FRAGRANCE GROUP LIMITED

ANNUAL REPORT **FY 2015**

STAYING RESILIENT
FOR FUTURE
GROWTH

FRAGRANCE EMPIRE BUILDING | 456 ALEXANDRA ROAD

CONTENTS

CORPORATE PROFILE

With a track record dating back to the mid-1980s, Fragrance Group Limited ("FGL", the "Company" or the "Group") is a property developer with presence in Singapore and Australia. FGL's development projects comprise mainly residential, commercial, hotel and industrial properties, with over 80 project launches to date. FGL's current overseas development properties include its maiden project, *Premier Tower*, a skyscraper mixed-use development located in Melbourne, Australia, and *NV Apartments*, freehold apartments located in the Central Business District of Perth, Western Australia.

The strategy for our property development arm is to offer customers quality homes and business spaces at affordable prices. Today's busy urban lifestyle calls for simple design solutions that uncover precious space. Every square foot at our property units are meticulously mapped out to meet our customer's satisfaction and their fittings have been carefully selected to offer comfort and durability. Our projects offer the perfect combination of essential living and convenience with their strategic locations.

The Group's other significant business sector is property investment. FGL's current property investment portfolio includes prime commercial properties situated in and near Singapore's CBD, a unique seafront Food and Beverage outlets, and an industrial building.

"Beyoncé – Inspired Skyscraper – Blurring The Boundary Between Art and Design"

Premier Tower, Melbourne

Premier Tower, Melbourne, Australia

MESSAGE FROM THE CHAIRMAN

DEAR SHAREHOLDERS

It is my pleasure to present to you, on behalf of the Board of Directors, the Group's performance for the financial year ended 31 December 2015 ("FY2015").

REVIEW OF FY2015

FINANCIAL PERFORMANCE

The property market in Singapore has been experiencing a slowdown and our timely decision of not adding any land banks since 2012 has certainly put us in a better position today with almost zero stock of unsold residential units. However, with the lesser number of ongoing projects, the Group reported lower revenues and net profit attributable to shareholders of $285.73 million and $68.16 million, respectively.

The Group's balance sheet continued to be strengthened as our total equity improved to $1,049.35 million compared to $1,038.33 million a year ago. Our loan to equity ratio stands healthily at 0.92.

PROPERTY DEVELOPMENT

Completed Projects

During FY2015, we obtained temporary occupation permits ("TOP") for three of our projects, namely the two mixed-use developments *Le Regal* and *Novena Regency*, and the conservation development with shops and residential units *Icon @ Pasir Panjang*. These three projects were substantially sold and the sale proceeds received provided a good cash flow support for the Group.

On-going Projects

Revenue from two on-going development projects which were launched in financial year 2013 namely, *Urban Vista (Group has 50% interest)* and *Kensington Square (Group has 60% interest)*, contributed significantly to the Group's revenue in FY2015. The TOP for these two projects are expected to be issued in the first half of 2016.

The construction works for *City Gate (Group has 50% interest)* will commence in the second half of 2016. Progressive recognition of S$315 million of attributable revenue, based on the units sold, will be recorded from year 2016 onwards.

The Group launched its first Australian development project, *Premier Tower*, in June 2015 with more than 60% of the total available units sold. In February 2016, *NV Apartments* – the Group's second Australian development project was previewed for sale in Singapore with international sales launch scheduled in March 2016.

Revenue from our Australian projects will be recognised based on the completion contract method.

The details of the completed and on-going projects can be found in our Operations and Financial review section.

PROPERTY INVESTMENT

With the completion of the Asset Enhancement works of our Alexandra Road property, the Group's five investment properties namely, *Fragrance Empire Building, Tower 15, Fragrance Building, The Punggol Settlement* and the *Victory Centre* contributed to the Group's rental income in FY2015. Of these five investment properties, *Tower 15* and *The Colonial Settlement* made significant contribution to the Group's revenue and profit during the financial year.

While *The Punggol Settlement* is 100% leased out, marketing efforts are currently ongoing to lease out the available space in the remaining properties.

MESSAGE FROM THE CHAIRMAN

LOOKING FORWARD

The Singapore residential property market is forecasted to remain subdued and competitive. However, the Group is well positioned to capitalise on new acquisition opportunities in Singapore given that almost all of its residential properties are already sold. The Group is also looking to build up a good base of recurring income from our investment properties in Singapore. The on-going developments in Australia will contribute significantly to the Group's results in the coming years depending on the level of sales and construction.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to thank all of you, our shareholders, home buyers, and business partners, for your continued confidence in and support of Fragrance Group. I would also like to express my heartfelt appreciation to all the management and staff for their dedication, hard work and contributions to the Group over the past year.

Koh Wee Meng
Executive Chairman and CEO

CORPORATE INFORMATION

BOARD OF DIRECTORS

MR KOH WEE MENG (Executive Chairman and CEO)
MS LIM WAN LOOI (Executive Director)
MR PERIAKARUPPAN ARAVINDAN (Executive Director)
MR LEOW CHUNG CHONG YAM SOON (Lead Independent Director)
MR TEO CHENG KUANG (Independent Director)
MR WATT KUM KUAN (Independent Director)

AUDIT COMMITTEE

MR LEOW CHUNG CHONG YAM SOON (Chairman)
MR TEO CHENG KUANG
MR WATT KUM KUAN

NOMINATING COMMITTEE

MR TEO CHENG KUANG (Chairman)
MR WATT KUM KUAN
MR KOH WEE MENG
MR LEOW CHUNG CHONG YAM SOON

REMUNERATION COMMITTEE

MR WATT KUM KUAN (Chairman)
MR TEO CHENG KUANG
MS LIM WAN LOOI

COMPANY SECRETARIES

MR PERIAKARUPPAN ARAVINDAN
MR KELOTH RAJ KUMAR

REGISTERED OFFICE

FRAGRANCE EMPIRE BUILDING
456 Alexandra Road
#26-01 Fragrance Empire Building
Singapore 119962
Tel: 6346 6888

REGISTRATION NUMBER

200006656M

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

TRICOR BARBINDER SHARE REGISTRATION SERVICES
(A division of Tricor Singapore Pte Ltd)
80 Robinson Road
#02-00
Singapore 068898

AUDITORS

DELOITTE & TOUCHE LLP
Chartered Accountants
6 Shenton Way
OUE Downtown 2 #33-00
Singapore 068809

Partner-in-charge: Mrs Wong-Yeo Siew Eng
Appointed since: 10 April 2015

PRINCIPAL FINANCIAL INSTITUTIONS

CIMB BANK BERHAD
DBS BANK LIMITED
HONG LEONG FINANCE LIMITED
OVERSEA-CHINESE BANKING CORPORATION LIMITED
RHB BANK BERHAD
SING INVESTMENTS & FINANCE LIMITED
UNITED OVERSEAS BANK LIMITED

BOARD OF DIRECTORS

KOH WEE MENG

Executive Chairman & Chief Executive Officer

Koh Wee Meng is the Founder, Executive Chairman and CEO of our Group. He is the key decision maker who charts the strategic direction, vision and growth of the Group's core businesses. In addition, he is also responsible for overseeing the smooth and profitable operations of the Group's businesses and providing guidance to the management staff. Mr. Koh has extensive knowledge and experience in property and hotel industry having more than 20 years of experience. Mr. Koh was awarded an Honorary Doctorate in Philosophy in Entrepreneurship from Wisconsin International University in 2004.

Directorship in other listed companies:

Company Name:
Global Premium Hotels Limited
Position:
Chairman & Non-Executive Director

LIM WAN LOOI

Executive Director

Lim Wan Looi was appointed as an Executive Director on 28 July 2000. From July 2012 to 7 September 2015, Ms Lim served the Board as a Non-Executive Director of the Group. Ms. Lim assisted our CEO, Koh Wee Meng in the property development business in the early 1990s and subsequently played an active role in hotel operations when the Group diversified into this business. Ms. Lim was instrumental in the setting up of premium hotel brand, Parc Sovereign Hotel, in 2011.

PERIAKARUPPAN ARAVINDAN

Executive Director

Periakaruppan Aravindan joined our Group in 1999 and was appointed as an Executive Director on 28 April 2010. Mr Aravindan is a Chartered Accountant and is a member of the Institute of Singapore Chartered Accountants as well as a fellow of the Association of the Chartered Certified Accountants, United Kingdom. Mr Aravindan graduated with a Bachelor in Commerce and a Masters in Business Administration (Finance). Mr Aravindan is responsible for strategic management of the entire spectrum of financial, accounting, secretarial and tax functions of our Group.

Directorship in other listed companies:

Company Name:
Global Premium Hotels Limited
Position:
Non-Executive Director

Company Name:
LCD Global Investments Ltd
Position:
Non-Executive Director

LEOW CHUNG CHONG YAM SOON

Lead Independent Director, Audit Committee Chairman

Leow Chung Chong Yam Soon was appointed as our Independent Director and the Chairman of the Audit Committee on 1 April 2014. On 19 February 2016, Mr Leow was appointed as the Lead Independent Director of FGL, as well as a member of the Nominating Committee. Mr Leow is currently an audit partner at Ecovis Assurance LLP. Prior to that he was an audit partner with Deloitte & Touche LLP. Mr Leow has more than 19 years of accounting and financial audit experience. He is a practising member of the Institute of Singapore Chartered Accountants (ISCA) and a member of the ISCA Financial Statements Review Committee. He is also a Fellow Chartered Association of Certified Accountants, UK and Certified Public Accountants, USA.

TEO CHENG KUANG

Independent Director, Nominating Committee Chairman

Teo Cheng Kuang was appointed as our Independent Director on 20 December 2004. From 1967 to 1999, Mr Teo worked for the Ministry of Home Affairs, Immigration Department where he rose through the ranks from Deputy Assistant Controller of Immigration to Assistant Commander of the Woodlands Checkpoint before he retired in 1999. Through the years, Mr Teo had been the Head of the Work Permit Unit and the Singapore Restricted Passport Centre, as well as the Assistant Officer-in-Charge of both the Woodlands Checkpoint and Singapore Changi Airport. He graduated from the then Nanyang University with a Bachelor of Arts (Geography) degree in 1964.

WATT KUM KUAN

Independent Director, Remuneration Committee Chairman

Watt Kum Kuan was appointed as our Independent Director on 23 January 2006. Mr Watt was previously from the Institute of Technical Education where he held various positions such as Project Manager, Administrative Manager and Training Manager for more than 10 years. Mr Watt was awarded with the Colombo Plan Fellowship during 1962 to 1964 in Sydney, Australia.

CORPORATE STRUCTURE

FRAGRANCE GROUP LIMITED

SINGAPORE

- 100% FRAGRANCE LAND PTE LTD
- 100% FRAGRANCE PROPERTIES PTE LTD
- 100% FRAGRANCE HOMES PTE LTD
- 100% FRAGRANCE REALTY PTE LTD
- 100% FRAGRANCE BIZ SPACE PTE LTD
- 100% FRAGRANCE HOLDINGS PTE LTD
- 100% FRAGRANCE GRANDEUR PTE LTD
- 100% FRAGRANCE REGAL PTE LTD
- 100% THE COLONIAL SETTLEMENT PTE LTD
- 60% KENSINGTON LAND PTE LTD
- 60% KENSINGTON VILLAGE PTE LTD
- 50% BAYFRONT VENTURES PTE LTD
- 50% BAYFRONT REALTY PTE LTD
- 50% BAYFRONT LAND PTE LTD
- 50% AF GLOBAL PTE LTD
  - LCD GLOBAL INVESTMENTS LTD (including its Subsidiaries, Associates and Jointly Controlled entities)

AUSTRALIA

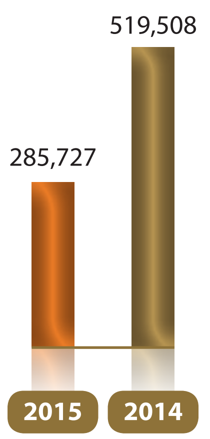
- 100% FRAGRANCE GLOBAL PTE LTD
  - 100% FRAGRANCE SOUTH PACIFIC PTY LTD
    - 100% FRAGRANCE TAS-HOBART PTY LTD
    - 100% FRAGRANCE TAS-HOBART (DAVEY) PTY LTD
    - 100% FRAGRANCE VIC-MEL (COLLINS) PTY LTD
    - 100% FRAGRANCE VIC-MEL (SPENCER) PTY LTD
    - 100% FRAGRANCE WA-PERTH PTY LTD
    - 100% FRAGRANCE WA-PERTH (MILLIGAN) PTY LTD
    - 100% FRAGRANCE VIC-MEL (SOUTHBANK) PTY LTD
    - 100% FRAGRANCE QLD-BRISBANE PTY LTD

FINANCIAL HIGHLIGHTS

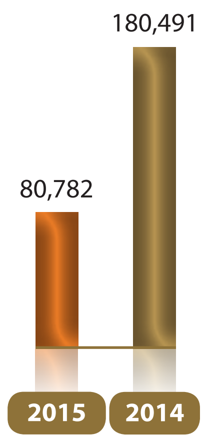
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2015 S$'000	2014 S$'000	Change %
Turnover	285,727	519,508	(45.0)
Cost of sales	(194,462)	(353,548)	(45.0)
Gross profit	**91,265**	**165,960**	**(45.0)**
Other operating income	31,067	55,071	(43.6)
Other operating expenses	(27,427)	(32,179)	(14.8)
Finance costs	(12,514)	(8,361)	49.7
Share of results of joint venture	(1,609)	–	100.0
Profit before income tax	**80,782**	**180,491**	**(55.2)**
Income tax	(9,430)	(21,773)	(56.7)
Profit from continuing operations	**71,352**	**158,718**	**(55.0)**
Profit from discontinued operation	**–**	**5,125**	**(100.0)**
Profit for the year	**71,352**	**163,843**	**(56.5)**
Attributable to:			
Equity holders of the Company	68,164	156,427	(56.4)
Non-controlling interests	3,188	7,416	(57.0)
Net other comprehensive income	4,963	2,781	78.5
Total comprehensive income	**76,315**	**166,624**	**(54.2)**
Attributable to:			
Equity holders of the Company	73,127	158,601	(53.9)
Non-controlling interests	3,188	8,023	(60.3)

