5,709	6,338	12,047
Additions	83	-	83
Arising from acquisition of additional interests in associates	9,409	388	9,797
Exchange realignment	-	41	41
At December 31, 2017	15,201	6,767	21,968
Accumulated amortisation:			
At January 1, 2016	-	4,783	4,783
Amortisation charged against other operating expense	-	332	332
Exchange realignment	-	84	84
At December 31, 2016	-	5,199	5,199
Amortisation charged against other operating expense	-	341	341
Exchange realignment	-	43	43
At December 31, 2017	-	5,583	5,583
Impairment loss:			
At January 1, 2016	688	-	688
Exchange realignment	-	-	-
At December 31, 2016 and 2017	688	-	688
Carrying amount:			
At December 31, 2016	5,021	1,139	6,160
At December 31, 2017	14,513	1,184	15,697

Goodwill acquired in a business combination is allocated at acquisition to the cash generating units ("CGU") that are expected to benefit from that business combination. The carrying amount of goodwill attributable to certain property, plant and equipment is approximately $14.5 million (2016: $5.0 million) respectively.

The recoverable amounts of the CGU are determined from professional valuations based on income approach on properties held by the CGUs.

19. BORROWINGS AND OTHER LONG-TERM LIABILITIES

	Group		Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Due after twelve months				
Long-term bank loans	456,311	281,067	149,737	31,233
Notes payable	350,892	426,583	349,507	424,270
Other long-term liabilities	1,985	2,437	-	-
	809,188	710,087	499,244	455,503
Due within twelve months				
Current portion of long-term bank loans	119,731	256,939	-	-
Notes payable	74,993	24,992	74,993	24,992
Current portion of other long-term liabilities	267	289	-	-
	194,991	282,220	74,993	24,992
Bankers' guarantees	24,770	24,934	246	207

a) During the year, bank loans (secured) bear floating interest rates ranging from 1.0% to 4.8% (2016: 1.0% to 3.5%) per annum, and certain notes payable (unsecured) and other long-term liabilities (secured) bear fixed interest rates ranging from 3.5% to 5.0% (2016: 3.5% to 5.0%) per annum. The carrying amount and fair value of these notes and other long-term liabilities are $428,137,000 and $433,769,000 (2016: $454,301,000 and $459,323,000) respectively. The notes and other long-term liabilities are classified under level 2 of the fair value hierarchy and the fair value has been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant input being the discount rate. The facilities are repayable from 2018 to 2026 (2016: 2017 to 2026).

b) Securities include legal mortgages on properties of the Company and certain subsidiaries (Notes 16 and 17); subordinated mortgages over certain subsidiaries' lease rights, fixed and floating charges on the assets of the Company and certain subsidiaries; pledge of shares of certain subsidiaries and corporate guarantees from the Company, certain subsidiaries and certain non-controlling shareholders.

c) Bank loans at floating interest rates are contractually repriced on a short-term basis, typically six months or less.

d) The Group has obtained bankers' guarantees in favour of various statutory boards and government regulatory authorities. These guarantees are secured by the assets and undertakings as disclosed in (b) above and/or pledge of fixed deposits (Note 6) of certain subsidiaries.

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Trade payables	63,383	67,795	6,654	5,904
Accrued employee-related expenses	35,436	26,305	14,514	10,572
Accrued operating expenses	28,136	25,786	3,589	3,233
Due to companies in which certain directors have interests*	316	383	-	-
Interest payable to non-related companies	5,355	5,328	4,338	4,386
Others	2,739	1,232	571	509
Total	135,365	126,829	29,666	24,604

* Amounts due to companies in which certain directors have interests are unsecured, interest-free and repayable on demand.

The average credit period on purchases of goods and services ranges from 1 to 2 months (2016: 1 to 2 months).

21. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Non-current:				
Cross currency swaps	12,963	12,489	12,963	12,489

The Group uses cross currency swaps to manage its exposure to exchange rate movements on its investments. At the end of the reporting period, the notional value of outstanding cross currency swaps to which the Group has committed is $100 million (2016: $100 million).

The fair values of swaps entered into at December 31, 2017 are estimated at $13.0 million (2016: $12.5 million). At the Group, all of these swaps are designated and effective as net investment hedges and the fair values thereof have been deferred in equity. At the Company, one of the swaps is designated and effective as cash flow hedge and the fair value has been deferred in equity. Fair value of the other swap not designated in hedge accounting relationship have been charged to profit or loss for the year.

22. DEFERRED TAX ASSETS / LIABILITIES

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Deferred tax assets	(3,367)	(4,236)	-	-
Deferred tax liabilities	18,084	15,221	855	1,004
Net	14,717	10,985	855	1,004

22. DEFERRED TAX ASSETS / LIABILITIES (CONT'D)

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

	Tax losses $'000	Net accelerated tax depreciation $'000	Other temporary differences $'000	Total $'000
Group				
At January 1, 2016	(11)	8,047	2,392	10,428
Charge to (Reversal from) profit or loss (Note 28)	(464)	437	576	549
Reversal from other comprehensive income	-	-	(77)	(77)
Exchange realignment	(21)	158	(52)	85
At December 31, 2016	(496)	8,642	2,839	10,985
Charge to (Reversal from) profit or loss (Note 28)	472	(363)	339	448
Arising from acquisition of additional interests in associates	-	425	3,359	3,784
Reversal from other comprehensive income	-	-	(154)	(154)
Exchange realignment	24	(454)	84	(346)
At December 31, 2017	-	8,250	6,467	14,717

	Accelerated tax depreciation $'000
Company	
At January 1, 2016	1,016
Reversal from profit or loss	(12)
At December 31, 2016	1,004
Reversal from profit or loss	(149)
At December 31, 2017	855

23. SHARE CAPITAL AND OPTIONS

	Group and Company			
	2017	2016	2017	2016
	Number of ordinary shares		$'000	$'000
Issued and fully paid:				
At beginning of year	520,082,651	519,630,751	719,693	717,895
Issue of shares	351,900	451,900	1,450	1,798
At end of year	520,434,551	520,082,651	721,143	719,693

23. SHARE CAPITAL AND OPTIONS (CONT'D)

The Company has one class of ordinary shares which carries no right to fixed income and has no par value.

Options to subscribe for the Company's ordinary shares may be granted to executives of the Company under the Hotel Properties Employee Share Option Scheme 2010 ("Scheme 2010"). The scheme is administered by the Remuneration Committee. The exercise price of the granted options was determined based on the average last business done price for the shares of the Company for the five market days preceding the date of grant. The Remuneration Committee may at its discretion fix the exercise price at a discount not exceeding 20% to the above price. The vesting period is 2 years for options granted at a discounted exercise price, and 1 year for options granted without discount. The share options have a validity period of 10 years from the date of grant, unless they have been forfeited prior to that date.

Details of the share options outstanding during the year are as follows:

	Group and Company			
	2017		2016	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
		$		$
Outstanding at the beginning of the year	13,045,000	3.16	10,645,000	3.24
Granted during the year	2,400,000	3.10	2,400,000	2.82
Lapsed during the year	(1,220,000)	4.00	-	-
Outstanding at the end of the year	14,225,000	3.08	13,045,000	3.16
Exercisable at the end of the year	9,425,000	3.14	4,620,000	3.42

The options outstanding at the end of the year have a weighted average remaining contractual life of 7.3 (2016: 7.2) years.

The estimated fair value of the options granted during the year is $0.30 (2016: $0.46). The fair value determined using The Black-Scholes pricing model was based on a share price of $3.87 (2016: $3.48) at the date of grant, and an expected life of 2 years (2016: 2 years). The risk-free interest rate is based on the yield curve of Singapore Government securities as at grant date. The expected volatility is 13% (2016: 20%) based on historical volatility of the Company's share prices over the previous 2.5 years (2016: 2.5 years).

23. SHARE CAPITAL AND OPTIONS (CONT'D)

The Company also has a Hotel Properties Limited Performance Share Plan that is administered by the Remuneration Committee. Fully paid shares are awarded to participants taking into consideration certain performance criteria and vesting period. Details of the performance shares outstanding during the year are as follows:

	Group and Company	
	2017	2016
	Number of performance shares	Number of performance shares
Outstanding at the beginning of the year	1,407,600	1,759,500
Granted during the year	-	100,000
Released during the year	(351,900)	(451,900)
Outstanding at the end of the year	1,055,700	1,407,600

The Group recognised total expenses of $2,296,000 (2016: $5,248,000) related to equity-settled share-based payment transactions during the year.

24. OTHER RESERVES

	Asset revaluation reserve $'000	Exchange fluctuation reserve $'000	Hedge reserve $'000	Option reserve $'000	Other capital reserve $'000	Total $'000
Group						
Balance as at January 1, 2016	221,479	(106,752)	(1,500)	7,784	(22,409)	98,602
Total comprehensive income (loss) for the year	-	19,484	-	-	(7,967)	11,517
Recognition of share-based payments	-	-	-	5,248	-	5,248
Transfer during the year	-	-	-	(1,798)	-	(1,798)
Balance as at December 31, 2016	221,479	(87,268)	(1,500)	11,234	(30,376)	113,569
Total comprehensive income (loss) for the year	-	(8,404)	-	-	22,281	13,877
Recognition of share-based payments	-	-	-	2,296	-	2,296
Transfer during the year	-	-	-	(1,450)	-	(1,450)
Balance as at December 31, 2017	221,479	(95,672)	(1,500)	12,080	(8,095)	128,292

24. OTHER RESERVES (CONT'D)

	Asset revaluation reserve $'000	Hedge reserve $'000	Option reserve $'000	Total $'000
Company				
Balance as at January 1, 2016	110,785	(1,500)	7,784	117,069
Total comprehensive income for the year	-	57	-	57
Recognition of share-based payments	-	-	5,248	5,248
Transfer during the year	-	-	(1,798)	(1,798)
Balance as at December 31, 2016	110,785	(1,443)	11,234	120,576
Total comprehensive income for the year	-	883	-	883
Recognition of share-based payments	-	-	2,296	2,296
Transfer during the year	-	-	(1,450)	(1,450)
Balance as at December 31, 2017	110,785	(560)	12,080	122,305

Asset revaluation reserve records the revaluation surplus arising from valuation of properties.

Hedge reserve records the fair value changes on the derivative financial instruments designated as hedging instruments in cash flow hedges that are determined to be an effective hedge.

Option reserve represents the equity-settled share options and performance shares granted to employees. The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options and performance shares. The expense for services received will be recognised over the vesting period.

The exchange fluctuation reserve is used to record foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from that of the Group's presentation currency and exchange differences arising from translation of monetary items that form part of a net investment in a foreign entity.

Other capital reserves include the cumulative fair value changes of available-for-sale financial assets until they are derecognised or impaired, as well as reserve on consolidation which represents the difference between the fair value of the consideration paid and the amount by which the non-controlling interest are reduced during the acquisition of additional interests from non-controlling shareholders.

25. PERPETUAL CAPITAL SECURITIES

The Company issued $150 million in aggregate principal amount of 4.650% perpetual capital securities on May 5, 2017. The securities are recorded at the proceeds received, net of direct issue costs.

The securities are perpetual and confer a right to receive distribution payments. Such distribution is payable semi-annually in arrear unless the Company, at its sole discretion, elect to defer any distribution in accordance with the conditions of the securities. The rate of distribution applicable to the securities is as follows:

(i) from May 5, 2017 to May 5, 2022 (the "First Reset Date") at 4.650% per annum;

(ii) from the First Reset Date (and subsequent resets occurring on each date falling every five years thereafter with each such date, a "Reset Date") to May 5, 2027 (the "Step-Up Date"), the applicable Reset Distribution Rate as defined in the conditions of the securities;

(iii) from the Step-Up Date to each Reset Date falling thereafter, the applicable Reset Distribution Rate as defined in the conditions of the securities;

25. PERPETUAL CAPITAL SECURITIES (CONT'D)

The securities constitute direct, unsecured and subordinated obligations of the Company and rank *pari passu* and without any preference or priority among themselves. The securities may be redeemed at the option of the Company on May 5, 2022 or on any distribution payment date thereafter and otherwise upon the occurrence of certain redemption events specified in the conditions of the securities.