GROUP TURNOVER (S$'000)



PROFIT BEFORE INCOME TAX (S$'000)

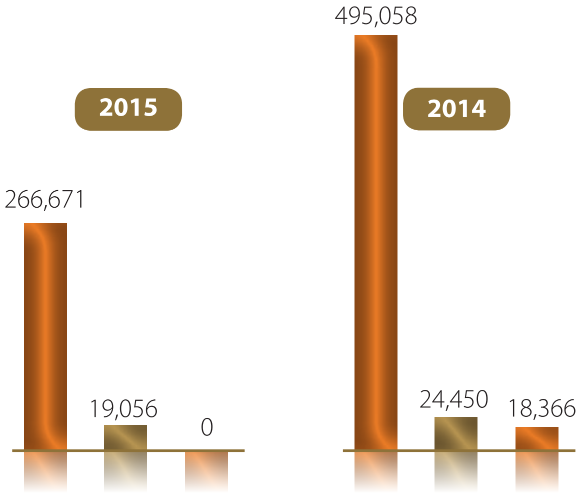


FINANCIAL HIGHLIGHTS

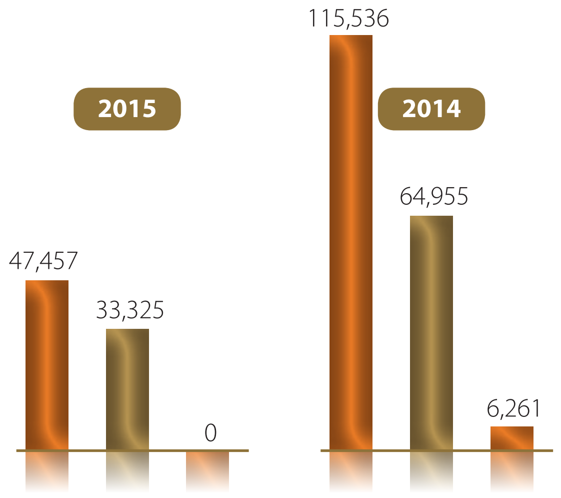
SEGMENT RESULTS

GROUP	CONTINUING OPERATIONS PROPERTY DEVELOPMENT S$'000	CONTINUING OPERATIONS PROPERTY INVESTMENT S$'000	DISCONTINUED OPERATION HOTEL OPERATION S$'000	TOTAL S$'000
FY2015				
REVENUE	**266,671**	**19,056**	**–**	**285,727**
RESULT				
Segment result	72,209	19,056	–	91,265
Other operating income, net	2,662	28,405	–	31,067
Other operating expenses	(22,324)	(5,103)	–	(27,427)
Profit from operations	52,547	42,358	–	94,905
Finance costs	(3,481)	(9,033)	–	(12,514)
Share of results of joint venture	(1,609)	–	–	(1,609)
Profit before income tax	47,457	33,325	–	80,782
Income tax				(9,430)
Profit after income tax				**71,352**
FY2014				
REVENUE	**495,058**	**24,450**	**18,366**	**537,874**
RESULT				
Segment result	141,510	24,450	16,181	182,141
Other operating income, net	1,928	53,714	522	56,164
Other operating expenses	(27,566)	(5,184)	(7,759)	(40,509)
Profit from operations	115,872	72,980	8,944	197,796
Finance costs	(336)	(8,025)	(2,683)	(11,044)
Profit before income tax	115,536	64,955	6,261	186,752
Income tax				(22,909)
Profit after income tax				**163,843**

REVENUE BY SEGMENT (S$'000)



PROFIT BEFORE INCOME TAX BY SEGMENT (S$'000)



STATEMENTS OF FINANCIAL POSITION

S$'000	Group 31-Dec-2015	Group 31-Dec-2014	Company 31-Dec-2015	Company 31-Dec-2014 (Reclassified)	Company 1-Jan-2014 (Reclassified)
Non-current assets					
Property, plant and equipment	19,166	2,634	–	2	4
Investment properties	1,141,782	973,409	–	–	–
Prepayment	8,908	9,689	–	–	–
Subsidiaries	–	–	633,324	537,071	473,958
Investment in joint operations	–	–	–	–	–
Investment in joint venture	66,312	–	60,313	–	–
Deferred tax asset	743	–	–	–	–
Total non-current assets	**1,236,911**	**985,732**	**693,637**	**537,073**	**473,962**
Current assets					
Cash and cash equivalents	94,354	76,543	59,000	28,665	75,921
Trade and other receivables	265,920	375,659	175,928	159,915	57,645
Held for trading investments	4,155	1,656	4,155	1,656	3,188
Properties under/held for development	442,811	757,120	216,554	261,912	327,008
Properties held for sale	29,162	14,936	–	–	–
Assets held for sale	86,797	–	–	–	–
Total current assets	**923,199**	**1,225,914**	**455,637**	**452,148**	**463,762**
Current liabilities					
Trade and other payables	113,400	112,146	140,052	348,130	151,531
Notes payable	1,476	–	1,476	–	–
Term loans	439,887	559,919	46,000	–	–
Income tax payable	20,599	30,715	310	1,219	945
Total current liabilities	**575,362**	**702,780**	**187,838**	**349,349**	**152,476**
Net current assets	**347,837**	**523,134**	**267,799**	**102,799**	**311,286**
Non-current liabilities					
Trade and other payables	–	–	1,411	1,310	2,704
Notes payable	85,000	–	85,000	–	–
Term loans	435,701	445,562	108,305	189,700	212,150
Deferred tax liabilities	14,698	24,977	11,347	7,611	1,239
Total non-current liabilities	**535,399**	**470,539**	**206,063**	**198,621**	**216,093**
Net assets	**1,049,349**	**1,038,327**	**755,373**	**441,251**	**569,155**
Capital and reserves					
Share capital	150,000	150,000	150,000	150,000	150,000
Treasury shares	(1,050)	(503)	(1,050)	(503)	(565)
Performance share reserves	308	271	308	271	201
Revaluation reserves	33,266	15,906	–	–	–
Foreign currency translation reserve	(26,721)	(14,396)	–	–	–
Investment revaluation reserve	(72)	–	–	–	–
Retained earnings	879,844	828,463	606,115	291,483	419,519
Equity attributable to the owners of the Company	**1,035,575**	**979,741**	**755,373**	**441,251**	**569,155**
Non-controlling interests	13,774	58,586	–	–	–
Total equity	**1,049,349**	**1,038,327**	**755,373**	**441,251**	**596,155**

OPERATIONS AND FINANCIAL REVIEW

OVERVIEW

For the full year ended 31 December 2015, the Group posted turnover of $285.73 million (2014: $519.51 million). This represents a 45.0% decrease from the revenue in the corresponding period in 2014. The decrease came predominantly from the property development sector.

REVENUE

PROPERTY DEVELOPMENT:

Property development sector contributed $266.67 million in FY2015 which is 46.1% lower than $495.06 million recorded in financial year ended 31 December 2014 ("FY2014"). The main contributor to the revenue in FY2015 was the progressive recognition of revenue from our completed and on-going development projects:

COMPLETED PROJECTS WITH SIGNIFICANT CONTRIBUTIONS TO REVENUE IN FY2015

NOVENA REGENCY
– A FREEHOLD MIXED-USE DEVELOPMENT SITUATED IN A SOUGHT AFTER LOCATION NEAR NOVENA MRT STATION.

ICON @ PASIR PANJANG
– A CONSERVATION DEVELOPMENT WITH SHOPS AND RESIDENTIAL UNITS.

ON-GOING PROJECTS

URBAN VISTA
– A CONDOMINIUM DEVELOPMENT LOCATED JUST OPPOSITE TANAH MERAH MRT

KENSINGTON SQUARE
(FORMER TAI KENG COURT)
– A FREEHOLD MIXED-USE DEVELOPMENT
THE GROUP HAS 60% INTEREST

CITY GATE
(FORMER KEY POINT)
– A MIXED-USE DEVELOPMENT LOCATED AT BEACH ROAD
THE GROUP HAS 50% INTEREST

OPERATIONS AND FINANCIAL REVIEW

ON-GOING PROJECTS IN AUSTRALIA WHICH WILL CONTRIBUTE TO FUTURE REVENUE

PREMIER TOWER
– A SKYSCRAPER MIXED-USE DEVELOPMENT LOCATED IN MELBOURNE, AUSTRALIA

NV APARTMENTS
– FREEHOLD APARTMENTS LOCATED IN THE CENTRAL BUSINESS DISTRICT OF PERTH, WESTERN AUSTRALIA

UPCOMING PROJECTS IN AUSTRALIA

Location	Proposed Development
• 173 – 177 Macquarie Street, Hobart, Tasmania	Commercial development
• 171 Macquarie Street, Hobart, Tasmania	Commercial development
• 28 – 30 Davey Street, Hobart, Tasmania	Mixed-use development
• 39 – 47 Milligan Street and 453 – 471 Murray Street, Perth, Australia	Mixed-use development

INVESTMENT PROPERTIES WITH SIGNIFICANT CONTRIBUTIONS TO REVENUE IN FY2015

PROPERTY INVESTMENT:

Property investment sector contributed $19.06 million for FY2015 which saw a decrease of 22.1% from the $24.45 million recorded in FY2014. This was mainly due to the commencement of Asset Enhancement Works ("AE works") to our Fragrance Empire Building and thus resulted in the absence of rental income from this property in the first half of FY2015. This decrease was partly offset by the full-year rental income from our investment property at Punggol Point; which was completed in mid-FY2014.

THE PUNGGOL SETTLEMENT
– A 2-STOREY SEAFRONT F&B BUILDING

TOWER 15
– A COMMERCIAL BUILDING LOCATED NEAR TANJONG PAGAR MRT STATION

VICTORY CENTRE
– AN INDUSTRIAL BUILDING LOCATED NEAR ALJUNIED MRT STATION

FRAGRANCE EMPIRE BUILDING
– A COMMERCIAL BUILDING LOCATED NEAR LABRADOR PARK MRT STATION

OPERATIONS AND FINANCIAL REVIEW

GROSS PROFIT

Our overall gross profit decreased by 45.0% to $91.27 million. Gross profit margin of property development sector decreased slightly to 27.1% during FY2015 from the 28.6% achieved in FY2014. This was mainly due to the lower selling price of property units contributing to the revenue during this period.

PROFIT BEFORE TAXATION

Other operating income decreased by $24.00 million from $55.07 million in twelve months of 2014 to $31.07 million in FY2015 mainly due to the decrease in fair value gain on our investment properties located at 168 Changi Road, 456 Alexandra Road and 15 Hoe Chiang Road.

Other operating expenses decreased from $32.18 million during FY2014 to $27.43 million in FY2015 mainly because of the following factors:

1. Decrease in commission expenses due to the lesser commission expenses recognised in line with the progress of construction;
2. Decrease in advertising and promotional expenses;
3. Decrease in performance bonuses to directors; and partly offset by;
4. Increase in property tax expenses pertaining to investment properties; and
5. Increase in amortisation costs pertaining to the processing and related costs in relation to the debt note.

Finance costs increased by $4.15 million in FY2015 mainly due to the finance costs arising from the notes payable and recognition of interest costs on term loans pertaining to the newly completed investment properties at Alexandra Road and Sims Drive.

Overall profit before taxation decreased by 55.2% from $180.49 million in FY2014 to $80.78 million in FY2015.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION & STATEMENT OF CASH FLOWS

Non-current assets mainly consists of land and building of our investment properties and office, which stood at $1,236.91 million as at 31 December 2015. The Group's significant investment properties located at 456 Alexandra Road, 15 Hoe Chiang Road, 110 Lor 23 Geylang and 3 Punggol Point Road, totaled at $1,141.78 million as at 31 December 2015.

Current assets comprise mainly of properties under/held for development, trade and other receivables, and cash and cash equivalents. As at 31 December 2015, the Group's current assets totaled $923.20 million.

Properties under/held for development include land costs, development costs, capitalised interests and other related costs, and this accounted for $442.81 million or 48.0% of total current assets as at 31 December 2015. The decrease of about 41.5% compared to the balance as at 31 December 2014 was mainly due to progressive recognition of costs to the income statement, and reclassification of development costs. Our property at 110 Lor 23 Geylang and a number of unsold units at project – *Novena Regency* had been reclassified as investment properties and properties held for sale accounts, respectively. The decrease in properties under/held for for development is partly offset by the additional costs incurred on other development properties.

Trade and other receivables, mainly the unbilled revenue portion of the recognised sales of our property units, stood at $265.92 million. This is a decrease of 29.2% compared to the balance as at 31 December 2014 and this was mainly due to the collections from the buyers partly offset by additional revenue recognition. Unbilled revenue relates to the revenue recognised on our development properties. Revenue from our property development projects in Singapore is recognised based on the percentage of completion method. However, the respective purchasers will be billed in accordance with the terms of the payment scheme. Consequently, unbilled revenue will arise in circumstances whereby revenue has been recognised based on the percentage of completion but the purchaser has not been billed as billing is not due as per the terms of the payment scheme.

Trade and other payables, which mainly comprise trade creditors and progress billings received from our development projects, increased slightly from $112.15 million as at 31 December 2014 to $113.40 million. Loan repayments made from the progressive payments received during the period led to the decrease in the Group's total borrowings by 12.9% to $875.59 million from $1,005.48 million as at 31 December 2014.

During the year ended 31 December 2015, the Group generated a net cash flow of $177.77 million from operating activities. Cash outflow from investing activities amounted to $82.36 million which was primarily used for investing in a joint venture. Net cash outflow from financing activities amounted to $76.98 million which comprise the cash outflow on the repayment of borrowings partly offset by the cash inflow from notes payable and proceeds from project-related loans. In addition, the Group paid dividends of $34.78 million during this period. Cash and cash equivalents stood at $94.35 million as at 31 December 2015 compared to $76.54 million as at 31 December 2014.

CORPORATE GOVERNANCE REPORT

The Board of Directors of Fragrance Group Limited (the "Company") is committed to maintaining a good standard of good corporate governance and transparency within the Company and its subsidiaries (the "Group") to protect the interests of its Shareholders and enhance long-term shareholders' value. As at the date of this Report, the Group's standards of corporate governance are generally consistent with the principles and spirit of the Code of Corporate Governance issued in May 2012 (the "Code") and the Listing Manual of the Singapore Exchange Securities Trading Limited.

This report outlines the main corporate governance practices that were in place throughout the financial year, with specific references to each of the Code.

1. THE BOARD'S CONDUCT OF ITS AFFAIRS – PRINCIPLE 1

Every Company should be headed by an effective Board to lead and control the Company. The Board is collectively responsible for the long-term success of the Company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board of Directors (the "Board") currently comprised three executive directors and three independent non-executive directors. The six Board members comprise businessmen and professionals with strong financial and business backgrounds, providing the necessary experience and expertise to direct and lead the Group. More details of the board members can be found under the section 'Board of Directors'.

The principal functions of the Board are to provide guidance and to decide on certain important matters, including those involving the review and approval of strategic direction, to review the Group's performance, to review the adequacy and integrity of the Group's internal controls, and to approve material acquisitions and disposals of assets.

These functions are either carried out directly by the Board or through committees, namely: (i) the Audit Committee, (ii) the Remuneration Committee and (iii) the Nominating Committee, established by the Board. These committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis.

Matters involving the review and approval of strategic direction, material acquisitions and disposal of assets, corporate or financial restructuring and share issuances, dividends and other returns to shareholders are reserved to the full Board for decision-making.

To enable the Board to fulfill its responsibility, the Management provides the Board with management reports on a regular and timely basis, with relevant and adequate information prior to Board meetings. The Board also has separate and independent access to the Company Secretary and the Company's Senior Management.

The Company Secretary attends all Board meetings and ensures that Board procedures are followed. The Company Secretary also ensures that the Companies Act and all other regulations of the SGX-ST are complied with.

The Board meets at least four times annually and as and when necessary to address any specific significant matters that may arise. The attendances of the directors at meetings of the Board and Committees during the financial year are as follows:

		Board Committees		
	Board	**Audit**	**Nominating**	**Remuneration**
No. of meetings held	4	4	1	1
Board members	**No. of Meetings Attended**			
Koh Wee Meng(1)	4	–	1	1
Lim Wan Looi(2)	4	–	1	1
Periakaruppan Aravindan(3)	4	4	1	1
Teo Cheng Kuang	4	4	1	1
Watt Kum Kuan	4	4	1	1
Leow Chung Chong Yam Soon	4	4	–	–

(1) Mr Koh Wee Meng is not a member of the Remuneration Committee but was invited by the Committee to attend its meeting.
(2) Ms Lim Wan Looi is not a member of the Nominating Committee but was invited by the Committee to attend its meeting.
(3) Mr Periakaruppan Aravindan is not a member of the Audit, Nominating and Remuneration Committees but he attended the Committee meetings in the capacity of Company Secretary.

Directors are updated regularly on the Group's strategic directions, financial performance, the latest corporate governance practices, relevant new laws, regulations and changing business risks during Board meetings.

2. BOARD COMPOSITION AND GUIDANCE – PRINCIPLE 2

There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% Shareholders[Note 1]. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board consists of six directors, of whom three are independent directors. The criteria for independence are determined based on the definition as provided in the Code. The Board considers an independent director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the directors' independent business judgment with a view to the best interests of the Group.

Mr Teo Cheng Kuang and Mr Watt Kum Kuan had served as independent directors on the Board for more than nine years. The Board conducted a rigorous review on Mr Teo and Mr Watt's status and determined that both Mr Teo and Mr Watt are independent as the Board is of the view that Mr Teo and Mr Watt, despite their length of service, had continued to demonstrate their ability to exercise strong objective judgement and act in the best interests of the Company. They remained independent in expressing their views and in participating in the deliberations and decision making of the Board. In addition, having gained an in-depth understanding of the business of the Group, Mr Teo and Mr Watt provide valuable contributions to the Company with their experience and knowledge of the industry.

The Board is of the view that the current Board members comprise persons whose diverse skills, experience and attributes provide for effective direction for the Group. The Board will constantly examine its size with a view to determining its impact upon its effectiveness. The independence of each director is reviewed annually by the Nominating Committee.

Key information regarding the directors is given in the 'Board of Directors' section of the annual report.

Note 1: The term 10% shareholder shall refer to a person who has an interest or interests in one or more voting shares in the Company and the total votes attached to that share, or those shares, is not less than 10% of the total votes attached to all voting shares in the Company. Voting shares exclude treasury shares.

3. CHAIRMAN AND CHIEF EXECUTIVE OFFICER – PRINCIPLE 3

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Mr Koh Wee Meng is both the Executive Chairman and Chief Executive Officer ("CEO") of the Group. The Board is of the opinion that the present Group structure and business scope does not warrant a split of the role. The Board is of the view that the process of decision making by the Board is independent and based on collective decisions without any individual exercising any considerable concentration of power or influence and there is good balance of power and authority with all critical committees chaired by independent directors.

The CEO, together with the Executive Directors and Executive Officers, has full executive responsibilities over the business directions and operational decisions. The CEO is responsible to the Board for all corporate governance procedures to be implemented by the Group and to ensure conformance by the Management to such practices. Directors are given Board-papers in advance of meetings for them to be adequately prepared for the meeting and Senior Management staff (who are not executive directors) are in attendance at Board and Board Committee meetings, whenever necessary.

With the independent directors making up half of the Board, the Board has appointed Independent Director, Mr Leow Chung Chong Yam Soon, as the Lead Independent Director. As the Lead Independent Director, he leads and encourages dialogue between independent directors and provides feedback to the Chairman and CEO. The Lead Independent Director is also available as the alternate channel for shareholders, should shareholders fail to resolve concerns through the normal channels of the Chairman, CEO, Executive Directors or when such normal channels are inappropriate.

4. BOARD MEMBERSHIP – PRINCIPLE 4

There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The Nominating Committee ("NC") comprises the Group's independent directors, Mr Teo Cheng Kuang and Mr Watt Kum Kuan, as well as the Group's Executive Chairman and CEO, Mr Koh Wee Meng. On 19 February 2016, Mr Leow was appointed as the Lead Independent Director of the Company, as well as a member of the Nominating Committee. Mr Teo Cheng Kuang is the chairman of the NC.

The NC main functions as defined in the written terms of reference are as follows:

(a) making recommendations to the Board on the appointment of new directors with the appropriate profile having regards to their expertise, experiences, industry background, track record and competencies;
(b) reviewing the Board structure, size and composition and making recommendation to the Board;
(c) the review of training and professional development programs for the Board;
(d) the development of a process for evaluation of the performance of the Board, its board committees and directors; and
(e) recommending re-nomination/re-election of directors having regard to the director's contribution and performance.

In the event that a new director is required, the NC has access to external search consultants and resources to identify potential candidates. Board members may also make recommendations to the NC. In the process for the selection, appointment and re-appointment of directors, the NC considers composition and progressive renewal of the Board and each director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour). The NC will then recommend their appointments to the Board for consideration.

The NC is also charged with the responsibility of determining annually whether a director is independent. Each NC member will not take part in determining his own re-nomination or independence.

When a director has multiple board representations, such director has to ensure that sufficient time and attention is given to the affairs of the Company. On the matter of multiple board representations, the Board is of the view that it should be left to the judgment and discretion of each director. As such, the NC and the Board have decided not to set any maximum number of listed company board representations that any director may hold. The NC is satisfied that sufficient time and attention are being given by all the directors to the affairs of the Company.

The Company's Constitutions require at least one-third of the directors to retire by rotation at every Annual General Meeting ("AGM") and a retiring director is eligible for re-election by the shareholders of the Company at the AGM. A newly appointed director can only hold office until the next AGM and then be eligible for re-election. Having evaluated the directors' performance and contributions, the NC recommends that Messrs Lim Wan Looi and Periakaruppan Aravindan be re-elected at the forthcoming AGM.

5. BOARD PERFORMANCE – PRINCIPLE 5

There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The NC examines its size to satisfy that it is appropriate for effective decision making, taking into account the nature and scope of the Company's operations. The directors are also from diverse background and areas of expertise, such as property development, hospitality and hotel operations, banking, finance and accounting and manpower matters. The directors bring to the Board their related experience and knowledge and also provide guidance in the various Board Committees as well as to the Management of the Group.

The NC reviews and evaluates the performance of the Board as a whole, taking into consideration inter alia the directors' attendance, participation and level of participation and contribution at the main Board and Board Committee meetings.

6. ACCESS TO INFORMATION – PRINCIPLE 6

In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Management provides the directors with a regular supply of information about the Group's financial and operational performance. Detailed Board-papers are prepared for each meeting of the Board. The Board-papers include sufficient information on financial, business and corporate issues to enable the directors to be properly briefed on issues to be considered at Board meetings.

All directors have unrestricted access to the Company's records and information. Directors also liaise with Senior Management as and when required. In addition, directors have separate and independent access to the Company Secretary, who is responsible to the Board for ensuring that relevant statutes and regulations are complied with. The Company Secretary will attend all Board and Board Committees' meetings.

The appointment and removal of the Company Secretary are subject to the Board's approval as a whole.

Where the directors, either individually or as a group, in the furtherance of their duties, require professional advice, the Company Secretary can assist them in obtaining independent professional advice, at the Company's expense.

7. REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES – PRINCIPLE 7

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The Group's Remuneration Committee ("RC") comprises the independent directors, Mr Watt Kum Kuan and Mr Teo Cheng Kuang, as well as the Group's Executive Director, Ms Lim Wan Looi. Mr Watt Kum Kuan is the chairman of the RC.

The independent non-executive directors believe that the RC benefits from the experiences and expertise of the participation of Ms Lim Wan Looi. As the RC is made up of a majority of independent directors, the Board believes that the independence of the RC will not be compromised.

The RC recommends to the Board a framework of remuneration for the directors and executive officers, and determines specific remuneration packages for each executive director. The RC's recommendations will be submitted for endorsement by the Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses options, share-based incentives and awards and benefits in kind, will be covered by the RC. Each RC member will abstain from voting on any resolution in respect of his remuneration package.

8. LEVEL AND MIX OF REMUNERATION – PRINCIPLE 8

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

In setting remuneration packages, the Remuneration Committee will take into consideration the pay and employment conditions within the industry and in comparable companies. The remuneration of non-executive directors will also be reviewed to ensure that the remuneration commensurates with the contributions and responsibilities of the directors.

Executive directors do not receive directors' fees. The executive directors are paid a basic salary and a performance-related profit sharing bonus pursuant to their respective service agreements.

Non-executive directors are compensated based on a fixed annual fee taking into considerations their respective contributions and attendance at meetings. Their fees are recommended to shareholders for approval at the AGM and paid after the necessary approval has been obtained.

9. DISCLOSURE ON REMUNERATION – PRINCIPLE 9

Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The details of the remuneration of the directors during the financial year are as follows:

Directors' Remuneration	Directors' Fee	Base Salary	Performance-based Bonus	Others
	%	%	%	%
Non-Executive Directors				
Below S$250,000				
Lim Wan Looi(1)	100	–	–	–
Teo Cheng Kuang	100	–	–	–
Watt Kum Kuan	100	–	–	–
Leow Chung Chong Yam Soon	100	–	–	–
Executive Directors				
S$3,000,000 to S$3,500,000				
Koh Wee Meng	–	19	81	0
S$500,000 to S$1,000,000				
Lim Wan Looi(1)	–	13	87	0
Periakaruppan Aravindan	–	46	54	0

(1) On 8 September 2015, Ms Lim Wan Looi was re-designated as an Executive Director of the Company. The pro-rated Directors' fee relates to the period from 1 January 2015 to 7 September 2015.

The gross remuneration received by the top executive of the Group (who is not a director or the CEO) is as follows:

Range	No. of Executives
Below S$500,000	1

With reference to guideline 9.1 of the Code, as there was only a Key Management Personnel ("KMP") during FY2015, disclosure is only made in respect of the remuneration of that KMP of the Group.

For the financial year ended 31 December 2015, the remuneration of the employees who are related to directors or substantial shareholders is as follows:

Range	No. of Executives
Below S$250,000	1

The Board is of the opinion that it is not in the best interests of the Company to disclose:

(a) the total remuneration of each director and executive officer in dollars terms, given the sensitivity of remuneration matters; and

(b) the names of its key executives (who are not directors or the CEO) in order to ensure the Company's competitive advantage in the retention of its staff.

10. ACCOUNTABILITY – PRINCIPLE 10

The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is accountable to the shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to shareholders in compliance with statutory requirements and the Listing Manual of SGX-ST.

Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports will be announced or issued within legally prescribed periods.

11. RISK MANAGEMENT AND INTERNAL CONTROLS – PRINCIPLE 11

The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

[Listing Manual Rule 1207 (10)]

The Audit Committee oversees the Risk Management function and reports to the Board on any significant matters and findings. Management reviews all significant control policies and procedures and will highlight all significant matters to the directors and the Audit Committee.