During the financial year, the Company redeemed $150 million in aggregate principal amount of 6.125% perpetual capital securities. The securities were issued on May 4, 2012 and were recorded at the proceeds received, net of direct issue costs.

26. REVENUE

An analysis of the Group's revenue for the year is as follows:

	Group	
	2017 $'000	**2016 $'000**
Sales	143,148	87,228
Hotel revenue	487,039	461,347
Rental income	26,567	25,857
Management fee	2,406	3,184
Total	659,160	577,616

27. PROFIT BEFORE INCOME TAX

This is determined after charging (crediting):

	Group	
	2017 $'000	**2016 $'000**
Staff costs (including share-based payments)	158,563	148,770
Cost of defined contribution plans included in staff costs	8,113	7,841
Cost of inventories recognised as expense	143,642	95,993
Depreciation and amortisation	57,605	54,465
Audit fees paid to auditors:		
Auditors of the Company	591	521
Other auditors	550	508
Non-audit fees paid to auditors:		
Auditors of the Company	69	16
Other auditors	71	45
Allowance for doubtful trade receivables*	130	217
Impairment in advances to associates and jointly controlled entities*	3,731	-
Foreign exchange adjustment loss (gain) (net)*	461	(1,652)
Fair value gain in held-for-trading investments*	(87)	(1,162)
Write-back of impairment loss on available-for-sale investments*	-	(147)
Interest income*	(1,116)	(2,985)

27. PROFIT BEFORE INCOME TAX (CONT'D)

This is determined after charging (crediting):

	Group	
	2017 $'000	2016 $'000
Insurance proceeds*	(935)	(10,876)
Dividend income (gross)*	(3,542)	(1,947)
Gain on deemed disposal of associates*	(10,843)	-
Gain on disposal of property, plant and equipment*	(201)	(41,272)

* These are included in other operating (income) expenses.

28. INCOME TAX EXPENSE

	Group	
	2017 $'000	2016 $'000
Current tax	17,784	23,719
Deferred tax (Note 22)	448	549
	18,232	24,268
Underprovision in prior years	1,728	2,676
Tax on share of profits from partnership classified as jointly controlled entity	17,855	-
	37,815	26,944

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2016: 17%) to profit before income tax and share of results of associates and jointly controlled entities as a result of the following differences:

	Group	
	2017 $'000	2016 $'000
Profit before income tax and share of results of associates and jointly controlled entities	88,379	100,853
Tax calculated at a tax rate of 17% (2016: 17%)	15,024	17,145
Non-deductible items (net)	713	3,209
Tax exemption	(353)	(456)
Utilisation of unabsorbed tax losses brought forward	-	(66)
Utilisation of unabsorbed capital allowances brought forward	(10)	(12)
Deferred tax asset on tax losses arising during the year not recorded	1,881	2,543
Effect of different tax rate of overseas operations	977	1,905
	18,232	24,268
Effective tax rate	20.6%	24.1%

28. INCOME TAX EXPENSE (CONT'D)

Subject to the agreement with the relevant tax authorities and compliance with certain conditions of the relevant tax legislations, in the respective countries in which the subsidiaries operate, the Group has unrecognised tax losses and capital allowances totaling approximately $55,448,000 and $14,183,000 (2016: $48,802,000 and $267,000) respectively which are available for set off against future taxable income of the respective subsidiaries. No deferred tax asset has been recognised in respect of these due to unpredictability of future profit stream. Tax losses approximating $34,689,000 (2016: $35,460,000) will expire within the next 5 years.

29. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group net profit attributable to owners of the Company after deducting provision for distribution to perpetual capital securities holders divided by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is based on adjusted Group earnings and adjusted weighted average number of ordinary shares to reflect the effect of all potentially dilutive ordinary shares, assuming the full exercise of outstanding share options and release of performance shares during the year.

	Group	
	2017 $'000	**2016 $'000**
Profit attributable to owners of the Company less distribution to perpetual capital securities holders	165,610	94,240
Adjusted profit attributable to owners of the Company less distribution to perpetual capital securities holders	165,844	94,360

	Group	
	2017 No. of shares ('000)	**2016 No. of shares ('000)**
Weighted average number of ordinary shares used to compute basic earnings per share	520,396	519,940
Adjustment for potential dilutive ordinary shares	1,905	1,752
Weighted average number of ordinary shares used to compute diluted earnings per share	522,301	521,692
Basic earnings per share	31.82 cents	18.13 cents
Diluted earnings per share	31.75 cents	18.09 cents

30. DIVIDENDS

In 2016, the Company declared and paid a first and final one-tier tax exempt dividend of 4 cents per ordinary share of the Company, and a one-tier tax exempt special dividend of 4 cents per ordinary share of the Company, totaling $41,599,000 in respect of the financial year ended December 31, 2015.

In 2017, the Company declared and paid a first and final one-tier tax exempt dividend of 4 cents per ordinary share of the Company, and a one-tier tax exempt special dividend of 4 cents per ordinary share of the Company, totaling $41,635,000 in respect of the financial year ended December 31, 2016.

Subsequent to December 31, 2017, the directors of the Company recommended that a first and final one-tier tax exempt dividend be paid at 4 cents per ordinary share of the Company, and a one-tier tax exempt special dividend be paid at 6 cents per ordinary share of the Company, totaling $52,043,000 for the financial year ended December 31, 2017. The proposed dividends are not accrued as a liability for the current financial year in accordance with FRS 10 – *Events After The Reporting Period.*

31. CAPITAL COMMITMENTS

As at the end of the financial year, the Group has capital commitments contracted but not provided for in the financial statements in respect of the following:

	Group	
	2017 $'000	**2016 $'000**
Capital expenditure	72,556	10,401
Associates, jointly controlled entities and other investments	97,475	93,333

32. OPERATING LEASE COMMITMENTS

	Group	
	2017 $'000	**2016 $'000**
The Group as lessee		
Minimum lease payments under operating lease included in profit or loss	10,197	10,603

At the end of the reporting period, commitments in respect of operating leases for office premises and islands for periods up to 50 years (2016: up to 50) years are as follows:

	Group	
	2017 $'000	**2016 $'000**
Future minimum lease payable:		
Within 1 year	9,151	9,774
Within 2 to 5 years	36,982	39,838
After 5 years	214,667	242,118
Total	260,800	291,730

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

32. OPERATING LEASE COMMITMENTS (CONT'D)

The Group as lessor

At the end of the reporting period, the Group has contracted with tenants for the following minimum lease receivable:

	Group	
	2017 $'000	**2016 $'000**
Future minimum lease receivable:		
Within 1 year	31,887	29,838
Within 2 to 5 years	29,385	29,389
Total	61,272	59,227

The tenancy arrangements range from one to four (2016: one to six) years. Rental income earned during the year is disclosed in Note 26 to the financial statements. Included in the future minimum lease receivable is an amount of $15,070,000 (2016: $14,982,000) relating to tenancy arrangements with companies in which certain directors are deemed to have interests.

33. SEGMENT INFORMATION

a) The segment information of the Group is organised into the following reportable segments:

Hotels

These refer mainly to the operations of the hotels and the shopping galleries of the Group as well as the provision of hotel management services. Income is derived mainly from the rental of rooms and shop units, sale of food and beverage and management fee.

Properties

These refer to the rental and sale operations on residential properties and commercial units. Sales and profit from the condominium development projects in Singapore are recognised based on percentage of completion method, and those from overseas projects are recognised based on completion of construction method.

Others

These refer to distribution and retail operations, activities on quoted and unquoted investments and others.

b) The following segment information is prepared on the same basis as the Group's accounting policies described in Note 2:

i) Segment revenue and expenses are revenue and expenses reported in the Group's income statement that either are directly attributable to a segment or can be allocated on a reasonable basis to a segment.

ii) Segment revenue and expenses include transfers between business segments. Inter-segment sales are charged at cost plus a percentage profit mark-up. These transfers are eliminated on consolidation. Share of results of associates and jointly controlled entities are allocated as they are specifically attributable to a segment.

33. SEGMENT INFORMATION (CONT'D)

iii) Segment assets are all operating assets that are employed by a segment in its operating activities and are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets exclude interest-producing assets. Investments in associates and jointly controlled entities are included as segment assets of the Group.

iv) Segment liabilities are all operating liabilities of a segment and are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment liabilities exclude interest-bearing liabilities and income tax liabilities.

v) Segment revenue and non-current assets are analysed based on the location of those assets.

c) Information by business segment:

	Hotels		Properties		Others		Elimination		Consolidation	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
REVENUE										
External sales	488,958	463,780	170,196	113,830	6	6	-	-	659,160	577,616
Inter-segment sales	-	-	411	412	-	-	(411)	(412)	-	-
Total revenue	488,958	463,780	170,607	114,242	6	6	(411)	(412)	659,160	577,616
RESULTS										
Earnings before interest, tax and fair value changes in investment properties	73,646	64,397	27,332	63,436	2,950	2,702	-	-	103,928	130,535
Segment results	73,646	64,397	27,332	63,436	2,950	2,702	-	-	103,928	130,535
Finance costs									(28,665)	(30,317)
Interest income									1,116	2,985
Share of results of equity accounted investees	3,167	23,441	126,798	11,910	(1,072)	(701)	-	-	128,893	34,650
Fair value changes in investment properties	-	-	12,000	(2,350)	-	-	-	-	12,000	(2,350)
Income tax expense									(37,815)	(26,944)
Non-controlling interests									(5,775)	(5,107)
Net profit									173,682	103,452

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

33. SEGMENT INFORMATION (CONT'D)

c) Information by business segment:

	Hotels		Properties		Others		Elimination		Consolidation	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
OTHER INFORMATION										
Segment assets	1,455,021	1,319,570	798,631	921,812	91,399	58,003	-	-	2,345,051	2,299,385
Investment in equity accounted investees	302,765	155,162	520,707	621,829	7,188	7,730	-	-	830,660	784,721
Unallocated corporate assets									186,203	96,098
Consolidated total assets									3,361,914	3,180,204
Segment liabilities	122,258	110,364	12,807	16,176	83	83	-	-	135,148	126,623
Unallocated corporate liabilities									1,051,525	1,025,244
Consolidated total liabilities									1,186,673	1,151,867
Additions to non-current asset (excluding fair value changes)	400,670	109,920	25,029	105,348	-	-	-	-	425,669	215,268
Depreciation and amortisation	56,757	53,620	845	840	3	4	-	-	57,605	54,464
Impairment loss (Write-back of impairment loss)	3,731	-	-	-	-	(147)	-	-	3,731	(147)
Non-cash expenses (income) other than depreciation, amortisation and impairment loss	(11,585)	269	900	(46,054)	263	3,078	-	-	(10,422)	(42,707)

d) Information by geographic regions:

	Revenue		Non-current assets	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Singapore	321,983	273,188	1,220,695	1,228,861
The Maldives	189,600	173,502	355,345	352,892
The rest of Asia	120,750	108,496	612,301	459,339
United Kingdom and Europe	487	396	406,792	359,704
Others	26,340	22,034	126,512	127,498
	659,160	577,616	2,721,645	2,528,294

Others consist of mainly U.S.A., Australasia and Africa.