The Management adopts an Enterprise Risk Management Framework ("ERM Framework") which sets out the required environmental and organisational components for managing risk in an integrated, systematic and consistent manner. The ERM Framework and related policies are reviewed at least annually. As part of the ERM Framework, Management, amongst other things, undertakes and performs a risk and control self-assessment process. As a result of the self-assessment process, Management produces and maintains a risk register which identifies the material risks it faces and the corresponding internal controls in place to manage or mitigate those risks. The material risks are reviewed annually by the Audit Committee and the Board.

The Audit Committee will ensure that a review of the effectiveness of the Company's material internal controls, including financial, operational, compliance and information technology controls, and risk management is conducted annually. In this respect, the Audit Committee will review the audit plan, and the findings of the external auditors and will ensure that the Company follows up on external auditors' recommendations raised, if any, during the audit process.

For the financial year ended 31 December 2015, the Board has received the assurance from the CEO and Executive Director that:

(a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's finances;

(b) the system of internal controls in place for the Group is robust, adequate and effective to address financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations; and

(c) the risk management systems in place for the Group are adequate and effective to address the risks which the Group considers relevant and material to its operations.

Based on the review of the Group's policies and procedures in addressing the key risks, the monitoring and review of the Group's overall performance and representation from Management, the Board, with the concurrence of the Audit Committee, is of the view that the Group's risk management system remains adequate and effective to address the risks which the Group considers relevant and material to its operations.

The Board, with the concurrence of the Audit Committee, is of the opinion that the Group's existing system of internal controls, including financial, operational, compliance and information technology controls are adequate and effective for the risks which the Group considers relevant and material to its operations for the financial year ended 31 December 2015. This opinion is derived based on the internal controls established and maintained by the Group, work performed by the external auditors, reviews performed by Management, as well as assurances received from the CEO and Executive Director.

12. AUDIT COMMITTEE – PRINCIPLE 12

The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee ("AC") comprises three independent directors, namely Mr Leow Chung Chong Yam Soon, Mr Watt Kum Kuan and Mr Teo Cheng Kuang. Mr Leow Chung Chong Yam Soon is the chairman of the AC.

The independent directors do not have any existing business or professional relationship of a material nature with the Group, other directors or substantial shareholders. They are also not related to the other directors or the substantial shareholders.

The AC assists the Board in discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records and develop and maintain effective systems of internal control, with the overall objective of ensuring that the Management creates and maintains an effective control environment. The AC provides a channel of communication between the Board, the Management and external auditors on audit matters.

The duties and responsibilities of the AC are contained in a written terms of reference. The AC meets periodically to perform the following main functions:

- to review the audit plans of external auditors, including the results of the auditors' review and evaluation of the Group's system of internal controls;
- to review the annual consolidated financial statements and the external auditors' report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore financial reporting standards, concerns and issues arising from their audits including any matters that the auditors may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval;
- to review the quarterly and full-year financial results prior to recommending their approval to the Board for release on SGX-ST;
- to review with Management the adequacy and effectiveness of the Group's internal control systems, including financial, operational, compliance and information technology controls and risk management;
- to review and discuss with external auditors any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;
- to review the co-operation given by the Management to the external auditors;
- to review the independence and objectivity of the external auditors;
- to review the nature and extent of non-audit services performed by external auditors;

- to make recommendations to the Board on the appointment/re-appointment of the external auditors and the audit fees;
- to review and approve any interested person transactions as defined under the Singapore Exchange Listing Manual ("the Listing Manual");
- to review any potential conflicts of interest;
- to undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters that require the attention of the AC; and
- to undertake other functions and duties as may be required by law or the Listing Manual, and by such amendments made thereto from time to time.

The AC also has express power to investigate any matter brought to its attention, within its terms of reference, with the power to retain professional advice at the Company's expense.

The AC has been given full access to the Management and has reasonable resources to discharge its function properly. The AC has full discretion to invite any director or executive officer to attend its meetings. The AC meets with external auditors, without the presence of the Management, at least once a year. Minutes of the AC meetings are submitted to the Board for information and review with such recommendations as the AC considers appropriate.

The number of meetings convened by the AC is set out in The Board's Conduct of its Affairs – Principle 1. The Directors and the Company Secretary were invited to these meetings.

The AC confirms that it has undertaken a review of all non-audit services provided by external auditors and such services would not, in the AC's opinion, affect the independence and objectivity of the external auditors. The breakdown of the fees paid to the external auditors for audit and non-audit services can be found in the Notes to the Financial Statements in this Annual Report.

The Company has complied with Rule 712 and Rule 715 read with Rule 716 of the Listing Manual in relation to the appointment of its external auditor.

The AC members keep abreast of changes in accounting standards and issues which have a direct impact on financial statements by attending external seminars. The AC members are also briefed by the external auditors on such changes.

WHISTLE-BLOWING POLICY

The Company has put in place a whistle-blowing policy by which employees may raise concerns about fraudulent activities, malpractices or improprieties within the Group, without fear of reprisal. To ensure independent investigation of such matters and for appropriate follow up action, all whistleblowing reports can be sent directly to the AC Chairman.

13. INTERNAL AUDIT – PRINCIPLE 13

The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Board acknowledges that it is responsible for maintaining an internal audit function that is independent of the activities it audits. The effectiveness of the internal control systems and procedures are monitored by the Management.

The current structure of the Group does not warrant the establishment of an in-house internal audit function for both its Singapore and Australia operations. The Group's business, customers and suppliers are substantially in Singapore, and the Management has set in place sufficient internal control systems. The Group announced its maiden foray into the Australia property market in mid-FY2014. Currently, the Group's Australia operation is relatively small as Management is working on the redevelopment plans of the properties acquired to date. As the Group's business expands, the Board will review and consider the appointment of an internal auditor or outsource its internal audit functions to a professional accounting firm.

14. SHAREHOLDERS RIGHTS AND RESPONSIBILITIES – PRINCIPLE 14, 15 & 16

Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

The Company does not practice selective disclosure. The Board is mindful of the obligation to provide timely and fair disclosure of material information. The Board is accountable to the shareholders while the Management is accountable to the Board.

Shareholders are given the opportunity to participate effectively and vote at general meetings of the Company, where relevant rules and procedures governing the meetings are clearly communicated.

Information is disseminated to shareholders on a timely basis through:

- SGX-NET systems and news release;
- Annual report prepared and issued to all shareholders; and
- The Company's website at www.fragrancegroup.com.sg at which shareholders can access information on the Group.

Results and other material information are released through SGX-NET on a timely basis for disseminating to shareholders and the public in accordance with the requirements of the SGX-ST.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business conditions, development plans and other factors as the directors may deem appropriate. Notwithstanding the foregoing, any pay-out of dividends would be clearly communicated to shareholders via announcements released on SGX-NET.

All shareholders of the Company receive the notice of the AGM. The notice is also advertised in the newspapers. At the AGM, shareholders are given the opportunity to voice their views and ask directors or the Management questions regarding the Company. The Company's Constitution provides that shareholders of the Company are allowed to vote in person or by way of duly appointed proxies.

All directors are required to attend general meetings of shareholders and the Chairman of the Board and the respective Chairman of the AC, NC and RC are usually present and available to address shareholders' queries at these meetings. The external auditors will also be present at the AGM to address shareholders' queries about the conduct of audit and the preparation and content of the auditor's report.

The Company provides for separate resolutions at general meetings on each substantial issue, including the re-election or re-appointment of each director as a separate subject matter.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and the Management, and such minutes are available to shareholders upon their request.

15. DEALINGS IN SECURITIES

In compliance with Rule 1207 (19) of the Listing Manual issued by the SGX-ST, the Company has in place a policy prohibiting share dealings by directors and executive officers of the Company for the period of one month prior to the announcement of the Company's half yearly and full yearly results or two weeks prior to the announcement of quarterly results as the case may be, and ending on the date of the announcement of the relevant results. Directors and executive officers are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading period. Also, the officers of the Company are advised not to deal in the Company's securities on short-term considerations.

16. INTERESTED PARTY TRANSACTIONS ("IPT")

The Company has adopted an internal policy in respect of any transactions with interested persons and has set out the procedures for review and approval of the Company's interested person transactions. All interested person transactions are subject to review by the Audit Committee.

Details of IPT for the financial year ended 31 December 2015 are as follows:

Name of interested person	Aggregate value of all IPT during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)	Aggregate value of all IPT conducted under a shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Sale of Properties *(Premier Tower)*		
– Mr Koh Wee Meng (2 units)	A$1,746,370	–
– Ms Ko Lee Meng # (2 units)	A$1,388,730	–
– Ms Koh Lee Hwee #	A$959,820	–
Global Premium Hotels Limited*		
– Rental Income	S$263,872	–
– Project Management Services	S$100,000	–

Sibling of Mr Koh Wee Meng.
* A related party in which directors and/or substantial shareholders have interests.

The Audit Committee and the Board have reviewed the above transactions and were satisfied that the terms were fair and reasonable and were not prejudicial to the interests of the Company and its minority shareholders.

17. MATERIAL CONTRACTS

The material contract entered into by the Group involving the interest of the Group's substantial shareholder and/or any director, which subsisted as at the end of the financial year, is as follow:

(a) Tenancy Agreement dated 13 November 2015 entered between the Company's wholly-owned subsidiary, Fragrance Regal Pte Ltd and Fragrance Hotel Management Pte Ltd^ in relation to the rental of office space at 456 Alexandra Road, Fragrance Empire Building, #25-01, Singapore 119962, at a monthly rental of S$34,632.00 for three (3) years nineteen (19) days from 13 December 2015.

^ A wholly-owned subsidiary of Global Premium Hotels Limited.

Other than as disclosed above, there were no material contracts entered into by the Company or any of its subsidiary companies involving the interests of the Group's CEO, any director and/or substantial shareholder as at 31 December 2015.

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, 2015.

In the opinion of the directors, the consolidated financial statements of the group and the statement of financial position and statement of change in equity of the company as set out on page 32 to 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, 2015 and of 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 report are:

Koh Wee Meng
Lim Wan Looi
Periakaruppan Aravindan
Leow Chung Chong Yam Soon
Teo Cheng Kuang
Watt Kum Kuan

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 any time 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 for the performance shares mentioned in paragraph 3 of the Directors' 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 and debentures 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 directors	Shareholdings registered in the name of directors			Shareholdings in which directors are deemed to have an interest		
The company	At beginning of year	At end of year	At January 21, 2016	At beginning of year	At end of year	At January 21, 2016
Ordinary shares						
Koh Wee Meng	4,966,250,000	4,992,680,000	4,993,010,000	735,000,000	735,000,000	735,000,000
Lim Wan Looi	735,000,000	735,000,000	735,000,000	4,966,250,000	4,992,680,000	4,993,010,000
Periakaruppan Aravindan	5,086,000	5,336,000	5,516,000	–	–	–

During the year, performance shares of 180,000 were awarded to Periakaruppan Aravindan (Note 23).

By virtue of Section 7 of the Singapore Companies Act, Mr Koh Wee Meng and Ms Lim Wan Looi are deemed to have an interest in all the related corporations of the company.

4 SHARE OPTIONS

a) Options to take up unissued shares

During the financial year, no options to take up unissued shares of the company or any corporation in the group were granted.

b) Options exercised

During the financial year, 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.

c) Unissued shares under options

At the end of the financial year, there were no unissued shares of the company or any corporation in the group under options.

5 AUDIT COMMITTEE

The Audit Committee of the company, consisting of all non-executive directors is chaired by Leow Chung Chong Yam Soon and includes Teo Cheng Kuang and Watt Kum Kuan. The Audit Committee has met four times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external auditors of the company:

a) the audit plan and results of the auditors' examination;

b) the group's financial and operating results, evaluation of group's systems of internal accounting controls and accounting policies;

c) the statement of financial position and statement of changes in equity of the company and the consolidated financial statements of the group before their submission to the directors of the company and external auditors' report on those financial statements;

d) the quarterly, half-yearly and annual announcements as well as the related press releases on the results of the group and financial position of the company and the group;

e) the co-operation and assistance given by the management to the group's external auditors; and

f) the re-appointment of the external auditors of the group.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the group at the forthcoming AGM of the company.

6 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Koh Wee Meng

Periakaruppan Aravindan

Date: March 18, 2016

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FRAGRANCE GROUP LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Fragrance Group Ltd (the "company") and its subsidiaries (the "group") which comprise the statements of financial position of the group and the company as at December 31, 2015, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group and the statement of changes in equity of the company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 32 to 90.

Management's Responsibility 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 Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 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 Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the group and of the company as at December 31, 2015 and of the financial performance, changes in equity and cash flows of the group and changes in equity of the company for the year ended on that date.