34. SUBSIDIARIES

Information relating to subsidiaries is as follows:

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2017 %	Group's Effective Interest 2016 %
Held by the Company				
Cleaton Investments Pte Ltd	Investment holding company	Singapore	93.3	93.3
HPL Hotels & Resorts Pte Ltd	Hotel management and investment holding company	Singapore	100	100
HPL Investment & Development Pte Ltd	Investment holding company	Singapore	100	100
HPL Leisure Holdings Pte Ltd	Investment holding company	Singapore	100	100
HPL Orchard Place Pte Ltd	Investment holding company	Singapore	100	100
HPL Properties Pte Ltd	Property development, hotelier and investment holding company	Singapore	100	100
HPL Properties (Australasia) Pte Ltd	Investment holding company	Singapore	100	100
HPL Properties (Indian Ocean) Pte Ltd	Investment holding company	Singapore	70	70
HPL Properties (Pacific Ocean) Pte Ltd *	Investment holding company	Singapore	70	-
HPL Properties (SEA) Pte Ltd	Investment holding company	Singapore	100	100
HPL Properties (West) Pte Ltd	Investment holding company	Singapore	100	100
HPL Properties (West Asia) Pte Ltd	Investment holding company	Singapore	100	100
HPL Singapore Pte Ltd	Investment holding company	Singapore	100	100
HPL Tourism & Leisure Pte Ltd	Investment holding company	Singapore	100	100
Luxury Holdings Pte Ltd	Investment holding company	Singapore	100	100
Maxford Investments Pte Ltd	Investment holding company	Singapore	100	100
Super Vista Sdn Bhd (1)	Hotelier	Malaysia	100	100

34. SUBSIDIARIES (CONT'D)

Information relating to subsidiaries is as follows:

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2017 %	Group's Effective Interest 2016 %
Held by subsidiaries of the Company				
21st Century Holding Pte Ltd	Investment holding company	Singapore	100	100
Allegro Investments Pte Ltd	Investment holding company	Singapore	100	100
Amberwood Investments Pte Ltd	Investment holding company	Singapore	100	100
Asia Hotel Growth Fund (1)	Investment holding company	Thailand	100	100
Astrid Holdings Co., Ltd (1)	Investment holding company	Thailand	49**	49**
Bayford Investments Pte Ltd	Investment holding company	Singapore	100	100
Baywood Investments Pte Ltd	Investment holding company	Singapore	100	100
Berkley Investments Pte Ltd	Investment holding company	Singapore	100	100
Boathouse Holding Co., Ltd (1)	Investment holding company	Thailand	49**	49**
Boathouse Kata Co., Ltd (1)	Hotelier	Thailand	74	74
Campden Hill Investment LLP (1)	Investment holding company	United Kingdom	100	100
Chatsworth Development Management Pte Ltd	Project management company	Singapore	100	100
Concorde Hotel Management Inc. (7)	Investment holding company	U.S.A.	100	100
Concorde Hotel New York Inc. (7)	Investment holding company	U.S.A.	100	100
Concorde Hotels & Resorts (Malaysia) Sdn Bhd (1)	Hotel management	Malaysia	100	100
Coralbell Pty Ltd (7)	Investment holding company	Australia	100	100
East Phuket Holdings Pte Ltd *	Investment holding company	Singapore	100	-
Eastpoint Investments Limited (1)	Investment holding company	United Kingdom	100	100
Hermill Investments Pte Ltd	Investment holding company	Singapore	100	100
Hotel Holdings USA Inc (5)	Investment holding company	U.S.A.	100	100
HPL (Campden) Pte Ltd	Investment holding company	Singapore	100	100
HPL Residential Pte Ltd (now known as HPL Ealing Pte Ltd) ^	Investment holding company	Singapore	^	100

34. SUBSIDIARIES (CONT'D)

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2017 %	Group's Effective Interest 2016 %
Held by subsidiaries of the Company				
HPL (Eaton) Ltd (1)	Dormant	United Kingdom	100	100
HPL Gateway Investments Pte Ltd	Investment holding company	Singapore	100	100
HPL Hotels Pty Ltd (7)	Provision of administrative services	Australia	100	100
HPL Investers Pte Ltd	Trading in quoted investments and share dealing	Singapore	100	100
HPL (Kensington) Pte Ltd	Investment holding company	Singapore	100	100
HPL (Mayfair) Pte Ltd	Investment holding company	Singapore	100	100
HPL (Paddington) Pte Ltd	Investment holding company	Singapore	100	100
HPL Properties Management Pte Ltd	Investment holding company	Singapore	100	100
HPL Properties (North Asia) Pte Ltd	Investment holding company	Singapore	100	100
HPL Resorts (Maldives) Private Limited (2)	Hotelier and investment holding company	Maldives	70	70
HPL Retail Pte Ltd	Trading in quoted investments and investment holding company	Singapore	100	100
HPL Services Pte Ltd	Privilege card services operations and investment holding company	Singapore	100	100
HPL (Southbank) Pte Ltd	Investment holding company	Singapore	100	100
HPL (UK) Limited (1)	Provisions of information and services	United Kingdom	100	100
HPL (Whitechapel) Pte Ltd	Investment holding company	Singapore	100	100
HRH Merchandise (M) Sdn Bhd # (1)	Retailer	Malaysia	100	#
Kata Boathouse Holdings Pte Ltd	Investment holding company	Singapore	100	100
Laem Ka Properties Co. Ltd (3)	Hotelier and property developer	Thailand	90	90
Landaa Giraavaru Private Limited (2)	Hotelier	Hong Kong / Maldives	70	70

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

34. SUBSIDIARIES (CONT'D)

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2017 %	Group's Effective Interest 2016 %
Held by subsidiaries of the Company				
Landeal Properties Pte Ltd	Investment holding company	Singapore	100	100
Leisure Beach Private Limited (2)	Developer and hotelier	Maldives	70	70
Leisure Development Koror Inc. *	Hotel development	Palau	70	-
Leisure Frontiers Private Limited (2)	Hotelier	Maldives	70	70
Leisure Holidays Private Limited (2)	Developer and hotelier	Maldives	70	70
Leisure Horizon Private Limited (2)	Developer and hotelier	Maldives	70	70
Luxury Complex Pte Ltd	Investment holding company	Singapore	100	100
Luxury Hotels (1989) Pte Ltd	Hotelier	Singapore	100	100
Luxury Properties Pte Ltd	Investment holding company	Singapore	100	100
McMing Investments Pte Ltd	Investment holding company	Singapore	100	100
McShope Investments Pte Ltd	Investment holding company	Singapore	100	100
Minwyn Investments Pte Ltd	Investment holding company	Singapore	100	100
Moonstone Investments Pte Ltd	Investment holding company	Singapore	100	100
Naka Yai Holdings Co. Limited * (1)	Investment holding company	Thailand	49**	-
Naka Yai Land Co. Limited * (1)	Investment holding company	Thailand	74	-
Nawarat Land Pte Ltd	Investment holding company	Singapore	70	70
NYC 55., Corp. (4)	Hotelier	U.S.A.	100	100
Palmco Hotels Sdn Bhd #(1)	Hotelier	Malaysia	100	#
Pebble Bay (Thailand) Co. Ltd (3)	Property development	Thailand	74	74
PT Amanda Arumdhani (1)	Hotelier	Indonesia	100	100
PT Amanda Citra (7)	Dormant	Indonesia	100	100
PT Amanda Natha (1)	Hotelier	Indonesia	100	100
PT Amanda Pramudita (1)	Hotelier	Indonesia	100	100
PT Amanda Surya (7)	Investment holding company	Indonesia	100	100
PT Bali Girikencana (1)	Hotelier	Indonesia	93.3	93.3

34. SUBSIDIARIES (CONT'D)

Subsidiary	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest 2017 %	Group's Effective Interest 2016 %
Held by subsidiaries of the Company				
Quin Properties Pte Ltd	Investment holding company	Singapore	100	100
Seaside Hotel (Thailand) Co. Ltd [(1)]	Hotelier	Thailand	74	74
Seaside Properties (Thailand) Co. Ltd [(3)]	Hotelier	Thailand	74	74
South West Pacific Investments Limited [(6)]	Hotelier / Casino operator	Vanuatu	100	100
Sovereign Builders & Development Sdn Bhd [(1)]	Investment holding company	Malaysia	100	100
Straits Realty Co. Ltd [(1)]	Investment holding company	Thailand	74	74
Supreme Prospects Sdn Bhd [(1)]	Hotelier	Malaysia	100	100
Suseem Pty Ltd [(1)]	Dormant	Australia	100	100
The Island Development Pte Ltd	Investment holding company	Singapore	100	100
Travel Bug Touring Pte Ltd	Investment holding company	Singapore	100	100
Wesclove Investments Pte Ltd	Investment holding company	Singapore	100	100
Xspand Investments Pte Ltd	Investment holding company	Singapore	100	100
Yarra Investments Pte Ltd	Property development and investment holding company	Singapore	100	100

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

(1) Audited by overseas practices of Deloitte Touche Tohmatsu

(2) Audited by overseas practices of KPMG International

(3) Audited by overseas practices of Ernst & Young

(4) Audited by overseas practices of BDO International Limited

(5) Audited by Cohen & Schaeffer P.C.

(6) Audited by Barrett & Partners

(7) Not required to be audited by law in country of incorporation and subsidiary not considered material.

* Incorporated during the financial year.

** This company is considered a subsidiary as the Group is exposed, or has rights, to variable returns from its involvement with the company and has the ability to affect those returns through its power over the company.

^ This company was reclassified as a jointly controlled entity due to divestment during the financial year.

These companies were reclassified from associates due to additional equity interests acquired during the financial year.

34. SUBSIDIARIES (CONT'D)

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2017	2016	2017 $'000	2016 $'000	2017 $'000	2016 $'000
HPL Resorts (Maldives) Private Limited	Maldives	30%	30%	7,791	6,340	73,772	71,051
Individually immaterial subsidiaries with non-controlling interests				(2,016)	(1,233)	21,436	15,709
Total				5,775	5,107	95,208	86,760

Summarised financial information in respect of HPL Resorts (Maldives) Private Limited and its subsidiaries is set out below:

	2017 $'000	2016 $'000
Current assets	54,578	67,677
Non-current assets	376,183	371,444
Current liabilities	(62,499)	(57,012)
Non-current liabilities	(122,313)	(145,231)
Equity attributable to owners of the Company	172,177	165,827
Non-controlling interests	73,772	71,051
Revenue	189,600	173,502
Expenses	(163,629)	(152,370)
Profit for the year	25,971	21,132
Profit attributable to owners of the Company	18,180	14,792
Profit attributable to the non-controlling interests	7,791	6,340
Profit for the year	25,971	21,132
Other comprehensive (loss) income attributable to owners of the Company	(13,313)	4,239
Other comprehensive (loss) income attributable to the non-controlling interests	(4,493)	1,432
Other comprehensive (loss) income for the year	(17,806)	5,671
Total comprehensive income attributable to owners of the Company	4,867	19,031
Total comprehensive income attributable to the non-controlling interests	3,298	7,772
Total comprehensive income for the year	8,165	26,803

34. SUBSIDIARIES (CONT'D)

	2017 $'000	2016 $'000
Net cash inflow from operating activities	55,787	39,978
Net cash outflow from investing activities	(42,185)	(36,697)
Net cash outflow from financing activities	(12,507)	(9,997)
Net cash inflow (outflow)	1,095	(6,716)

35. ASSOCIATES

Information relating to significant associates is as follows:

Associate	Principal Activity	Country of Incorporation / Place of Business	Group's Effective Interest	
			2017 %	2016 %
Ankerite Pte Ltd [(3)]	Property development	Singapore	25	25
Bankside Quarter (Jersey) Limited [(2)]	Investment holding company	Jersey	30	30
Leisure Ventures Pte Ltd [(1)]	Investment holding company	Singapore	50	50
Morganite Pte Ltd [(3)]	Property development	Singapore	22.5	22.5

(1) Audited by Deloitte & Touche LLP, Singapore

(2) Audited by overseas practices of Deloitte Touche Tohmatsu

(3) Audited by KPMG Singapore

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with FRSs adjusted by the Group for equity accounting purposes.