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.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

Date: March 18, 2016

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2015

	Note	Group December 31, 2015 $'000	Group December 31, 2014 $'000	Company December 31, 2015 $'000	Company December 31, 2014 $'000 (Reclassified) (Note 38)	Company January 1, 2014 $'000 (Reclassified) (Note 38)
ASSETS						
Current assets						
Cash and cash equivalents	6	**94,354**	76,543	**59,000**	28,665	75,921
Trade and other receivables	7	**265,920**	375,659	**175,928**	159,915	57,645
Held for trading investments	8	**4,155**	1,656	**4,155**	1,656	3,188
Properties under/held for development	9	**442,811**	757,120	**216,554**	261,912	327,008
Properties held for sale	10	**29,162**	14,936	**–**	–	–
Assets held for sale	11	**86,797**	–	**–**	–	–
Total current assets		**923,199**	1,225,914	**455,637**	452,148	463,762
Non-current assets						
Subsidiaries	12	**–**	–	**633,324**	537,071	473,958
Investment in joint operations	13	**–**	–	**–**	–	–
Investment in joint venture	14	**66,312**	–	**60,313**	–	–
Prepayment	7	**8,908**	9,689	**–**	–	–
Deferred tax asset	20	**743**	–	**–**	–	–
Investment properties	15	**1,141,782**	973,409	**–**	–	–
Property, plant and equipment	16	**19,166**	2,634	**–**	2	4
Total non-current assets		**1,236,911**	985,732	**693,637**	537,073	473,962
Total assets		**2,160,110**	2,211,646	**1,149,274**	989,221	937,724
LIABILITIES AND EQUITY						
Current liabilities						
Trade and other payables	17	**113,400**	112,146	**140,052**	348,130	151,531
Notes payable	18	**1,476**	–	**1,476**	–	–
Term loans	19	**439,887**	559,919	**46,000**	–	–
Income tax payable		**20,599**	30,715	**310**	1,219	945
Total current liabilities		**575,362**	702,780	**187,838**	349,349	152,476
Non-current liabilities						
Trade and other payables	17	**–**	–	**1,411**	1,310	2,704
Notes payable	18	**85,000**	–	**85,000**	–	–
Term loans	19	**435,701**	445,562	**108,305**	189,700	212,150
Deferred tax liabilities	20	**14,698**	24,977	**11,347**	7,611	1,239
Total non-current liabilities		**535,399**	470,539	**206,063**	198,621	216,093
Capital and reserves						
Share capital	21	**150,000**	150,000	**150,000**	150,000	150,000
Treasury shares	22	**(1,050)**	(503)	**(1,050)**	(503)	(565)
Performance share reserve	23	**308**	271	**308**	271	201
Revaluation reserve	24	**33,266**	15,906	**–**	–	–
Foreign currency translation reserve	25	**(26,721)**	(14,396)	**–**	–	–
Investment revaluation reserve		**(72)**	–	**–**	–	–
Accumulated profits		**879,844**	828,463	**606,115**	291,483	419,519
Equity attributable to owners of the company		**1,035,575**	979,741	**755,373**	441,251	569,155
Non-controlling interests		**13,774**	58,586	**–**	–	–
Total equity		**1,049,349**	1,038,327	**755,373**	441,251	569,155
Total liabilities and equity		**2,160,110**	2,211,646	**1,149,274**	989,221	937,724

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2015

	Note	Group 2015 $'000	Group 2014 $'000
Continuing operations			
Revenue	26	**285,727**	519,508
Cost of sales		**(194,462)**	(353,548)
Gross profit		**91,265**	165,960
Investment gain (loss)	27	**1,722**	(571)
Other operating income	28	**29,345**	55,642
Selling and distribution costs		**(9,489)**	(13,217)
Administrative expenses		**(17,938)**	(18,962)
Finance costs	29	**(12,514)**	(8,361)
Share of results of joint venture	14	**(1,609)**	–
Profit before income tax		**80,782**	180,491
Income tax expense	30	**(9,430)**	(21,773)
Profit for the year from continuing operations		**71,352**	158,718
Discontinued operation			
Profit for the year from discontinued operation	31	**–**	5,125
Profit for the year	32	**71,352**	163,843
Other comprehensive income, net of tax:			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of land and buildings		**7,770**	17,666
Income tax relating to components of other comprehensive income that will not be reclassified subsequently		**489**	(489)
Share of other comprehensive income of joint venture			
Revaluation of land and buildings	14	**10,603**	–
Income tax relating to components of other comprehensive income that will not be reclassified subsequently	14	**(1,502)**	–
		17,360	17,177
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(10,904)**	(14,396)
Share of other comprehensive income of joint venture			
Exchange differences on translation of foreign operations	14	**(1,421)**	–
Fair value loss on investment securities	14	**(72)**	–
		(12,397)	(14,396)
Other comprehensive income for the year, net of tax		**4,963**	2,781
Total comprehensive income for the year		**76,315**	166,624

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2015

	Note	Group 2015 $'000	Group 2014 $'000
Profit attributable to:			
Owners of the company		**68,164**	156,427
Non-controlling interests	12(b)	**3,188**	7,416
		71,352	163,843
Total comprehensive income attributable to:			
Owners of the company		**73,127**	158,601
Non-controlling interests		**3,188**	8,023
		76,315	166,624
Earnings per share	33		
From continuing and discontinued operations			
– Basic and Diluted		**1.0 cents**	2.3 cents
From continuing operations			
– Basic and Diluted		**1.0 cents**	2.3 cents

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2015

	Note	Share capital $'000	Treasury shares $'000	Performance share reserve $'000	Revaluation reserve $'000	Foreign currency translation reserve $'000	Investment revaluation reserve $'000	Accumulated profits $'000	Attributable to equity holders of the company $'000	Non controlling interests $'000	Total $'000
Group											
Balance at January 1, 2014		150,000	(565)	201	714,565	–	–	340,965	1,205,166	374,813	1,579,979
Transactions with owners, recognised directly in equity											
Dividends declared	34	–	–	–	–	–	–	(33,571)	(33,571)	–	(33,571)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	(1,305)	(1,305)
Award of performance shares	22 & 23	–	62	70	–	–	–	–	132	–	132
Transfer of revaluation reserve upon disposal of a subsidiary	31	–	–	–	(715,229)	–	–	715,229	–	–	–
Distribution of shares of a subsidiary to shareholders	31	–	–	–	–	–	–	(350,587)	(350,587)	(322,945)	(673,532)
Total		–	62	70	(715,229)	–	–	331,071	(384,026)	(324,250)	(708,276)
Total comprehensive income for the year											
Profit for the year		–	–	–	–	–	–	156,427	156,427	7,416	163,843
Other comprehensive income for the year		–	–	–	16,570	(14,396)	–	–	2,174	607	2,781
Total		–	–	–	16,570	(14,396)	–	156,427	158,601	8,023	166,624
Balance at December 31, 2014		150,000	(503)	271	15,906	(14,396)	–	828,463	979,741	58,586	1,038,327
Transactions with owners, recognised directly in equity											
Dividends paid	34	–	–	–	–	–	–	(16,783)	(16,783)	–	(16,783)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	(48,000)	(48,000)
Repurchase of shares	22	–	(623)	–	–	–	–	–	(623)	–	(623)
Award of performance shares	22 & 23	–	76	37	–	–	–	–	113	–	113
Total		–	(547)	37	–	–	–	(16,783)	(17,293)	(48,000)	(65,293)
Total comprehensive income for the year											
Profit for the year		–	–	–	–	–	–	68,164	68,164	3,188	71,352
Other comprehensive income for the year		–	–	–	17,360	(12,325)	(72)	–	4,963	–	4,963
Total		–	–	–	17,360	(12,325)	(72)	68,164	73,127	3,188	76,315
Balance at December 31, 2015		150,000	(1,050)	308	33,266	(26,721)	(72)	879,844	1,035,575	13,774	1,049,349

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2015

	Note	Share capital $'000	Treasury shares $'000	Performance share reserve $'000	Accumulated profits $'000	Total $'000
Company						
Balance at January 1, 2014		150,000	(565)	201	419,519	569,155
Transactions with owners, recognised directly in equity						
Dividends declared	34	–	–	–	(33,571)	(33,571)
Distribution of shares of a subsidiary to shareholders	34	–	–	–	(134,285)	(134,285)
Award of performance shares	22 & 23	–	62	70	–	132
Total		–	62	70	(167,856)	(167,724)
Profit for the year, representing total comprehensive income for the year		–	–	–	39,820	39,820
Balance at December 31, 2014		150,000	(503)	271	291,483	441,251
Transactions with owners, recognised directly in equity						
Dividends declared	34	**–**	**–**	**–**	**(16,783)**	**(16,783)**
Repurchase of shares	22	**–**	**(623)**	**–**	**–**	**(623)**
Award of performance shares	22 & 23	**–**	**76**	**37**	**–**	**113**
Total		**–**	**(547)**	**37**	**(16,783)**	**(17,293)**
Profit for the year, representing total comprehensive income for the year		**–**	**–**	**–**	**331,415**	**331,415**
Balance at December 31, 2015		**150,000**	**(1,050)**	**308**	**606,115**	**775,373**

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2015

	Group	
	2015	2014
	$'000	$'000
Operating activities		
Profit before income tax		
Continuing operations	**80,782**	180,491
Discontinued operation	**–**	6,261
	80,782	186,752
Adjustments for:		
Depreciation of property, plant and equipment	**154**	1,628
Amortisation of facility fees	**–**	42
Amortisation of prepaid land lease	**780**	780
Amortisation of rental incentives granted	**(265)**	63
Amortisation of processing fee on debt note issued	**192**	–
Property, plant and equipment written off	**–**	1
Gain on disposal of shares in former subsidiary	**–**	(960)
Change in fair value of held for trading investments	**(1,722)**	1,531
Fair value gain on investment properties	**(28,187)**	(53,496)
Interest income	**(789)**	(1,815)
Interest expense	**12,514**	20,600
Unrealised gain on foreign exchange differences	**311**	90
Performance share award expenses	**113**	131
Share of loss of joint venture	**1,609**	–
Operating cash flows before movements in working capital	**65,492**	155,347
Trade and other receivables	**75,341**	2,605
Development properties and properties held for sale	**82,903**	19,767
Trade and other payables	**8,905**	(21,425)
Cash generated from operations	**232,641**	156,294
Interest paid	**(24,554)**	(24,181)
Income tax paid	**(30,320)**	(11,609)
Net cash from operating activities	**177,767**	120,504
Investing activities		
Interest received	**789**	1,815
Investment in joint venture	**(60,313)**	–
Purchase of held for trading investments	**–**	(1,150)
Purchase of investment property (Note B)	**(22,781)**	(7,358)
Purchase of property, plant and equipment (Note C)	**(53)**	(4,983)
Disposal of a subsidiary [Note 31(c)]	**–**	(8,240)
Net cash used in investing activities	**(82,358)**	(19,916)

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2015

	Group	
	2015	2014
	$'000	$'000
Financing activities		
Proceeds from borrowings	**44,000**	150,803
Proceeds from notes issued	**84,616**	–
Repayment of borrowings	**(173,090)**	(229,060)
Repurchase of shares	**(623)**	–
Dividends paid (Note D)	**(34,783)**	(15,571)
Dividend paid to non-controlling interests (Note E)	**–**	(1,305)
Advances from (to) non-controlling interests	**2,900**	(55,880)
Net cash used in financing activities	**(76,980)**	(151,013)
Net increase (decrease) in cash and cash equivalents	**18,429**	(50,425)
Cash and cash equivalents at beginning of year (Notes A and 6)	**76,543**	127,791
Effect of exchange rate change on balances of cash held in foreign currencies	**(618)**	(823)
Cash and cash equivalents at end of year (Notes A and 6)	**94,354**	76,543

Note A: Included in the cash and cash equivalents is an amount of $48,713,000 (2014: $50,533,000) deposited in the project accounts and fixed deposits. Withdrawals of these monies for expenditure related to specific properties under development are governed by the Housing Developers (Control and Licensing) Act.

Note B:

	Group	
	2015	2014
	$'000	$'000
Addition of investment properties (Note 15)	**27,624**	9,488
Capitalised interest included as interest in statement of cash flows	**(4,302)**	(2,130)
Changes in capitalised cost yet to be paid	**(541)**	–
	22,781	7,358

Note C:

	Group	
	2015	2014
	$'000	$'000
Addition of property, plant and equipment (Note 16)	**53**	3,369
Capitalised interest included as interest in statement of cash flows	**–**	(364)
Changes in capitalised cost yet to be paid	**–**	1,978
	53	4,983

Note D: In 2014, out of $33,571,000 dividends declared, $18,000,000 remained unpaid at the end of reporting period. In 2015, dividends paid comprise those declared in 2015 and the $18,000,000 declared in 2014.

Note E: In 2015, the dividend payable to non-controlling interests of $48,000,000 was offset against advances from non-controlling interests.

1 GENERAL

The company (Registration No. 200006656M) is incorporated in Singapore with its principal place of business and registered office at 456 Alexandra Road, #26-01 Fragrance Empire Building, Singapore 119962. The company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars, which is also the functional currency of the company and its subsidiaries.

The principal activity of the company is that of investment holding.

The principal activities of its subsidiaries, joint operations and joint venture are described in Notes 12, 13 and 14 to the financial statements.

The consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company for the year ended December 31, 2015 were authorised for issue by the Board of Directors on March 18, 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

ADOPTION OF NEW AND REVISED STANDARDS – On January 1, 2015, the group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the group's and company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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:

- FRS 109 *Financial Instruments*[2]
- FRS 115 *Revenue from Contracts with Customers*[2]
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*[1]
- Amendments to FRS 16 *Property, Plant and Equipment*[1]
- Amendments to FRS 110 *Consolidated Financial Statements* and FRS 28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
- Amendments to FRS 111 *Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations*[1]
- Improvements to Financial Reporting Standards (November 2014)[1]

[1] *Applies to annual periods beginning on or after January 1, 2016, with early application permitted.*
[2] *Applies to annual periods beginning on or after January 1, 2018, with early application permitted.*

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

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the group and of the company in the period of their initial adoption except for the following:

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 (iii) impairment requirements for financial assets.

Key requirements of FRS 109:

With the adoption of FRS109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at fair value to other comprehensive income (FVTOCI), with only dividend income generally recognised in profit or loss. When such irrevocable election is made, gains and losses on disposal of the equity investment are also recorded in other comprehensive income and are not included in the profit and loss statement.

Debt investments that are held within a business model whose objective is to collect 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 selling assets and by collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding, are measured FVTOCI. All other debt investments and equity investments are measured at fair value to profit or loss (FVTPL) at the end of subsequent accounting periods except when the irrevocable option is made to measure an equity investment (that is not held for trading) at FVTOCI.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

FRS 109 *Financial Instruments* (cont'd)

- 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 to 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 a 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. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in the existing 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 application of FRS 109 in the future may potentially have an impact on amounts reported in respect of the group's financial assets and financial liabilities in the year of implementation depending on the extent of the group's usage of derivative financial instruments.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 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 contracts 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

FRS 115 *Revenue from Contracts with Customers* (cont'd)

Under FRS 115, an entity recognises revenue when a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. In addition, extensive disclosures are required by FRS 115.