Ankerite Pte Ltd

	2017 $'000	2016 $'000
Current assets	178,219	433,937
Non-current assets	-	4,879
Current liabilities	(79,626)	(204,231)
Revenue	202,930	73,469
Profit for the year, representing total comprehensive income for the year	45,698	13,998
Dividends received from the associate during the year	44,375	22,875

35. ASSOCIATES (CONT'D)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Ankerite Pte Ltd recognised in the consolidated financial statements:

	2017 $'000	2016 $'000
Net assets of Ankerite Pte Ltd	98,593	234,585
Proportion of the Group's ownership interest	25%	25%
Intercompany eliminations	(678)	(1,725)
Carrying amount of the Group's interest	23,970	56,921

Bankside Quarter (Jersey) Limited and its subsidiaries

	2017 $'000	2016 $'000
Current assets	376,261	367,093
Non-current assets	256,308	226,606
Current liabilities	(11,984)	(17,997)
Non-current liabilities	(317,408)	(307,925)
Revenue	40,719	12,221
Profit for the year	31,315	760
Other comprehensive income (loss) for the year	4,083	(31,027)
Total comprehensive income (loss) for the year	35,398	(30,267)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Bankside Quarter (Jersey) Limited and its subsidiaries recognised in the consolidated financial statements:

	2017 $'000	2016 $'000
Net assets of Bankside Quarter (Jersey) Limited and its subsidiaries	303,177	267,777
Proportion of the Group's ownership interest	30%	30%
Intercompany eliminations	(376)	(247)
Carrying amount of the Group's interest	90,577	80,086

35. ASSOCIATES (CONT'D)

Leisure Ventures Pte Ltd and its subsidiaries

	2017 $'000	2016 $'000
Current assets	27,332	19,909
Non-current assets	267,175	144,432
Current liabilities	(22,954)	(14,794)
Non-current liabilities	(85,499)	(38,263)
Revenue	59,884	63,387
(Loss) Profit for the year	(3,110)	40,755
Other comprehensive (loss) income for the year	(574)	6,275
Total comprehensive (loss) income for the year	(3,684)	47,030

Reconciliation of the above summarised financial information to the carrying amount of the interest in Leisure Ventures Pte Ltd and its subsidiaries recognised in the consolidated financial statements:

	2017 $'000	2016 $'000
Net assets of Leisure Ventures Pte Ltd and its subsidiaries	186,054	111,284
Proportion of the Group's ownership interest	50%	50%
Carrying amount of the Group's interest	93,027	55,642

Morganite Pte Ltd

	2017 $'000	2016 $'000
Current assets	373,254	840,882
Non-current assets	-	13,228
Current liabilities	(342,839)	(802,058)
Revenue	310,531	76,351
(Loss) Profit for the year, representing total comprehensive (loss) income for the year	(13,835)	48,213

Reconciliation of the above summarised financial information to the carrying amount of the interest in Morganite Pte Ltd recognised in the consolidated financial statements:

	2017 $'000	2016 $'000
Net assets of Morganite Pte Ltd	30,415	52,052
Proportion of the Group's ownership interest	22.5%	22.5%
Intercompany eliminations	(1,639)	(3,395)
Shareholder's advances (1)	-	-
Carrying amount of the Group's interest	5,204	8,317

(1) There is an amount of approximately $45 million (2016: $120 million) due from Morganite Pte Ltd classified as current asset as at reporting date.

35. ASSOCIATES (CONT'D)

Aggregate information of associates that are not individually material	**2017 $'000**	**2016 $'000**
The Group's share of profit	3,042	4,350
The Group's share of other comprehensive income (loss)	2,802	(5,536)
The Group's share of total comprehensive income (loss)	5,844	(1,186)
Aggregate carrying amount of the Group's interests in these associates	79,653	97,248

36. JOINTLY CONTROLLED ENTITIES

Information relating to significant jointly controlled entities is as follows:

Jointly Controlled Entity	**Principal Activity**	**Country of Incorporation / Place of Business**	**Group's Effective Interest**	
			2017 %	**2016 %**
GC Campden Hill LLP	Property development	United Kingdom	50	50
Great Western Enterprises Ltd	Investment holding company	Jersey	70	70
Ten Acre (Mayfair) Ltd	Investment holding company	Jersey	65	65

All companies are audited by overseas practices of Deloitte Touche Tohmatsu.

Summarised financial information in respect of each of the Group's material jointly controlled entities is set out below. The summarised financial information below represents amounts shown in the jointly controlled entity's financial statements prepared in accordance with FRSs adjusted by the Group for equity accounting purposes.

GC Campden Hill LLP

	2017 $'000	**2016 $'000**
Current assets	514,875	672,782
Current liabilities	(88,721)	(394,653)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	23,428	1,665
Current financial liabilities (excluding trade and other payables and provisions)	-	(282,292)
Revenue	437,957	4,685
Profit for the year	133,312	1,394
Other comprehensive income (loss) for the year	4,150	(24,374)
Total comprehensive income (loss) for the year	137,462	(22,980)

36. JOINTLY CONTROLLED ENTITIES (CONT'D)

	2017 $'000	2016 $'000
The above profit for the year include the following:		
Interest income	2	18

Reconciliation of the above summarised financial information to the carrying amount of the interest in GC Campden Hill LLP recognised in the consolidated financial statements:

	2017 $'000	2016 $'000
Net assets of GC Campden Hill LLP	426,154	278,129
Proportion of the Group's ownership interest	50%	50%
Carrying amount of the Group's interest	213,077	139,065

Great Western Enterprises Ltd and its subsidiary

	2017 $'000	2016 $'000
Current assets	281,254	269,857
Current liabilities	(189,043)	(176,309)
Non-current liabilities	(73,477)	(66,774)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	1,015	4,999
Current financial liabilities (excluding trade and other payables and provisions)	(117,875)	(116,214)
Non-current financial liabilities (excluding trade and other payables and provisions)	(73,477)	(66,774)
Revenue	4,279	2,789
Loss for the year	(780)	(2,277)
Other comprehensive income (loss) for the year	259	(5,997)
Total comprehensive loss for the year	(521)	(8,274)
The above loss for the year include the following:		
Finance costs	14,026	14,397

Reconciliation of the above summarised financial information to the carrying amount of the interest in Great Western Enterprises Ltd and its subsidiary recognised in the consolidated financial statements:

	2017 $'000	2016 $'000
Net assets of Great Western Enterprises Ltd and its subsidiary	18,734	26,774
Proportion of the Group's ownership interest	70%	70%
Intercompany eliminations	(665)	(416)
Shareholder's advances	51,434	46,742
Carrying amount of the Group's interest	63,883	65,068

36. JOINTLY CONTROLLED ENTITIES (CONT'D)

Ten Acre (Mayfair) Ltd and its subsidiaries

	2017 $'000	2016 $'000
Current assets	67,984	394,305
Current liabilities	(28,668)	(289,915)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	9,697	4,907
Current financial liabilities (excluding trade and other payables and provisions)	-	(184,402)
Revenue	396,515	-
Profit (Loss) for the year	71,223	(134)
Other comprehensive income (loss) for the year	7,737	(15,288)
Total comprehensive income (loss) for the year	78,960	(15,422)
Dividends received from the jointly controlled entity during the year	6,734	-

Reconciliation of the above summarised financial information to the carrying amount of the interest in Ten Acre (Mayfair) Ltd and its subsidiaries recognised in the consolidated financial statements:

	2017 $'000	2016 $'000
Net assets of Ten Acre (Mayfair) Ltd and its subsidiaries	39,316	104,390
Proportion of the Group's ownership interest	65%	65%
Intercompany eliminations	(3,739)	(13,392)
Shareholder's advances [1]	-	-
Carrying amount of the Group's interest	21,816	54,462

[1] There is an amount of approximately $Nil (2016: $41 million) due from Ten Acre (Mayfair) Ltd classified as current asset as at reporting date.

Aggregate information of jointly controlled entities that are not individually material

	2017 $'000	2016 $'000
The Group's share of loss	(2,706)	(3,669)
The Group's share of other comprehensive income	3,698	1,906
The Group's share of total comprehensive loss	992	(1,763)
Aggregate carrying amount of the Group's interests in these jointly controlled entities	40,315	33,530

ADDITIONAL INFORMATION

CORPORATE GOVERNANCE REPORT

This report describes Hotel Properties Limited's ("HPL") corporate governance practices and structures that were in place during the financial year ended December 31, 2017, with specific reference to the principles of the Code of Corporate Governance 2012 (the "Code") for listed companies in Singapore issued by the Monetary Authority of Singapore, and where applicable, the Listing Manual of the Singapore Exchange Securities Trading Limited.

BOARD OF DIRECTORS

Principle 1: Board's Conduct of its Affairs

The Board meets at least four times a year and as warranted by circumstances. The Company's Constitution provides for telephonic and videoconference meetings. The number of meetings held in the year and the attendance of the Directors are as follows:

Name of Directors	HPL Board	Audit Committee	Remuneration Committee	Nominating Committee
	No. of Meetings held : 4	No. of Meetings held : 4	No. of Meetings held : 1	No. of Meetings held : 1
	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended
Ong Beng Seng	4	N.A.	1	N.A.
Christopher Lim Tien Lock	4	N.A.	N.A.	N.A.
Arthur Tan Keng Hock	4	4	1	N.A.
Leslie Mah Kim Loong	4	4	N.A.	1
Michael S. Dobbs-Higginson	3	3	1	1
David Fu Kuo Chen	4	N.A.	N.A.	1
Stephen Lau Buong Lik	4	N.A.	N.A.	N.A.
William Fu Wei Cheng	4	N.A.	N.A.	N.A.
Stephen Ng Tin Hoi	4	N.A.	N.A.	N.A.

N.A. = Not Applicable

All Directors exercise due diligence and independent judgement and make decisions objectively in the best interest of HPL Group. The principal responsibilities of the Board are to:

- approve the broad policies, strategies and financial objectives of the Group and monitor its performance;
- approve major funding proposals, investments, disposals and capital expenditure;
- review the Group's financial performance and authorising announcements issued by the Company;
- oversee and review the processes for evaluating risk policies, including the adequacy and effectiveness of internal controls and risk management;
- approve the nominations of Board Directors; and
- assume responsibility for corporate governance and compliance with the Companies Act (Chapter 50) of Singapore ("Companies Act") and the rules and requirements of regulatory bodies.

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

The Committee of Directors, established in May 1993, comprises three Directors, namely Messrs Ong Beng Seng, Christopher Lim Tien Lock and David Fu Kuo Chen. The Committee of Directors is authorised and delegated by the Board to approve and/or carry into effect certain operational and administrative matters as stipulated in the Regulations of the Committee of Directors.

The Company worked closely with its company secretaries and professionals to provide its Directors with regular updates on relevant legal, regulatory and technical developments. Changes to regulations and accounting standards are monitored closely by Management. The Directors are provided with updates, reports and press releases issued by regulatory authorities and institutes on directors' duties and responsibilities, corporate governance, changes in financial reporting standards in Singapore, developments in Companies Act and Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Rules, so as to update and refresh them on matters that may affect or enhance their performance as Board or Board Committee members. Appropriate external trainings will be arranged where necessary.

Upon the appointment of a new Director, the Company will provide him/her with a formal letter, setting out his/her duties and obligations. No new director was appointed during the year under review.

Principle 2: Board Composition and Balance

The Board comprises nine Directors of whom three are executive Directors, three non-executive/non-independent Directors and three non-executive/independent Directors. Consistent with the Code 2012, the Company has no alternate director on its board.