Based on the existing sources of revenue, management currently does not expect the application of these amendments to FRS 115 to have a significant impact on the financial statements of the group and of the company in the period of initial application. However, continual assessment prior to adoption will be made as and when new contracts with customers are entered into.

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

Amendments have been made to the following:

Materiality and aggregation – An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.

Statement of financial position and statement of profit or loss and other comprehensive income – The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.

Presentation of items of other comprehensive income ("OCI") arising from equity-accounted investments – An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or not it will subsequently be reclassified to profit or loss.

Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes.

Amendments to FRS 1 are not expected to have a significant impact on the financial statements of the group and of the company in the period of initial application.

Other Amendments and improvements to FRS

Amendments to FRS 110 affect the group's financial statements only if the relevant transactions affected by the amendments occur in the future.

Amendments to FRS 111 *Joint arrangements* are not expected to result in a change in the presentation of the profit or loss statements and the joint venture of the group.

The other amendments and improvements to FRS are not expected to have a significant impact on the financial statements of the group and of the company in the period of initial adoption.

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the company and entities (including structured entities) controlled by the company and 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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 FRS39 or the cost on initial recognition of an investment in an associate or a joint venture, whichever is applicable.

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets

All financial assets are recognised and de-recognised on a trade date 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 plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories, financial assets "at fair value through profit or loss", "held-to-maturity investments", "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL where the financial liability is either held for trading or it is designated as FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the group manages together and has a recent pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed with its performance evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and FRS 39 – *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as FVTPL.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest paid on the financial asset and is included in "investment revenue" line in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (cont'd)

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the group's past experience of collecting payments according to the contractual terms of the receivables as well as observable change in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

In a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities and equity instruments

Classification as debt or equity

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.

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.

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. 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 (see below).

Financial guarantee contract liabilities of the company are measured initially at their fair values and subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

Financial guarantees

The company has issued corporate guarantees to banks and financial institutions for bank borrowings of its subsidiaries. These financial guarantees require the company to reimburse the banks and financial institutions if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are initially recognised at their fair value plus any transaction costs.

Financial guarantee contracts are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless the company has incurred an obligation to reimburse the bank or financial institution for an amount higher than the unamortised amount. In this case, the financial guarantee contracts shall be carried at the expected amount payable to the bank or financial institution.

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire.

PROPERTIES UNDER DEVELOPMENT – Development properties are stated at the lower of cost (specific identification) and net realisable value, net of cost recognised on units sold using percentage of completion. Cost comprises the payment made for acquisition of land, development costs, finance costs and other related expenditure which are capitalised as and when activities that are necessary to get the asset ready for its intended use until such time that the properties are substantially completed.

Foreseeable losses, if any, are provided as soon as they become known based on the management's estimates of net realisable value and estimates of cost to complete.

PROPERTIES HELD FOR SALE – Properties held for sale are stated at the lower of cost (specific identification) and net realisable value. Net realisable value is determined by reference to estimated sale proceeds less selling expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cost of property includes acquisition costs, development expenditure, interests and other direct costs attributable to such property up to completion.

PROPERTY, PLANT AND EQUIPMENT – Freehold and leasehold land for hotel property and hotel buildings including those under construction, held for use in the operation of hotels are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values as at the end of the reporting period.

Any revaluation increase arising on such freehold and leasehold land and hotel buildings is credited to the 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. A decrease in carrying amount arising on the revaluation of such freehold and leasehold land for hotel property and hotel buildings including those under construction is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Office premises and plant and equipment are carried at cost, less accumulated depreciation and any impairment losses.

Depreciation is charged so as to write off the cost of assets, other than freehold land and construction-in-progress, over their estimated useful lives, using the straight-line method, on the following bases:

Building – office premises	–	2%
Motor vehicles	–	20%
Furniture, fixtures and fittings	–	20%
Office equipment	–	20%
Computer	–	20% to $33\frac{1}{3}$%
Electrical installation	–	20%
Renovation	–	20%

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

Fully depreciated assets are retained in the financial statements until they are no longer in use.

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 asset and is recognised in the profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

INVESTMENT PROPERTIES – Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties, including those under construction, are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease over the lease term including lease incentives granted to tenants are recognised on the profit or loss statement on a straight-line basis over the period of the lease.

The group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Contingent rentals, if any, arising under operating leases are recognised as an expense in the period in which they are incurred.

Lease incentives received from lessors are recognised as reductions of rental expense on a straight-line basis over the period of the lease.

IMPAIRMENT OF TANGIBLE ASSETS – At the end of each reporting period, the group reviews the carrying amounts of its assets 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.

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 the 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, to the extent 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 is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE – Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

JOINT VENTURE – 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The results and assets and liabilities of joint ventures 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, an investment in a joint venture is 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 joint venture. When the group's share of losses of a joint venture exceeds the group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the group's net investment in the joint venture), the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

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

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 a joint venture. 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 a joint venture, or when the investment is classified as held for sale. When the group retains an interest in the former joint venture 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 joint venture 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 joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The group continues to use the equity method when 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 a joint venture 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 reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with a joint venture of the group, profits and losses resulting from the transactions with the joint venture are recognised in the group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The company carries investment in the joint venture at cost less any impairment loss and does not equity account for the results of the joint venture.

INTERESTS IN JOINT OPERATIONS – A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the 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.

When a group entity undertakes its activities under joint operations, the group/company as a joint operator recognises in relation to its interest in a join operation:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output to the joint operation;
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

Consistent with the substance of the arrangement with the other joint operation, the group/company accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the FRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the group/company is considered to be conducting the transaction with the other party to the joint operation, and gains and losses resulting from the transactions are recognised in the group's consolidated financial statements and the company's financial statements only to the extent of other party's interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the group/company does not recognise its share of the gains and losses until it resells those assets to a third party.

PROVISIONS – Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, and 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 obligation.

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. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 23. 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 number of equity instruments that will eventually vest. At the end of each reporting period, the group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

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.

The group recognises profits on sale of properties under development in Singapore using the percentage of completion method when the transfer of significant risks and rewards of ownership occurs as development progresses. The percentage of completion is measured by reference to the percentage of physical completion at the end of each reporting period determined by independent qualified surveyors. When losses are expected, full provision is made in the financial statements after taking into account estimated costs to completion.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease, including lease incentives given to tenants, are recognised in the profit or loss statements on a straight-line basis over the lease term.

Interest income is accrued on a time basis, by reference to the principal sums and at the applicable effective interest rates.

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

Income from providing financial guarantees to financial institutions for credit facilities used by certain wholly-owned subsidiaries are recognised as income of the company over the guarantee period.

BORROWING COSTS – Borrowing costs directly attributable to the acquisition and construction of properties, 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. Development of properties are considered complete upon the issue of temporary occupation permits.

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

RETIREMENT BENEFIT OBLIGATIONS – Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. 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.

EMPLOYEE LEAVE ENTITLEMENT – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 consolidated statement of profit or loss and other comprehensive income 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 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. 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.

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 that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

For the purposes 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.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each group entity are measured and presented in its functional currency which is the currency of the primary economic environment in which the entity operates. The consolidated financial statements of the group and the statement of financial position 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 rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. 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.

Exchange differences on foreign currency borrowings used to finance assets under construction for future productive use, the total cost of financing the assets during the construction period, are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

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 a separate component of equity under the header of foreign currency translation 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 foreign currency translation reserve as hedges of such investments, are recognised in other comprehensive income and accumulated in a component of equity.

SEGMENT – An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components.

The group determines and presents operating segments based on information that is internally provided to the Chief Executive Officer ("CEO"), who is the group's chief operating decision maker. Decisions about resources to be allocated and assessment of performance, are distinguished by operating segments.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS – Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the entity's accounting policies

Management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements except as discussed below, and except for those affecting accounting estimates.

Allocation of costs to individual units under mixed development projects

For mixed development projects, the group segregates the land cost and all costs directly related to the acquisition of the land between commercial, retail and residential components based on the relative expected sales value of each component. Management considers the use of this basis for allocating cost of land more closely approximates the basis on which the economic value of the land had been determined. Other development costs such as construction costs are allocated based upon the floor area of each unit relative to the total floor area available for sale.

The carrying amounts of the properties under/held for development are stated in Note 9 to the financial statements.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Critical judgements in applying the entity's accounting policies (cont'd)

Deferred taxation on revaluation gains from investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the management has reviewed the group's investment property portfolio and concluded that, while certain of the group's investment properties are depreciable, they are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, no deferred tax is provided on revaluation gains from all investment properties.

Recoverable amounts of unsold units in properties under development and completed properties held for sale

Management has considered the conditions of the qualifying certificates issued by the Singapore Land Authority and the conditions for remission of Additional Buyer's Stamp Duties by the Commissioner of Stamp Duties relating to the time frame for completion of phases of development and sale of residential components of development properties.

In assessing the recoverable amounts of residential properties for sale and the related costs, management considers the specific courses of action that it has taken or plans to take and expectations regarding the results of these actions. On the basis of these assessments, management is of the view that additional cost associated with compliance with these regulations is unlikely.

Additionally, management has reviewed the accounting estimates related to projected realisable values, net of selling expenses and expects the carrying amounts of properties under/held for development and completed properties held for sale (Notes 9 and 10) to be recoverable.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Revenue and costs from properties under development

As described in Note 2 to the financial statements, revenue and costs associated with sold units of a property under development are recognised as revenue and expenses respectively by reference to the stage of completion of project activity at the end of the reporting period, using architects' or quantity surveyors' estimates. To derive percentage of completion is the ratio of costs certified over total projected cost to complete the development. Management has performed cost studies, taking into account the costs to date and costs to complete each project. Management has reviewed the status of such projects and is satisfied that the estimates to complete are realistic and reasonable.

The carrying amounts of the properties under/held for development are stated in Note 9 to the financial statements.

Valuation of investment properties

Investment properties are stated at fair values based on independent professional valuations. In determining the fair value, the valuer has used valuation techniques which involve certain estimates and significant unobservable inputs which are disclosed in Note 15.

In relying on the valuation reports, management has exercised its judgement and is satisfied that the independent valuer has appropriate recognised professional qualifications and the estimates are reflective of current market conditions at the end of each reporting period.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Key sources of estimation uncertainty (cont'd)

Income tax

Significant estimate is involved in determining the provision for income taxes. The group recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcomes of these matters are different from the amounts that were initially estimated, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

In 2015, the group transferred certain properties previously held for sale to investment properties as a result of a change of intent and leasing activities related to these properties. No tax is attributed to the change in fair values of these properties as management intends to hold these properties for the long term.

Information about the deferred tax and income tax expenses are disclosed in Notes 20 and 30.

Recoverable amounts of trade and other receivables

A considerable amount of judgement and accounting estimates is required in assessing the ultimate realisation of trade and other receivables (Note 7). Based on observed collection patterns, management expects all receivables to be recoverable and no allowance for doubtful receivables is required.

Should any buyer of properties under development default on payment obligations, collections to date are forfeitable to the extent necessary to make good those obligations, after deducting the net values realisable from resale of the property.

The carrying amounts of trade and other receivables are disclosed in Note 7 of the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) *Categories of financial instruments*

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Fair value through profit or loss (FVTPL):				
Held for trading investments	**4,155**	1,656	**4,155**	1,656
Assets held for sale	**86,797**	–	**–**	–
Loans and receivables (including cash and cash equivalents)	**338,488**	429,224	**223,958**	182,543
Financial liabilities				
Amortised cost	**1,014,495**	1,084,072	**319,737**	504,360
Financial guarantee contracts	**–**	–	**2,489**	4,138

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

(b) *Financial risk management policies and objectives*

The group is exposed to various financial risks arising in the normal course of business. It has adopted risk management policies and utilises a variety of techniques to manage its exposure to these risks.

There has been no change to the group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

The group is not exposed to any significant foreign currency risk as the group's transactions are mainly denominated in the functional currency of the group's entities.

(ii) Interest rate risk management

The group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. The group manages its interest rate exposure by actively reviewing its debt portfolio and switching to more cost-effective sources of funding to achieve a certain level of protection against interest hikes. Summary quantitative data of the group's interest-bearing financial instruments can be found in Section (v) of this Note.

Interest rate sensitivity

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the group's profit before tax would decrease/increase by approximately $2,051,000 (2014: decrease/increase by approximately $1,825,000) attributable to the group's exposure to interest rates on its variable rate borrowings.

Reasonably possible changes in interest rates on cash and cash equivalents (Note 6) are not expected to have a significant impact on operating results.

(iii) Equity price risk management

The group is exposed to equity risks arising from equity investments classified as held-for-trading (Note 8).

If equity prices had been 10% higher/lower, the group's net profit before tax would increase/decrease by $416,000 (2014: $166,000).

(iv) Credit risk management

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in financial loss to the group.

The group's financial assets are cash and bank balances, and trade and other receivables. The group's credit risk with respect to trade receivables is mitigated by legal recourse to the properties sold, in the event of default in payment by buyers of the property.

The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The group has no significant concentration of credit risk.

Cash is held with creditworthy financial institutions.

The carrying amounts of financial assets recorded in the financial statements, grossed up for any allowances for losses, represent the group's maximum exposure to credit risk.

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

(b) Financial risk management policies and objectives (cont'd)

(v) Liquidity risk management

The group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities. The group finances its liquidity needs through internally generated cash flows and external financing, and minimises liquidity risk by keeping committed credit lines available and reviewing the maturity profile of its borrowings relative to expected cash inflows.

Liquidity and interest risk analyses

Financial liabilities

The following undiscounted cash flows of financial liabilities based on the earliest date on which the group and company can be required to pay includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to future interest which are not included in the carrying amount of the financial liability on the statements of financial position.

	Weighted average effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Adjustment $'000	Total $'000
Group						
2015						
Non-interest bearing	**NA**	**52,431**	**–**	**–**	**–**	**52,431**
Fixed interest rate instrument	**3.75**	**3,188**	**85,128**	**–**	**(1,840)**	**86,476**
Variable interest rate instruments	**2.42**	**450,421**	**353,372**	**141,861**	**(70,066)**	**875,588**
2014						
Non-interest bearing	NA	78,591	–	–	–	78,591
Variable interest rate instruments	2.08	577,912	424,205	38,918	(35,554)	1,005,481
Company						
2015						
Non-interest bearing	**NA**	**78,956**	**–**	**–**	**–**	**78,956**
Fixed interest rate instruments	**3.75**	**3,188**	**85,128**	**–**	**(1,840)**	**86,476**
Variable interest rate instruments	**2.79**	**50,198**	**108,560**	**–**	**(4,453)**	**154,305**
2014						
Non-interest bearing	NA	314,660	–	–	–	314,660
Variable interest rate instruments	2.28	4,316	191,189	–	(5,805)	189,700

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

(b) Financial risk management policies and objectives (cont'd)

In addition to the above, the maximum amount that the company would be obliged to settle for financial guarantees given to financial institutions which have provided credit facilities to subsidiaries amount to $819,391,000 (2014: $998,931,000) in the event of a call on these guarantees. The credit facilities are secured by properties pledged by the subsidiaries, the values of which are more than adequate to settle the loan obligations of the subsidiaries. On the basis of this and the absence of triggering events, management does not expect any call on these financial guarantees.

Financial assets

The following undiscounted cash flows are based on contractual maturities of the financial assets including any interest except where the group and the company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to future interest which are not included in the carrying amount of the financial asset on the statements of financial position.

	Weighted average effective interest rate %	On demand or within 1 year $'000	Adjustment $'000	Total $'000
Group				
2015				
Non-interest bearing	**NA**	**393,429**	**–**	**393,429**
Fixed interest rate instruments	**0.82**	**36,026**	**(15)**	**36,011**
2014				
Non-interest bearing	NA	407,310	–	407,310
Fixed interest rate instruments	0.22	23,574	(4)	23,570
Company				
2015				
Non-interest bearing	**NA**	**193,102**	**–**	**193,102**
Fixed interest rate instruments	**0.82**	**35,025**	**(14)**	**35,011**
2014				
Non-interest bearing	NA	171,630	–	171,630
Fixed interest rate instruments	0.18	12,571	(2)	12,569

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

(b) Financial risk management policies and objectives (cont'd)

(vi) Fair value of financial assets and financial liabilities

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

The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices and classified as level 1 of the fair value hierarchy.

(c) Capital risk management policies and objectives

The group manages its capital to ensure that entities in the group will be able to continue as going concerns while optimising the return to stakeholders through a combination of debt and equity balance.

The capital structure of the group consists of equity and reserves; and borrowings through term loans from financial institutions (Note 19) and notes issued on the capital market (Note 18). The group is in compliance with financial covenants associated with external borrowings.

The management reviews the capital structure on a semi-annual basis. As part of the review, the management considers the cost of capital, risks and tenures associated with each class of capital. Based on the review, the group may adjust the capital structure through the payment of dividends, purchase of treasury shares, issuance of new shares, issuance of new debt instruments or the redemption of existing debts.

The group monitors capital using debt ratios as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Total assets	**2,160,110**	2,211,646
Total debts	**962,064**	1,005,481
Total equity	**1,049,349**	1,038,327
Debt-to-total assets	**44.5%**	45.5%
Debt-to-total equity	**91.7%**	96.8%

5 RELATED PARTY TRANSACTIONS

Related companies in these financial statements refer to the members of the company's group of companies.

There are transactions and arrangements between the company and the members of the group and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated. Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related company transactions.

5 RELATED PARTY TRANSACTIONS (CONT'D)

Some of the group's transactions and arrangements are with related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The balances with related parties are unsecured, interest-free and repayable on demand unless stated otherwise.

In addition to the related party information disclosed elsewhere in the financial statements, the significant transactions with the related parties, on the terms agreed between the parties were as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Rental income received from a related party in which directors have interests	**(264)**	(168)
Project management service fee from a related party in which directors have interests	**(100)**	–
Share-based payment to a director	**42**	68

The sales of two property units to be developed in Australia to a director amounting to $1,805,000 was made according to the price list of the development and was approved by the Audit Committee.

Compensation of directors and key management personnel

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

	Group	
	2015	**2014**
	$'000	**$'000**
Short-term benefits	**5,150**	9,106
Post-employment benefits	**49**	55
Share-based payments	**42**	68

The remuneration of directors and key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

6 CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Cash and bank balances	**29,630**	25,941	**3,537**	9,378
Fixed deposits	**36,011**	23,570	**35,011**	12,569
Project accounts	**28,713**	27,032	**20,452**	6,718
Total	**94,354**	76,543	**59,000**	28,665

Monies received from sale of units of the properties under development are deposited into the project accounts. Withdrawals from the project accounts are governed by the Housing Developers (Control and Licensing) Act. Project account balances of the group at year end amounted to $20,000,000 (2014: $23,501,000) for the group and $20,000,000 (2014: $12,500,000) for the company.

Fixed deposits earn an average interest rate of 0.82% (2014: 0.22%) per annum for tenures ranging from 31 to 34 days (2014: 30 to 33 days) for the group; and 0.82% (2014: 0.18%) per annum for tenures ranging from 31 to 34 days (2014: 31 to 33 days) for the company.

7 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000 (reclassified)
Rental debtors	**1,006**	992	**3**	157
Goods and services tax receivables	**791**	2,694	**2**	68
Unbilled revenue on completed properties	**12,821**	30,831	**–**	–
Unbilled revenue on properties under/held for development	**223,969**	263,034	**139,028**	105,591
Deposits	**866**	10,414	**126**	124
Prepayments	**10,267**	10,502	**201**	10
Subsidiaries	**–**	–	**25,798**	46,856
Advances to non-controlling interests	**4,980**	55,880	**–**	–
Deferred commission expenses	**19,637**	9,753	**10,767**	5,959
Others	**492**	1,248	**3**	1,150
	274,829	385,348	**175,928**	159,915
Less: Prepayment (non-current portion)	**(8,909)**	(9,689)	**–**	–
	265,920	375,659	**175,928**	159,915

Contracts in progress at the end of the reporting period:				
Amounts due from customers on sale of completed properties	**12,821**	30,831	**–**	–
Amounts due from customers on sale of properties under development	**223,969**	263,034	**139,028**	105,591
	236,790	293,865	**139,028**	105,591
Contract costs incurred plus recognised profits	**1,347,407**	1,345,660	**285,558**	194,973
Less: Progress billings	**(1,110,617)**	(1,051,795)	**(146,530)**	(89,382)
	236,790	293,865	**139,028**	105,591

Included in the group's and company's trade receivables are debtors with a carrying amount of $445,000 and $3,000 (2014: $541,000 and $157,000) respectively which are past due as at the end of the reporting period for which the group and the company has not recognised an allowance for doubtful receivables as the management considers this amount to be recoverable.

Unbilled revenue on properties under/held for development and completed properties represent 86.2% and 79.0% (2014: 76.3% and 66.0%) of the group's and the company's trade and other receivables respectively. These are classified as current in accordance with Financial Reporting Standards FRS 1 because they are expected to be realised in the normal operating cycle. The group and the company generally do not assess the credit quality of customers buying properties as it is not within the group's and the company's control to ensure that buyers are able to obtain external financing if they need to borrow subsequent to contracting to purchase the properties. Deposits and/or progress receipts from defaulters can be forfeited to the extent necessary to make good the obligations of these buyers after deducting net proceeds from resale of properties. Management has assessed the remaining receivables to be collectible and no allowance for doubtful receivables is required.

The amount due from subsidiaries to the company and the amounts due from non-controlling interests to the group are unsecured, interest-free and repayable on demand.

7 TRADE AND OTHER RECEIVABLES (CONT'D)

Prepayment includes prepaid operating lease of a land parcel amounting to $9,689,000 (2014: $10,469,000). The lease period of the land is 15 years. Prepaid land lease amortised during the year amounted to $780,000 (2014: $780,000).

At December 31, 2014, deposits included an amount of $9,718,000 for purchase of a land parcel. The commitments for remaining purchase cost for this land parcel is included in Note 36.

8 HELD FOR TRADING INVESTMENTS

	Group and Company	
	2015	**2014**
	$'000	**$'000**
Quoted equity shares, at fair value	**4,155**	1,656

The investments offer the group the opportunity for returns through dividend income and fair value gains. The fair values of these securities are based on closing quoted market prices on the last market day of the financial year.

9 PROPERTIES UNDER/HELD FOR DEVELOPMENT

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Land and other related costs	**775,026**	1,080,981	**332,914**	332,913
Development costs	**225,489**	288,317	**71,652**	55,482
Interest, property tax and other costs	**63,626**	81,345	**21,179**	13,669
	1,064,141	1,450,643	**425,745**	402,064
Less: Cost of properties sold to date	**(621,330)**	(693,523)	**(209,191)**	(140,152)
	442,811	757,120	**216,554**	261,912

Interest expenses capitalised in property under/held for development during the year was $8,512,000 (2014: $11,087,000) for the group and $4,563,000 (2014: $4,511,000) for the company. Interest rates ranged from 1.95% to 2.83% (2014: 1.59% to 2.30%) per annum for the group; and 2.38% to 2.83% (2014: 2.23% to 2.30%) per annum for the company.

Properties under/held for development are classified as current assets in accordance with Financial Reporting Standards FRS 1 because they are expected to be realised in the normal operating cycle.

These properties are mortgaged to the banks and finance companies to secure credit facilities of the subsidiaries (Note 19).

9 PROPERTIES UNDER/HELD FOR DEVELOPMENT (CONT'D)

The properties under/held for development as at December 31, 2015 were as follows:

Property and address	Description of development	Tenure	Land area (sq m)
Lot 02083X MK23 at Jalan Lokam	5-storey residential building with commercial space	Freehold	9,643
Lot 10765A MK 27 at Tanah Merah Kechil Link[(1)]	9 blocks multi-storey condominium building	99 years leasehold	13,999
Lot 534W of TS 15 at 371 Beach Road[(1)]	30-storey building with apartments and commercial units	99 years leasehold	7,269
374 – 396 Murray Street, Perth, Australia	Multi-storey hotel building with residential space	Freehold	4,926
173 – 177 Macquarie Street, Tasmania	Multi-storey of commercial space	Freehold	2,000
134-160 Spencer Street, Melbourne, Victoria	Multi-storey mixed development with commercial and residential space	Freehold	1,800
171 Macquarie Street Hobart, Tasmania	Proposed development of multi-storey commercial space	Freehold	525
28-30 Davey Street Hobart, Tasmania	Proposed development of multi-storey commercial space	Freehold	1,153
39-47 Milligan Street and 453-471 Murray Street, Perth, Australia	Proposed development of multi-storey mixed use, consisting of retail, office, hotel and residential use	Freehold	3,560

9 PROPERTIES UNDER/HELD FOR DEVELOPMENT (CONT'D)

The properties under/held for development as at December 31, 2014 were as follows:

Property and address	Description of development	Tenure	Land area (sq m)
Lot 06219X & 06220K MK 25 at 340 Geylang Road	5-storey residential building with commercial space	Freehold	1,681
Lots 99033X & 99035C MK 03 at Pasir Panjang Road	Conservation of existing 2-storey shop houses with rear extension for a residential development	Freehold	2,056
Lots 01317M, 00638X TS 28 at Thomson Road	4-storey residential building with commercial space	Freehold	4,747
Lot 10505C MK 24 at Sims Drive/Aljunied Road	7-storey multiple user light industrial building	60 years leasehold	6,312
Lot 02083X MK23 at Jalan Lokam	5-storey residential building with commercial space	Freehold	9,643
Lot 10765A MK 27 at Tanah Merah Kechil Link(1)	9 blocks multi-storey condominium building	99 years leasehold	13,999
Lot 534W of TS 15 at 371 Beach Road(1)	30-storey building with apartments and commercial units	99 years leasehold	7,269
374 – 396 Murray Street, Perth, Australia	Multi-storey hotel building with residential space	Freehold	4,926
173 – 177 Macquarie Street, Tasmania	Multi-storey of commercial space	Freehold	2,000
555 Collins Street, Melbourne, Victoria	Multi-storey mixed development with commercial and residential space	Freehold	2,300
134 – 160 Spencer Street, Melbourne, Victoria	Multi-storey mixed development with commercial and residential space	Freehold	1,800

(1) These properties under development are in joint operations of the group and the company (Note 13).

10 PROPERTIES HELD FOR SALE

	Group $'000
Balance as at December 31, 2013	42,030
Less: Transfer to cost of sales	(27,524)
Add: Additions during the year	430
Balance as at December 31, 2014	**14,936**
Add: Additions during the year	**140,227**
Less: Transfer to cost of sales	**(4,576)**
Transfer to investment properties (Note 15)	**(121,425)**
Balance as at December 31, 2015	**29,162**

Additions during the year comprise transfer from properties under development (Note 9) upon completion of development.