The Chairman of the Board is Mr. Arthur Tan Keng Hock (non-executive and independent). The executive Directors are Mr. Ong Beng Seng (Managing Director), Mr. Christopher Lim Tien Lock (Group Executive Director) and Mr. Stephen Lau Buong Lik (Executive Director).

The majority of our Directors is non-executive and includes professionals with financial and commercial backgrounds. This provides Management with the benefit of an external diverse and objective perspective of issues that are brought before the Board.

The Board has no dissenting view on the Chairman's statement for the year in review.

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

Mr. Arthur Tan Keng Hock

Date of appointment as Director	:	July 5, 1996
Date of appointment as Chairman	:	May 14, 2013
Date of last re-election	:	April 27, 2017
Nature of Appointment	:	Non-Executive and Independent
Board Committees served on	:	Member of Audit Committee since May 14, 2013; from July 5, 1996 to March 13, 1997 Chairman of Audit Committee from March 13, 1997 to May 13, 2013 Member of Remuneration Committee since May 14, 2013

On May 14, 2013, Mr. Arthur Tan was appointed as Non-Executive Chairman of HPL.

Mr. Arthur Tan is the Managing Director of Advance Investment Management Capital Pte Ltd. Mr. Tan, who has been an investment banker for over 15 years, has held senior management positions including Managing Director of Smith New Court (Thailand) Co. Ltd, Director of Merrill Lynch (Singapore) Pte Ltd, Director, Corporate Finance, of Schroders International Merchant Bank Limited, Executive Director of Guthrie GTS Limited and directorships in various listed companies. He graduated from the National University of Singapore with a bachelor's degree in Business Administration.

Mr. Ong Beng Seng

Date of appointment as Director	:	March 5, 1980
Date of last re-election	:	Managing Director is not subject to retirement by rotation (Article 77 of the Company's Constitution)
Nature of Appointment	:	Managing Director
Board Committees served on	:	Member of the Remuneration Committee since November 1, 2002

Mr. Ong Beng Seng is the co-founder of the Company with more than 30 years of experience in the hotel and property development, hotel management, real estate and retail industries. He is responsible for all aspects of strategic planning and business development activities of the Hotel Properties Limited Group. He joined Motor & General Underwriters Investment Holdings Ltd in 1972. In 1977, Mr. Ong joined his father-in-law, Mr. Peter Y. S. Fu in Kuo International as an oil trader. The move thrust him into hotel and property development. Mr. Ong is an associate member of the Chartered Insurance Institute of England.

Mr. Christopher Lim Tien Lock

Date of appointment as Director	:	January 7, 1998
Date of last re-election	:	April 28, 2016
Nature of Appointment	:	Group Executive Director

Mr. Lim Tien Lock, Christopher is the Group Executive Director of Hotel Properties Limited ("HPL"). He is responsible for the overall management of the HPL Group. Prior to joining HPL in 1989, Mr. Lim held the position of Director and Head of Corporate Finance of N M Rothschild and Sons (Singapore) Limited with 10 years of experience in the field of investment banking. He graduated from the National University of Singapore with a bachelor's degree in Business Administration.

Mr. Michael S. Dobbs-Higginson

Date of appointment as Director	:	February 3, 1993
Date of last re-election	:	April 28, 2016
Nature of Appointment	:	Non-Executive and Independent
Board Committees served on	:	Chairman of Remuneration Committee since May 14, 2013; Member of the Remuneration Committee from November 1, 2002 to May 13, 2013 Member of the Audit Committee since July 28, 2009 Member of Nominating Committee since May 14, 2013

Mr. Dobbs-Higginson was formerly an entrepreneur in Tokyo, Japan and co-founded a group of companies involved in Real Estate, Wholesale Travel, Export, Consulting and Automotive Engineering. He returned to the UK and after joining White Weld Ltd, London, in its successor company, Credit Suisse First Boston, he became a member its Executive Management Committee in London and was responsible for all its business activities in the Asia Pacific and African regions. Subsequently, he joined Merrill Lynch & Co. ("ML"), and became a member of both Merrill Lynch's Capital Markets Executive Committee and Compensation Committee in New York and was based in Hong Kong as Chairman of the Asia Pacific region, where he was responsible for all ML's activities in the Asia Pacific region. He currently has business interests primarily in technology and a variety of strategic investments. Mr. Dobbs-Higginson has also been advisor, inter alia, to the Sasakawa Peace Foundation, Japan, to the Banque Indosuez, France and the Bangkok Bank Company Public Limited, Thailand. He is currently Non-Executive Chairman of the following privately held companies: Crescent Point, Cayman Islands, H3D Holdings, Singapore, Shado Int, Singapore, GoldKey Resources, USA and goAfrica Pte. Ltd. In addition, he has published two books titled "Asia Pacific and its Role in the New World Disorder" and "The Investment Manual for Fixed Income Securities in the International and major Domestic Capital Markets". He attended the Trinity College, Ireland (Medical Faculty), the Kyoto University (History and Architecture), Japan and the School of Oriental and African Studies (Japanese Language), London University, London.

CORPORATE GOVERNANCE REPORT

Mr. Leslie Mah Kim Loong

Date of appointment as Director	:	August 5, 1997
Date of last re-election	:	April 28, 2016
Nature of Appointment	:	Non-Executive and Independent
Board Committees served on	:	Chairman of Audit Committee since May 14, 2013; Member of the Audit Committee from November 1, 2002 to May 13, 2013 Chairman of the Nominating Committee since July 28, 2009

Mr. Leslie Mah is a Life member of the Institute of Singapore Chartered Accountants. Mr. Mah retired as an Executive Director of Eu Yan Sang International Limited in 2009. Prior to joining Eu Yan Sang, Mr. Mah was an Executive Director and Company Secretary of Cerebos Pacific Limited for 15 years. Prior to his tenure at Cerebos, he was Finance Director of Harper Gilfillan Limited for 10 years. He also sits on the board of Stamford Tyres Corporation Ltd as an Independent Director.

Mr. David Fu Kuo Chen

Date of appointment as Director	:	August 5, 2005
Date of last re-election	:	April 28, 2016
Nature of Appointment	:	Non-Executive and Non-Independent
Board Committees served on	:	Member of Nominating Committee since August 5, 2005

Mr. David Fu is a Director of Kuo Properties Pte Ltd. He graduated from the University of Southern California. He also sits on the board of NSL Ltd.

Mr. Stephen Lau Buong Lik

Date of appointment as Director	:	May 13, 2008
Date of last re-election	:	April 27, 2017
Nature of Appointment	:	Executive Director

Mr. Stephen Lau was appointed on May 13, 2008 as an Executive Director. He holds a B.A. Hons major in Accounting. He is a Member of the Institute of Chartered Accountants in England and Wales. He is currently Head of the Hotel Division. Previously, he headed positions in the Retail and Leisure divisions of the Company.

Mr. William Fu Wei Cheng

Date of appointment as Director	:	November 6, 2009
Date of last re-election	:	April 27, 2017
Nature of Appointment	:	Non-Executive and Non-Independent

Mr. William Fu graduated with a Bachelor of Accountancy Degree from the University of Singapore in 1969. After graduation, Mr. Fu acquired his financial experience from working for several listed companies before he joined the Kuo Group of Companies in Hong Kong.

Mr. Stephen Ng Tin Hoi

Date of appointment as Director	:	July 25, 2014
Date of last re-election	:	April 29, 2015
Nature of Appointment	:	Non-Executive and Non-Independent

Mr. Stephen Ng Tin Hoi has been Deputy Chairman and Managing Director of The Wharf (Holdings) Limited (publicly listed in Hong Kong) since 1994 and became Chairman in May 2015. Among the Wharf Group's principal subsidiaries, he is Chairman of Harbour Centre Development Limited (publicly listed in Hong Kong), Modern Terminals Limited and The "Star" Ferry Company Limited.

Mr. Ng is also Deputy Chairman of Wheelock and Company Limited and Chairman of Joyce Boutique Holdings Limited and Chairman & Managing Director of Wharf Real Estate Investment Company, all being listed companies in Hong Kong. He is also Chairman of Wheelock Properties (Singapore) Limited, publicly listed in Singapore.

Mr. Ng attended Ripon College in Ripon, Wisconsin, USA and the University of Bonn, Germany, from 1971 to 1975, and graduated with a major in mathematics. Mr. Ng was formerly a Non-Executive Director of Greentown China Holdings Limited and Chairman of i-CABLE Communications Limited, both listed public companies in Hong Kong. He is currently Chairman of the Hong Kong General Chamber of Commerce, a council member of the Employers' Federation of Hong Kong and a council member of the Hong Kong Trade Development Council.

The Nominating Committee annually reviews the composition of the Board and independence of each Director.

The Nominating Committee is of the view that the current Board comprising nine Directors is appropriate in view of the nature and scope of the Group's operations.

Having regard to the depth and breadth of commercial knowledge, management expertise as well as business experience of individual Directors, the Nominating Committee is of the view that the current Board comprises persons who, as a group, provide core competencies necessary to govern and manage the Group's affairs.

Principle 3: Role of Chairman and Managing Director

The Company has a separate Chairman and Managing Director. The Chairman is a non-executive and independent director who bears responsibility for the workings of the Board while the Managing Director is the most senior executive in the Company who bears executive responsibility for the management of the Company and Group. The Chairman, Managing Director and Group Executive Director set the Board meeting agenda in consultation with the other Directors. Both the Chairman and Managing Director are responsible for the adherence by Management with Corporate Governance policies as laid down by the Board.

BOARD COMMITTEES

To facilitate effective management, certain functions have been delegated to various Board Committees, each with its own terms of reference.

Nominating Committee ("NC")

Principle 4: Board Membership
Principle 5: Board Performance

The NC was formed on November 1, 2002 and comprises three non-executive Directors of whom two are independent Directors. The NC is chaired by Mr. Leslie Mah Kim Loong. Mr. Mah is not associated with the substantial shareholders of the Company. The other members are Mr. Michael S. Dobbs-Higginson and Mr. David Fu Kuo Chen.

The NC's role is to establish an objective and transparent process for:

- the appointment or re-appointment of members of the Board and of the various Board Committees;
- evaluating and assessing the effectiveness of the Board as a whole, and the contribution by each individual Director to the effectiveness of the Board;
- review and make recommendations to the Board on succession plans for Directors, in particular, the Chairman and Managing Director;
- determining the independence of Directors; and
- reviewing the multiple board representations of each Director individually (if any) to ensure that sufficient time and attention is given to the affairs of the Company.

The process for selecting, appointing and identifying and re-electing non-executive Directors to the Board is as follows:

(a) The NC will at least annually carry out proactive review of the Board composition and on each occasion that an existing non-executive Director gives notice of his intention to retire or resign. This is to assess the collective skills of non-executive Directors represented on the Board to determine whether the Board, as a whole, has the skills required to achieve the Group's strategic and operational objectives;

(b) In carrying out the review, the NC will take into account that the Board composition should reflect balance in matters such as skill representation, tenure, experience, age spread and diversity;

(c) The NC will assist to identify suitable candidates for appointment to the Board having regard to the skills required and the skills represented on the Board;

(d) External consultants may be used from time to time to access a wide base of non-executive Directors;

(e) The NC will make recommendations to the Board on candidates it considers appropriate for appointment. New Directors are appointed by way of board resolutions;

(f) With regard to the re-election of existing Directors each year, the NC will advise the Board of those Directors who are retiring in accordance with the provisions of the Articles of the Company;

(g) The NC will make recommendations to the Board as to whether the Board should support the re-election of a Director retiring in accordance with the provisions of the Articles; and

(h) In making recommendations, the NC will undertake a process of review of the retiring non-executive Director's performance during the period in which the non-executive Director has been a member of the Board.

The above process will be reviewed periodically at the discretion of the Board.

New Directors will submit themselves for re-election at the next Annual General Meeting ("AGM") of the Company. Article 80 of the Company's Constitution requires at least one third of the Board to retire by rotation at every AGM, except that the Managing Director is not subject to retirement by rotation.

For the purpose of its evaluation of the directors' performance, the NC focuses on whether the Directors, individually or collectively possesses the background, experience, competencies in finance and management skills critical to the Group's business as well as whether each director, with his special contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

The NC has adopted a system of assessing the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board. Some factors taken into consideration by the NC include attendance at Board and Committee meetings, quality and value of contributions at Board and Committee meetings and how resolute in maintaining own views and resisting pressure from others.

The NC is responsible for assessing the independence of the Directors on an annual basis. Each Director is required to complete a Confirmation of Independence checklist, which is drawn up in accordance with the guidelines provided by the Code, and requires each Director to assess his own independence. The Director is required to declare any circumstances in which he may be considered non-independent. The NC will then review the Confirmation of Independence to determine whether a Director is independent.

As at December 31, 2017, three independent Directors have served on the Board for more than nine years. They are Mr. Arthur Tan Keng Hock, Mr. Leslie Mah Kim Loong and Mr. Michael S. Dobbs-Higginson. The NC takes the view that a Director's independence cannot be determined solely and arbitrarily on the basis on the length of time. A Director's contribution in terms of experience, expertise, professionalism, integrity, objectivity and independent judgment in engaging and challenging Management in the best interests of the Group as he performs his duties in good faith, are more critical measures in ascertaining his independence than the number of years served on the Board. Hence, the Board does not impose a limit on the length of service of the independent Directors. However, the Board and NC will exercise due and careful review, taking into consideration other factors, in assessing the independence of a Director. These factors include, inter alia, if the Directors has any interest, business, relationship and/or any other material contractual relationships with the Group which could reasonably be perceived to compromise his independence and interfere with the exercise of his independent business judgment. After due and careful rigorous review, the Board is of the view that all three independent Directors remain independent in their exercise of judgment and objectivity in Board matters.

The NC has recommended the re-election of Mr. Michael S. Dobbs-Higginson, Mr. Leslie Mah Kim Loong and Mr. Stephen Ng Tin Hoi who are retiring pursuant to Article 80 of the Company's Constitution at the forthcoming AGM. The retiring Directors have offered themselves for re-election. The Board has accepted the recommendations of the NC.

Each member of the NC abstains from voting on any resolutions and making any recommendation and/or participating in respect of matters in which he is interested.

The NC has assessed that each Director in the Company is able to and has been adequately carrying out his duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments.

The Board is of the view that setting a maximum number of listed company board representations would not be meaningful as the contributions of the Directors would depend on many other factors such as whether they were in full time employment and their other responsibilities.

Audit Committee ("AC")

Principle 11: Risk Management and Internal Controls
Principle 12: Audit Committee
Principle 13: Internal Audit

The AC was formed in 1991 and was re-constituted on November 1, 2002 in compliance with the spirit of the Code of Corporate Governance.

The AC comprises three non-executive Directors namely, Mr. Leslie Mah Kim Loong, Mr. Arthur Tan Keng Hock and Mr. Michael S. Dobbs-Higginson, all of whom are independent Directors. The AC is chaired by Mr. Leslie Mah Kim Loong, a Life Member of the Institute of Singapore Chartered Accountants. The Board considers Mr. Leslie Mah, who has extensive and practical financial management knowledge and experience, is well qualified to chair the AC. The Board is satisfied that the AC members, collectively have many years of experience in accounting, finance and business management and are appropriately qualified to discharge their responsibilities.

The AC performs the following main functions:

- reviews with the external auditors, the audit plan, impact of new, revised or proposed changes in accounting standards, significant financial reporting issues and results of their examination and evaluation of accounting controls;
- reviews with the internal auditors, the scope and results of internal audit procedures and their evaluation of the internal control systems;
- reviews the quarterly and full year announcements of the results and financial position of the Company and the Group and the financial statements of the Company and consolidated financial statements of the Group prior to their submission to the Board;
- reviews interested person transactions;
- reviews the co-operation given by the Company's officers to the internal and external auditors;
- makes recommendations to the Board on the appointment of the internal and external auditors;
- reviews with the external and internal auditors the adequacy and effectiveness of the Group's internal control systems within the scope of their audits, including financial, operational, compliance and information technology controls;
- reviews the independence of the external auditors annually and the aggregate amount of fees paid to the external auditors for that financial year; and
- commissions and reviews the findings of internal investigations into matters where there is any suspected fraud or irregularity or failure of internal controls or infringement of any law, rule or regulation which is likely to have a material impact on the Company's operating results or financial position.

The AC meets with the internal and external auditors separately (without the presence of the Company's Management) at least once a year to review any matter that might be raised.

The AC received co-operation from Management and was not obstructed or impeded by Management in carrying out its functions during the year. Throughout the year, there was no instance of any suspected misdeed or irregularity, which was likely to have a material impact on the Group's operating results and financial position.

The AC has full discretion to invite any Director or executive officer of the Company to attend its meetings.

To keep abreast of the changes in financial reporting standards and related issues which have a direct impact on financial statements, discussions are held with the external auditors where applicable when they attend the AC meetings quarterly.

The AC reviewed the scope and results of the audit carried out by the external auditors, the independence and objectivity of the external auditors. The AC has conducted an annual review of all non-audit services by the external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the auditors. The fees paid to the external auditors are disclosed on page 72 of this Annual Report.

The Group has complied with Rules 712, 715 and 716 of the SGX-ST Listing Manual in relation to its auditors. The AC has recommended to the Board the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Company at the forthcoming AGM.

A Policy on Business Related Conduct has also been put in place by the AC to provide an independent feedback channel for employees to report any corporate wrongdoings and to ensure appropriate investigation and follow up action on such report, if any. There have been no reported incidents pertaining to whistle-blowing for FY2017.

The AC is tasked to oversee the implementation of an effective system of internal controls as well as putting in place a risk management framework to continually identify, evaluate and manage significant business risks of the Group. Having considered the Company's business operations as well as its existing internal control and risk management systems, the Board is of the view that a separate risk committee is not required for the time being.

The internal audit function is currently outsourced to One e-Risk Services Pte Ltd which reports directly to the AC. The internal auditors support the AC in their role to assess the effectiveness of the Group's overall system of operational and financial controls. The AC is satisfied that the internal audit function is adequately resourced to perform its function effectively. The AC is also satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience.

The AC reviews and approves the internal audit plan proposed by the internal auditors. Material non-compliance and internal control weaknesses noted during the internal audits are reported together with the internal auditors' recommendations to the AC.

The Board has received assurance from the Managing Director, Group Financial Controller and other Senior Management that (a) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances and (b) regarding the effectiveness of the Company's risk management and internal control systems.

The AC, together with Management meets with the internal auditors and external auditors to review accounting, auditing and financial reporting matters to ensure that an effective system of controls is maintained in the Group.

The internal auditors and external auditors have, during the course of their audits, carried out a review of the effectiveness of key internal controls within the scope of their audits. Material non-compliance and internal control weaknesses noted during their respective audits and their recommendations are reported to the AC (if any). It was noted that there were no systemic issues to be highlighted. The AC has reviewed the internal auditors' and external auditors' comments and findings to ensure that there are adequate internal controls in the Group and follow up on actions implemented in their next audit review.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls were adequate and effective as at December 31, 2017 to address financial, operational, compliance and information technology risks, which the Group considers relevant and material to its operations.

The Board notes that the system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives.

In this regard, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Significant financial statement reporting matters

The significant issues considered by the AC in relation to the financial statements during the year ended December 31, 2017 are detailed below, alongside the actions taken by the AC to address the issues:

Significant matters considered	How the issues were addressed by the AC
Accounting for completed properties held for sale	The AC considered the approach and methodology applied to the valuation of completed properties held for sale. The assessment included considerations of the macroeconomic developments and knowledge of the real estate industry. The AC also discussed the above with the external auditors. The auditors have included the valuation of completed properties as a key audit matter in the auditor's report for the financial year ended December 31, 2017. This is on page 24 of the annual report.
Accounting for investment properties	The AC considered the approach and methodology applied to the valuation model in assessing the fair value of the investment properties of the Group. The AC also discussed the above with the external auditors. The auditors have included the valuation of investment properties as a key audit matter in the auditor's report for the financial year ended December 31, 2017. This is on page 24 of the annual report.

Remuneration Committee ("RC")

Principle 7: Procedures for Developing Remuneration Policies
Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure on Remuneration

The RC was formed on November 1, 2002 and comprises three Directors, of whom two, including the Chairman, are non-executive and Independent Directors.

The RC is chaired by Mr. Michael S. Dobbs-Higginson. The other members are Mr. Arthur Tan Keng Hock and Mr. Ong Beng Seng. The Board is of the view that it is appropriate for the Group's Managing Director, Mr. Ong Beng Seng to remain as a member of the RC as he does not receive monthly remuneration from the Group and is not eligible for grants under the Company's Executive Share Option Scheme and Performance Share Plan.

The RC's principal responsibilities are to:

- review periodically and recommend to the Board an appropriate framework of compensation practices to attract, retain and motivate management staff of the required caliber to manage the Group successfully;
- review and recommend senior management remuneration package and that of the executive Directors whose remuneration packages include a variable bonus component which is performance-related, and also stock options and performance shares which have been designed to align their interests with those of the shareholders;
- review Company's obligations arising in the event of termination of executive Directors and key management personnel's contract of service;
- review the recommendation of the executive Directors, for approval of the Board, the Directors' fees and such payment as may be payable pursuant to Article 73 of the Company's Constitution;
- administer the Hotel Properties Limited Executives' Share Option Scheme which was approved by the shareholders on June 23, 2000 ("Scheme 2000");
- administer the Hotel Properties Limited Performance Share Plan 2017 approved by the shareholders on April 27, 2017 ("HPL PSP 2017"); and
- administer the Hotel Properties Employee Share Option Scheme 2010 which was approved by the shareholders on April 29, 2010 ("Scheme 2010").

While none of the members of the RC specialises in the area of executive compensation, the Committee is entitled to have access to independent industry data and professional advice if necessary. Moreover, they have unrestricted access to the Company's records and information so as to enable them to carry out their duties.

For the financial year 2017, there were no termination, retirement and post-employment benefits granted to Directors, the Managing Director and the top five key management personnel.

The remuneration for executive Directors and senior management is structured to link rewards to corporate and individual performance. The remuneration policy for executive Directors and senior management staff consists of both fixed and variable components. The fixed component includes salary and pension fund contributions. The variable component comprises a bonus element, share options and performance shares which are performance-based. At the moment, the Company does not use any contractual provisions to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

Non-executive Directors are paid Directors' fees that are based on corporate and individual responsibilities and are subject to approval of the shareholders at the AGM.

The RC recommends the payment of the Directors' fees, subject to approval by shareholders at the AGM of the Company.

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

The Board supports and is aware of the need for transparency. However, after deliberation and debate, the Board is of the view that full disclosure of the specific remuneration of each individual Director and the Group's top five key management personnel (who are not Directors) is not in the best interests of the Company and therefore shareholders. Inter alia, the Board took into account the very sensitive nature of the matter, the relative size of the Group, the highly competitive business environment the Group operates in and the irrevocable negative impact such disclosure would have on the Group.

Details of remuneration and benefits of Directors for the financial year ended December 31, 2017 are set out below:

	Fee** %	Salary %	Bonus and Other benefits* %	Total %
Between $4,750,000 and $5,000,000				
Christopher Lim Tien Lock	1	18	81	100
Between $4,500,000 and $4,750,000				
Ong Beng Seng	2	-	98	100
Between $3,750,000 and $4,000,000				
Stephen Lau Buong Lik	2	20	78	100
Below $250,000				
Michael S. Dobbs-Higginson	100	-	-	100
Arthur Tan Keng Hock	100	-	-	100
Leslie Mah Kim Loong	100	-	-	100
David Fu Kuo Chen	100	-	-	100
William Fu Wei Cheng	100	-	-	100
Stephen Ng Tin Hoi	100	-	-	100

* exclude share options and performance shares which are disclosed in the Directors' Statement

** these fees are subject to approval by shareholders as a lump sum at the AGM for FY2017

There is no employee who is related to a Director or the Managing Director whose remuneration exceeds $50,000 in the Group's employment for the financial year ended December 31, 2017.

The RC administers Scheme 2000 and Scheme 2010 in accordance with the rules as approved by shareholders. Executive Directors (except Mr. Ong Beng Seng who is also a deemed substantial shareholder of the Company) were granted share options under both Schemes but not non-executive Directors. The Company holds the view that, at this point in its development, the interests of maintaining the objectivity and independence of the non-executive Directors is best served by a cash-based remuneration package. The objectives of Scheme 2000 and Scheme 2010 are to motivate the executives of the Group to optimise their performance standards and efficiency and to retain key executives whose contributions are important to the long term growth and profitability of the Group.

In addition to Scheme 2000 and Scheme 2010, the shareholders have approved the HPL PSP 2017 on April 27, 2017 to give the Company greater flexibility to align the interests of the employees, especially key executives, with those of shareholders. It is also intended that the HPL PSP 2017 complements Scheme 2000 and Scheme 2010 in its continuing effects to reward, retain and motivate employees to achieve superior performance which creates and enhances economic value for shareholders. The Scheme 2000 had expired on June 22, 2010 and the last batch of share options granted on October 10, 2007 had lapsed on October 9, 2017.

Other details of the Scheme 2000, Scheme 2010 and HPL PSP 2017 are found in the Directors' Statement.

Principle 6 : Access to Information
Principle 10: Accountability and Audit

In order to ensure that the Board is able to fulfill its responsibilities, Management provides the Board with quarterly financial statements, all relevant information on material events and transactions are circulated to Directors as and when they arise. Whenever necessary, senior management staffs are invited to attend the Board/Committee meetings to answer queries and provide detailed insights into their areas of responsibilities.

Where a decision has to be made before a Board meeting, a Directors' resolution is circulated in accordance with the Constitution of the Company and the Directors are provided with all necessary information to enable them to make informed decisions.

In addition, Directors have separate and independent access to the advice and services of the company secretary, who is responsible to the Board for ensuring board procedures are followed and advising on the implementation of compliance requirements pursuant to the relevant statutes and regulations. The company secretary assists in scheduling Board and Committee meetings and prepare agenda in consultation with the Board Chairman, Committee Chairman and Executive Directors. The company secretary attends all Board and Committee meetings and prepares minutes. The appointment and removal of the company secretary is a matter for the Board as a whole.

Each Director also has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill their roles and responsibilities as Directors.

In line with the Listing Rules of the SGX-ST, the Board provides a negative assurance statement to the shareholders in its quarterly financial statements announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

In addition, the Company, had pursuant to the amended Rule 720(1) of the Listing Manual of the SGX-ST, received undertakings from all its Directors and executive officers that they each shall, in the exercise of their powers and duties as Directors and officers comply with the best of their abilities with the provisions of the SGX-ST's Listing Rules and the Securities and Futures Act and will procure the Company to do so.

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Shareholder Rights
Principle 15: Communication with Shareholders
Principle 16: Greater Shareholder Participation

The Company does not practise selective disclosure. Price sensitive announcements including quarterly and full-year results are released through SGXNET and subsequently posted on the Company's website. All shareholders of the Company receive the Annual Report and Notice of AGM which can be accessed from the Company's website. At AGMs, shareholders are given the opportunity to air their views and ask questions regarding the Group and its businesses. The Chairman of each of the AC, NC and RC, external auditors and Management are also present to address shareholders' queries.

To promote greater transparency and effective participation, the Company has conducted the voting of all its resolutions by employing electronic poll voting for all its resolutions passed at its AGM held since 2016. The detailed results of the electronic poll voting on each resolution tabled at the AGM, including the total number of votes cast for or against each resolution tabled, were released immediately at the AGM and announced to SGX-ST via SGXNET thereafter.

Except for a member who is a relevant intermediary as defined under Section 181(6) of the Companies Act, a member is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. A "Relevant Intermediary" means:

(i) a banking corporation licensed under the Banking Act of Singapore (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

(ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act of Singapore (Chapter 289), and who holds shares in that capacity; or

(iii) the Central Provident Fund Board established by the Central Provident Fund Act of Singapore (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

The Company is not implementing absentia voting methods such as voting via mail, emails or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company does not have a fixed dividend policy. The frequency and amount of dividends will depend on the Company's earnings, general financial conditions, results of operations, capital requirements, cash flow and general business conditions, development plans and other factors as the Directors may deem appropriate. Notwithstanding the above, the Company has been declaring final dividends at year end. Any payouts are clearly communicated to shareholders via announcements on SGXNET when the Company releases its financial results.

Interested Person Transactions ("IPT")

The Company has adopted an internal policy in respect of any transactions with interested persons and has set out procedures for review and approval of the Company's interested person transactions. Details of the significant interested person transactions for the financial year ended December 31, 2017 are as follows:

Name of Interested Person	Aggregate value of all IPT during the financial year ended December 31, 2017 (excluding transactions below $100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPT conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions below $100,000)
	$'000	$'000
*** Associates of Mr. Ong Beng Seng / Mr. David Fu Kuo Chen**		
Rental income	8,907	-
Management fee income	1,059	-
Management fee expense	987	-
Joint ventures	271,431	-

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

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

Note:

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

- his immediate family;
- the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
- any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more.

DEALINGS IN SECURITIES

In compliance with Listing Rule 1207 (19) of the SGX-ST Listing Manual, the Group issues quarterly reminders to its Directors, officers and employees on the restrictions in dealings in listed securities of the Group during the period commencing (i) two weeks prior to the announcement of financial results of each of the first three quarters of the financial year, and (ii) one month before the announcement of full year results, and ending on the date of such announcements. Directors, officers and employees are also reminded not to trade in listed securities of the Group at any time while in possession of unpublished price sensitive information and to refrain from dealing in the Group's securities on short-term considerations.

PARTICULARS OF GROUP PROPERTIES

The main properties as at December 31, 2017 are as follows:

A. Classified as Group Property, Plant and Equipment (Note 16 to the financial statements)

FREEHOLD (INCLUDING LONG-TERM LEASEHOLD)

Singapore

A 24-storey hotel building with 421 rooms/suites (known as Hilton Singapore) at 581 Orchard Road, Singapore 238883 (lease expires 999 years from October 30, 1871)

A 20-storey hotel building with 255 rooms/suites (known as Four Seasons Hotel Singapore) at 190 Orchard Boulevard, Singapore 248646

Part of a 9-storey building (known as HPL House) at 50 Cuscaden Road, Singapore 249724 occupied by the companies in the Group

Malaysia

A hotel with 250 rooms (known as Hard Rock Hotel Penang) located at Batu Ferringhi Beach, 11100 Penang, Malaysia

A plot of land located at Port Dickson, Negeri Sembilan, Malaysia

Thailand

A 10-storey hotel building with 323 rooms (known as Hard Rock Hotel Pattaya) at Pattaya Beach Road, Cholburi, Thailand

2 inter-connecting hotel buildings of 10 and 11 storeys with 169 rooms (known as COMO Metropolitan Bangkok) at 28 South Sathorn Road, Bangkok, Thailand

A hotel with 39 rooms/suites (known as The Boathouse, Phuket) at Kata Beach, Phuket, Thailand

A plot of land located at Rawai Sub-district, Phuket, Thailand

Land located in Naka Yai Island, Pa Klok Sub District, Thalang District, Phuket, Thailand

A condominium unit at Sathorn Park Place, Bangkok, Thailand

PARTICULARS OF GROUP PROPERTIES

A. Classified as Group Property, Plant and Equipment (Note 16 to the financial statements) (cont'd)

FREEHOLD (INCLUDING LONG-TERM LEASEHOLD) (cont'd)

United States of America

A hotel building with 123 rooms (known as Concorde Hotel New York) at 127 East, 55th Street, New York City, New York, U.S.A.

Total Freehold (Including Long-Term Leasehold) Land and Buildings	$690,629,000

LEASEHOLD

Singapore

A 9-storey hotel building with 407 rooms/suites (known as Concorde Hotel Singapore) at 100 Orchard Road, Singapore 238840 (lease expiring 99 years from August 17, 1979)

Malaysia

A 3-storey holiday resort (known as The Lake House) at Ringlet, Cameron Highlands, Malaysia (lease expiring 99 years from September 19, 1940)

Indonesia

A resort hotel with 147 villas (known as Four Seasons Resort Bali at Jimbaran Bay) located at Bukit Permia, Jimbaran Denpasar 80361, Bali, Indonesia (2 leases expiring 30 years from September 14, 1991 and October 30, 1991 respectively)

A resort hotel with 60 villas (known as Four Seasons Resort Bali at Sayan) located at Sayan Village, District of Ubud, Bali, Indonesia (lease expiring 30 years from August 4, 1994 with an option to extend for another 30 years)

A holiday resort with 418 rooms (known as Hard Rock Hotel Bali) located at Kuta Village, Bali, Indonesia (lease expiring 30 years from October 31, 1996 with an option to extend for another 30 years)

A resort hotel with 9 villas (known as Four Seasons Private Estates at Jimbaran Bay) located at Jimbaran Village, Bali, Indonesia (lease expiring 30 years from June 27, 1998 with an option to extend for another 30 years)

PARTICULARS OF GROUP PROPERTIES

A. Classified as Group Property, Plant and Equipment (Note 16 to the financial statements) (cont'd)

LEASEHOLD (cont'd)

Vanuatu

A holiday resort (known as Holiday Inn Resort Vanuatu and Palms Casino) located at Port Vila, Vanuatu (2 leases expiring 75 years from July 30, 1980)

Maldives

A resort (known as Four Seasons Resort Maldives at Kuda Huraa) located at North Male Atoll, Republic of Maldives (lease expiring 50 years from April 16, 1995)

A resort (known as Four Seasons Resort Maldives at Landaa Giraavaru) and a seven-bedroom private island resort (known as Four Seasons Private Island Maldives at Voavah) located at Baa Atoll, Republic of Maldives (2 leases expiring 50 years from December 27, 1999 and 21 years from May 15, 2013)

A resort (known as Six Senses Laamu) located at Laamu Atoll, Republic of Maldives (lease expiring 50 years from May 5, 2005)

A resort (known as Holiday Inn Resort Kandooma) located at South Male Atoll, Republic of Maldives (lease expiring 39 years from April 15, 2005)

An island located at Raa Atoll, Republic of Maldives (lease expiring 50 years from January 16, 2014)

An island located at Vaavu Atoll, Republic of Maldives (lease expiring 50 years from August 20, 2014)

Palau

A plot of land located in Koror, Republic of Palau (lease expiring 99 years from September 5, 2017)

Total Leasehold Land and Buildings	$ 507,738,000
TOTAL (Classified as Group Property, Plant and Equipment)	$1,198,367,000

PARTICULARS OF GROUP PROPERTIES

B. Classified as Completed Properties Held for Sale (Note 10 to the financial statements)

Property Description/Location	Title	Net Saleable Area (sqm)
Thailand		
12 condominium units at 125 South Sathorn Road, Bangkok, Thailand	Freehold	2,529
Singapore		
4 condominium units at 31 Tomlinson Road, Singapore 247855	Freehold	1,504

C. Classified as Group Investment Properties (Note 17 to the financial statements)

Property Description/Location	Title
Singapore	
7 shop units at 21 Cuscaden Road, Ming Arcade, Singapore 249720	Freehold
Office and shop units at 50 Cuscaden Road, Singapore 249724	Freehold
Office and shop units at 583 Orchard Road, Singapore 238884	Freehold
64 shop units at 100 Orchard Road, Concorde Shopping Mall, Singapore 238840	Leasehold 99 years from August 17, 1979

STATISTICS OF SHAREHOLDINGS

AS AT MARCH 19, 2018

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	75	2.51	960	0.00
100 - 1,000	614	20.54	479,631	0.09
1,001 - 10,000	1,856	62.07	7,016,579	1.35
10,001 - 1,000,000	432	14.45	23,443,029	4.50
1,000,001 AND ABOVE	13	0.43	489,846,252	94.06
TOTAL	**2,990**	**100.00**	**520,786,451**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DBS NOMINEES (PRIVATE) LIMITED	298,043,324	57.23
2	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	102,273,555	19.64
3	FU KUO CHEN DAVID	24,326,307	4.67
4	FU CHRISTINA MRS CHRISTINA ONG	23,457,308	4.50
5	RAFFLES NOMINEES (PTE) LIMITED	15,769,882	3.03
6	CITIBANK NOMINEES SINGAPORE PTE LTD	11,339,650	2.18
7	OCBC SECURITIES PRIVATE LIMITED	3,933,000	0.76
8	LEE PINEAPPLE COMPANY PTE LTD	2,750,000	0.53
9	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	2,158,854	0.41
10	PHILLIP SECURITIES PTE LTD	1,781,072	0.34
11	GOEI BENG KIONG ALAN	1,681,500	0.32
12	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,299,800	0.25
13	LAU ENG TIONG	1,032,000	0.20
14	MORPH INVESTMENTS LTD	746,200	0.14
15	CHOO MEILEEN	742,000	0.14
16	LAU BUONG LIK STEPHEN	704,400	0.14
17	LOH WING WAH	694,000	0.13
18	GOEI MING FERN PAULINE	649,000	0.12
19	GOEI BENG YIAN MAGDELINE	620,500	0.12
20	HL BANK NOMINEES (SINGAPORE) PTE LTD	605,300	0.12
	TOTAL	**494,607,652**	**94.97**

SUBSTANTIAL SHAREHOLDERS

AS AT MARCH 19, 2018

As shown in the Company's Register of Substantial Shareholders

Substantial Shareholder	Direct/Beneficial Interest No. of Shares	%*	Deemed Interest No. of Shares	%*
68 Holdings Pte. Ltd.	293,368,206	56.33		
Ong Beng Seng	100,434,455	19.29	316,825,514 (1)	60.84
Cuscaden Partners Pte. Ltd.	-	-	293,368,206 (2)	56.33
Nassim Developments Pte. Ltd.	-	-	293,368,206 (3)	56.33
WPS Capital Pte. Ltd.	-	-	293,368,206 (3)	56.33
Wheelock Properties (Singapore) Limited	-	-	293,368,206 (3)	56.33
Star Attraction Limited	-	-	293,368,206 (3)	56.33
Wheelock Investments Limited	-	-	293,368,206 (3)	56.33
Wheelock and Company Limited	-	-	293,368,206 (3)	56.33

Notes:

(1) 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.

(2) Cuscaden Partners Pte. Ltd. is deemed to have an interest in the shares of 68 Holdings Pte. Ltd.

(3) 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.

* Based on 520,786,451 ordinary shares as at March 19, 2018.

Approximately 14.66% of the issued ordinary shares are held in the hands of the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has accordingly been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Eighth Annual General Meeting of Hotel Properties Limited (the "Company") will be held at Crescent Ballroom, Level 2 Four Seasons Hotel Singapore, 190 Orchard Boulevard, Singapore 248646 on Thursday, April 26, 2018 at 4.00 p.m. to transact the following businesses:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the year ended December 31, 2017 and the Auditors' Report thereon. **Resolution 1**

2. To declare a first and final one-tier tax exempt dividend of 4 cents per ordinary share and a one-tier tax exempt special dividend of 6 cents per ordinary share for the year ended December 31, 2017. **Resolution 2**

3. To approve the proposed Directors' fees of S$728,000 for the year ended December 31, 2017 (2016: S$728,000). **Resolution 3**

4. To re-appoint Auditors for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 4**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as Ordinary Resolutions with or without any modification:

5. That Mr. Michael S. Dobbs-Higginson be and is hereby re-elected as a Director of the Company in accordance with Article 80 of the Company's Constitution. [See Explanatory Note (a)] **Resolution 5**

6. That Mr. Leslie Mah Kim Loong be and is hereby re-elected as a Director of the Company in accordance with Article 80 of the Company's Constitution. [See Explanatory Note (b)] **Resolution 6**

7. That Mr. Stephen Ng Tin Hoi be and is hereby re-elected as a Director of the Company in accordance with Article 80 of the Company's Constitution. **Resolution 7**

8. That pursuant to Section 161 of the Companies Act, Cap 50 and the listing rules of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the Directors to: **Resolution 8**

   (A) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and

(B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 50 per cent. of the total number of issued shares in the capital of the Company excluding treasury shares and subsidiary holdings of the Company (as calculated in accordance with paragraph (ii) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company shall not exceed 20 per cent. of the total number of issued shares in the capital of the Company excluding treasury shares and subsidiary holdings of the Company (as calculated in accordance with paragraph (ii) below);

(ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under paragraphs (i) above, the total number of issued shares excluding treasury shares and subsidiary holdings of the Company shall be based on the total number of issued shares excluding treasury shares and subsidiary holdings of the Company at the time this Resolution is passed, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(b) any subsequent bonus issue or consolidation or subdivision of shares.

(iii) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. [See Explanatory Note (c)]

9. That: **Resolution 9**

(a) for the purposes of the Companies Act, Cap 50 (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 Singapore Exchange Securities Trading Limited's (the "**SGX-ST**") 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 of the SGX-ST and the Companies Act,

and otherwise in accordance with the applicable provisions of the Companies Act and the Listing Manual of the SGX-ST, 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; 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,

whichever is the earlier;

(c) in this Resolution:

"**Prescribed Limit**" means 10% of the total number of Shares (excluding any treasury shares that may be held by the Company and subsidiary holdings) 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 (as hereinafter defined), in which event the total number of Shares shall be taken to be the total number of Shares as altered (excluding any treasury shares that may be held by the Company and subsidiary holdings from time to time);

"**Relevant Period**" means the period commencing from the date of passing of this Resolution 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, commission, applicable goods and services tax and other purchase-related expenses) to be paid for a Share, which shall not exceed:

(i) in the case of a Market Share Buy-Back, 5% above the average of the closing market prices of the Shares over the last 5 Market Days (a "**Market Day**" being a day on which the SGX-ST is open for trading of securities) 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 Shares 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. [See Explanatory Note (d)]

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Transfer Books and Register of Members of the Company will be closed on May 10, 2018 at 5.00 p.m. for the purpose of determining shareholders' entitlements to the proposed first and final one-tier tax exempt dividend of 4 cents per ordinary share and a one-tier tax exempt special dividend of 6 cents per ordinary share for the financial year ended December 31, 2017 (the "**Proposed Dividends**").

Duly completed transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., of 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623, up to 5.00 p.m. on May 10, 2018 will be registered to determine shareholders' entitlement to the Proposed Dividends. Members whose securities accounts with the Central Depository (Pte) Limited ("CDP") are credited with the shares as at 5.00 p.m. on May 10, 2018 will be entitled to such Proposed Dividends.

The Proposed Dividends, if approved at the Annual General Meeting to be held on April 26, 2018, will be paid on May 25, 2018.

By Order of the Board

Lo Swee Oi
Company Secretary
April 11, 2018
Singapore

Explanatory Notes:

(a) Mr. Michael S. Dobbs-Higginson, a non-executive Independent Director, if re-elected, will remain as Chairman of the Remuneration Committee and a member of the Audit Committee and the Nominating Committee. He is considered an Independent Director pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.

(b) Mr. Leslie Mah Kim Loong, a non-executive Independent Director, if re-elected, will remain as Chairman of the Audit Committee and the Nominating Committee. He is considered an Independent Director pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.

(c) Ordinary Resolution 8 will empower the Directors from the date of the Annual General Meeting until the date of the next Annual General Meeting to issue further shares in the Company. The maximum number of shares which the Directors may issue under this resolution shall not exceed the quantum set out in the resolution.

(d) Ordinary Resolution 9, if passed, will empower the Directors to purchase or otherwise acquire Shares on the terms of the Share Buy-Back Mandate as set out in Ordinary Resolution 9 and the Letter to Shareholders dated April 11, 2018. Please refer to the Letter to Shareholders dated April 11, 2018 for more details. The Company may use internal sources of funds and/or external borrowings to finance the purchase or acquisition of Shares. The amount of financing required and the impact on the Company's financial position cannot be ascertained as at the date of this Notice as these will depend on, inter alia, the aggregate number of Shares purchased, the purchase prices, how the purchase is funded, whether the purchase is made out of capital or profits, and whether the Shares purchased or acquired are cancelled or held as treasury shares. Illustrative financial effects are set out in paragraph 2.8 of the said Letter to Shareholders.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

(1) Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, a member is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where a member appoints more than one proxy, he shall specify the proportion of his shares to be represented by each proxy.

(2) If a proxy is to be appointed, the form must be deposited at the registered office of the Company, at 50 Cuscaden Road #08-01 HPL House, Singapore 249724, not less than 48 hours before the meeting.

(3) The form of proxy must be signed by the appointor or his attorney duly authorised in writing.

(4) In the case of joint shareholders, all holders must sign the form of proxy.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting 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 Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (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.

This page has been intentionally left blank

PROXY FORM

ANNUAL GENERAL MEETING

HOTEL PROPERTIES LIMITED
(Incorporated in Singapore)
Company Reg No : 198000348Z

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 Annual General Meeting.
2. For investors who have used their CPF monies 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 hereby appoint:

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

and/or (delete as appropriate)

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

or failing whom, the Chairman of the Meeting, as my/our proxy/proxies to vote for me/us on my/our behalf, at the Thirty-Eighth Annual General Meeting of the Company to be held at Crescent Ballroom, Level 2 Four Seasons Hotel Singapore, 190 Orchard Boulevard, Singapore 248646 on Thursday, April 26, 2018 at 4.00 p.m. 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 will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	**Resolutions relating to:**	**For**	**Against**
1.	Adoption of Directors' Statement and Audited Financial Statements		
2.	Declaration of a First and Final Dividend and a Special Dividend		
3.	Approval of Directors' Fees		
4.	Re-appointment of Auditors		
5.	Re-election of Director (Mr. Michael S. Dobbs-Higginson)		
6.	Re-election of Director (Mr. Leslie Mah Kim Loong)		
7.	Re-election of Director (Mr. Stephen Ng Tin Hoi)		
8.	Authority to issue shares pursuant to Share Issue Mandate		
9.	Renewal of Share Buy-Back Mandate		

Dated this __________ day of __________________ 2018

Total No. of Shares Held	

____

Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

IMPORTANT: PLEASE READ NOTES BEFORE COMPLETING THIS PROXY FORM

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 a Relevant Intermediary as defined under Section 181(6) of the Companies Act (Chapter 50) of Singapore ("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 meeting, 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 meeting.

6 The instrument appointing a proxy or proxies must be under the hand of the appointer 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 authorised officer(s) or its attorney duly authorised.

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 Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting 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 Meeting.

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 meeting, 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, 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 meeting, 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 the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

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 Annual General Meeting dated April 11, 2018.

HOTEL
PROPERTIES
LIMITED

50 Cuscaden Road #08-01
HPL House Singapore 249724
Tel: 6734 5250 Fax: 6732 0347
http://www.hotelprop.com.sg
Regn no: 198000348Z