The properties held for sale as at December 31, 2015 are as follows:

Property and address	Description	Tenure	Floor area (sq m)
#04-18 at 279 Thomson Road	A completed residential unit	Freehold	145
#01-10/11/14/15, #02-02/03/04/05/09/10/11/12/13/15/16 at Pasir Panjang Road	15 units of completed commercial retail units of shop and restaurant	Freehold	1,055
267/277 at Wak Hassan Drive	2 units of completed detached dwelling houses	99 years leasehold	994

The properties held for sale as at December 31, 2014 are as follows:

Property and address	Description	Tenure	Floor area (sq m)
267/273/277 Wak Hassan Drive	3 units of completed detached dwelling houses	99 years leasehold	1,433

11 ASSETS HELD FOR SALE

On October 19, 2015, the management approved the sale of a property originally intended to be developed by the group in Australia and a third party agent was appointed to market the property above cost. The carrying amount of $86,797,000 is the cost transferred from properties held for development. It is the expectation of management that the sale will be realised within 2016 and all costs are fully recoverable.

12 SUBSIDIARIES

	Company 2015 $'000	Company 2014 $'000 (reclassified)
Unquoted equity shares, at cost	**54,780**	54,780
Amount due from subsidiaries as part of net investment	**558,187**	466,206
Fair value of financial guarantees given by the company for credit facilities of subsidiaries[3]	**20,357**	16,085
	633,324	537,071

(a) Details of the company's subsidiaries at December 31, 2015 are as follows:

Name of subsidiaries	Country of incorporation and operation	Proportion of ownership interest % 2015	Proportion of ownership interest % 2014	Proportion of voting power held % 2015	Proportion of voting power held % 2014	Principal activities
Held by the company						
Fragrance Land Pte Ltd[1]	Singapore	**100**	100	**100**	100	Developing, dealing and trading in properties
Fragrance Properties Pte Ltd[1]	Singapore	**100**	100	**100**	100	Developing, dealing and trading in properties
Fragrance Homes Pte Ltd[1]	Singapore	**100**	100	**100**	100	Development, dealing and trading in properties
Fragrance Realty Pte Ltd[1]	Singapore	**100**	100	**100**	100	Development, dealing and trading in properties
Fragrance Holdings Pte Ltd[1]	Singapore	**100**	100	**100**	100	Investment holding and investing in properties
Fragrance Biz Space Pte Ltd[1]	Singapore	**100**	100	**100**	100	Development, dealing and trading in properties
Fragrance Grandeur Pte Ltd[1]	Singapore	**100**	100	**100**	100	Investment holding and investing in properties
Fragrance Regal Pte Ltd[1]	Singapore	**100**	100	**100**	100	Investment holding and investing in properties
The Colonial Settlement Pte Ltd[1]	Singapore	**100**	100	**100**	100	Investment holding and investing in properties
Kensington Land Pte Ltd[1]	Singapore	**60**	60	**60**	60	Development, dealing and trading in properties
Kensington Village Pte Ltd[1]	Singapore	**60**	60	**60**	60	Development, dealing and trading in properties
Fragrance Global Pte Ltd[1]	Singapore	**100**	100	**100**	100	Investment holding

12 SUBSIDIARIES (CONT'D)

Name of subsidiaries	Country of incorporation and operation	Proportion of ownership interest %		Proportion of voting power held %		Principal activities
		2015	2014	2015	2014	
Held by Fragrance Global Pte Ltd						
Fragrance South Pacific Pty Ltd[(2)]	Australia	**100**	100	**100**	100	Investment holding
Fragrance WA-Perth Pty Ltd[(2)]	Australia	**100**	100	**100**	100	Development, dealing and trading in properties
Fragrance WA-Perth (Milligan) Pty Ltd[(2)]	Australia	**100**	100	**100**	100	Development, dealing and trading in properties
Fragrance TAS-Hobart Pty Ltd[(2)]	Australia	**100**	100	**100**	100	Development, dealing and trading in properties
Fragrance TAS-Hobart (Davey) Pty Ltd[(2)]	Australia	**100**	100	**100**	100	Development, dealing and trading in properties
Fragrance VIC-MEL (SouthBank) Pty Ltd[(2)]	Australia	**100**	100	**100**	100	Development, dealing and trading in properties
Fragrance VIC-MEL (Collins) Pty Ltd[(2)]	Australia	**100**	100	**100**	100	Development, dealing and trading in properties
Fragrance VIC-MEL (Spencer) Pty Ltd[(2)]	Australia	**100**	100	**100**	100	Development, dealing and trading in properties
Fragrance QLD-Brisbane Pty Ltd[(2)]	Australia	**100**	100	**100**	100	Development, dealing and trading in properties

(1) Audited by Deloitte & Touche LLP, Singapore.
(2) Audited by Deloitte & Touche LLP, Singapore for consolidation purposes.
(3) Management has assessed the fair value of the financial guarantees to be equivalent to 1% (2014: 1%) of the loans guaranteed and the present value is discounted at 4.75% (2014: 4.75%) per annum.

12 SUBSIDIARIES (CONT'D)

(b) The table below shows details of subsidiaries of the group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by non-controlling interests %		Profit (Loss) allocated to non-controlling interests %		Accumulated non-controlling interests %	
		December 31, 2015	December 31, 2014	December 31, 2015 $'000	December 31, 2014 $'000	December 31, 2015 $'000	December 31, 2014 $'000
Kensington Land Pte Ltd	Singapore	**40%**	40%	**(578)**	1,726	**5,235**	53,813
Kensington Village Pte Ltd	Singapore	**40%**	40%	**3,766**	3,284	**8,539**	4,773
Global Premium Hotels Limited and its subsidiaries	Singapore	**–**	–	**–**	2,406	**–**	–
				3,188	7,416	**13,774**	58,586

(c) Non-controlling interests

The summarised financial information below represents amounts before intragroup eliminations.

	Kensington Land Pte Ltd		Kensington Village Pte Ltd	
	December 31, 2015 $'000	December 31, 2014 $'000	December 31, 2015 $'000	December 31, 2014 $'000
Current assets	**14,172**	162,657	**163,823**	175,321
Non-current assets	**4**	6	**–**	–
Current liabilities	**1,088**	28,131	**139,124**	161,969
Non-current liabilities	**–**	–	**3,351**	1,420
Equity attributable to owner of the company	**7,853**	80,719	**12,809**	7,159
Non-controlling interest	**5,235**	53,813	**8,539**	4,773
Revenue	**7**	13,279	**96,023**	71,385
Expenses	**(1,451)**	(8,963)	**(86,606)**	(63,174)
Profit (Loss), representing total comprehensive income for the year	**(1,444)**	4,316	**9,417**	8,211
Profit (Loss), representing total comprehensive income attributable to owners of the company for the year	**(866)**	2,590	**5,651**	4,927
Profit (Loss), representing total comprehensive income attributable to the non-controlling interest for the year	**(578)**	1,726	**3,766**	3,284
Total comprehensive income (loss) for the year	**(1,444)**	4,316	**9,417**	8,211
Net cash inflow (outflow) from operating activities	**(563)**	224,971	**26,131**	(278)
Net cash inflow from investing activities	**–**	25	**1**	7
Net cash outflow from financing activities	**–**	(225,700)	**(23,250)**	(9,390)
Net cash (outflow) inflow	**(563)**	(704)	**2,882**	(9,661)

13 INVESTMENT IN JOINT OPERATIONS

Details of the company's joint operations at December 31, 2015 are as follows:

Name of joint operations	Country of incorporation and operation	Proportion of ownership interest 2015 %	2014 %	Principal activities
Bayfront Ventures Pte Ltd(1)	Singapore	**50**	50	Development, dealing and trading in properties
Bayfront Realty Pte Ltd(1)	Singapore	**50**	50	Development, dealing and trading in properties
Bayfront Land Pte Ltd(2)	Singapore	**50**	50	Development, dealing and trading in properties

(1) Audited by Ernst & Young LLP, Singapore.
(2) Audited by CG Alliance, Singapore. The joint operation remains dormant since incorporation.

The group is entitled to a proportionate share of the income received and bears a proportionate share of the joint operations' expenses.

The joint operators' partner is controlled by the brother of an executive director of the company.

14 INVESTMENT IN JOINT VENTURE

	Group 2015 $'000	Company 2015 $'000
Cost of equity investment in joint venture	**5,000**	**5,000**
Additional capital contributions	**55,313**	**55,313**
Share of post-acquisition loss, net of dividend received	**(1,609)**	**–**
Share of other comprehensive income:		
Exchange differences on translation of foreign operations	**(1,421)**	**–**
Revaluation of land and buildings (net of tax)	**9,101**	**–**
Fair value loss on investment securities	**(72)**	**–**
	66,312	**60,313**

On January 9, 2015, the company acquired a 50% equity stake in AF Global Pte Ltd. On March 12, 2015, AF Global Pte Ltd acquired 576,437,569 ordinary shares or 54.61% equity interest in LCD Global Investments Ltd for $190.22 million.

14 INVESTMENT IN JOINT VENTURE (CONT'D)

Details of the joint venture at the end of the reporting period is as follow:

Name of joint venture	Country of incorporation and operation	Proportion of ownership interest 2015 %	2014 %	Principal activities
AF Global Pte Ltd[(1)]	Singapore	**50**	–	Investment holding

The above joint venture is accounted for using the equity method in these consolidated financial statements.

(1) Audited by Ernst & Young LLP, Singapore.

Summarised financial information of the joint venture is set out below.

	Group 2015 $'000
Current assets	**59,186**
Non-current assets	**459,402**
Current liabilities	**(221,340)**
Non-current liabilities	**(92,458)**
Net assets	**204,790**

Information relating to the joint venture:

	Group 2015 $'000
Cash and cash equivalent	**33,115**
Current financial liabilities (excluding trade and other payables and provision)	**(98,779)**
Non-current financial liabilities (excluding trade and other payables and provision)	**(60,572)**
Revenue	**40,720**
Loss for the year	**(1,836)**
Other comprehensive income for the year	**25,006**
Total comprehensive income for the year	**23,170**
The above loss for the year include the following:	
Depreciation and amortization	**5,994**
Interest income	**324**
Interest expense	**(3,258)**
Income tax expense	**(1,766)**

14 INVESTMENT IN JOINT VENTURE (CONT'D)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in these consolidated financial statements:

	Group 2015 $'000
Net assets of the joint venture	**204,790**
Proportion of the group's ownership interest in the joint venture	**50%**
Additional contribution to joint venture	**55,313**
Pre-acquisition loss	**(74)**
Pre-acquisition reserve	**144**
Non-controlling interest	**(91,466)**
Carrying amount of the group's interest on the joint venture	**66,312**

15 INVESTMENT PROPERTIES

	Group	
	2015 $'000	2014 $'000
At fair value:		
At January 1	**973,409**	889,305
Addition	**27,624**	9,488
Transfer to property, plant and equipment (Note 16)	**(19,063)**	–
Transfer from property, plant and equipment (Note 16)	**2,430**	4,725
Transfer from properties held for sale (Note 10)	**121,425**	–
Gain from fair value adjustments included in profit or loss (Note 28)	**28,187**	53,496
Gain on fair value adjustment arising from transfer of property, plant and equipment to investment properties included in other comprehensive income	**7,770**	16,395
At December 31	**1,141,782**	973,409

15 INVESTMENT PROPERTIES (CONT'D)

The investment properties held by the group as at December 31, 2015 are as follows:

Location	Tenure	Description
110 Lor 23 Geylang	Leasehold (remaining 57 years lease)	7 storey high-specification ramp-up B1 business space building with commercial facilities located at roof level
#01-12 at 218 Pasir Panjang Road	Freehold	Retail unit at first level with a part 2/part 5-storey residential cum commercial development with attic
#01-09/13/14/15/21/22/23/25/26/28/33/37/39/40/41/42/43/44 at 275 Thomson Road	Freehold	Retail units on first level within a 4-storey residential cum commercial development with carpark facility
15 Hoe Chiang Road	Freehold	29-storey commercial building with a 3-storey hotel block and a multi-level carpark
456 Alexandra Road(1)	Freehold	26-storey commercial building with a carpark podium
3 Punggol Point Road	Leasehold (remaining 13 years lease)	2-storey food and beverage outlets
168 Changi Road	Freehold	5-storey commercial building

(1) Investment property relates to the areas rented to external parties.

The investment properties held by the group as at December 31, 2014 are as follows:

Location	Tenure	Description
15 Hoe Chiang Road	Freehold	29-storey commercial building with a 3-storey hotel block and a multi-level carpark
456 Alexandra Road	Freehold	26-storey commercial building with a carpark podium
3 Punggol Point Road	Leasehold (approximately remaining 13 years lease)	2-storey food and beverage outlets
168 Changi Road(1)	Freehold	5-storey commercial building

(1) Investment property relates to the areas rented to external parties.

Fair value measurement of the group's investment properties

The fair value of the group's investment properties as at December 31, 2015 and December 31, 2014 were performed by an independent valuer who has the appropriate qualifications and experience in the fair value measurement of the different types of properties in Singapore.

15 INVESTMENT PROPERTIES (CONT'D)

Fair value measurement of the group's investment properties (cont'd)

The fair values of the investment properties were determined by adopting the direct comparison approach making reference to recent transactions of comparable properties and making adjustments for differences relating to the properties. In determining the market value of the investment properties, investment method was also adopted, which capitalises an income stream into a present value using capitalisation rates. The valuation conforms to International Valuation Standards. There has been no change to the valuation technique during the year.

The fair values are classified as Level 3 of the fair value hierarchy.

The following table shows the significant unobservable inputs used in the valuation model:

Description	Fair value as at December 31, 2015 $'000	Valuation technique(s)	Significant unobservable input(s)	Range
Industrial building	**100,000**	Direct comparison method	price per square meter(1)	$6,337
		Investment method	capitalisation rate(2)	5.5%
Retail units in mixed development	**62,926**	Direct comparison method	price per square meter(1)	$52,239 to $68,850
Commercial buildings	**959,856**	Direct comparison method	price per square meter(1)	$17,787 to $19,111
		Investment method	long-term net rental income margin(1)	72% to 84%
			capitalisation rate(2)	3.25% to 3.5%
F&B building	**19,000**	Direct comparison method	price per square meter(1)	$6,333
		Investment method	long-term net rental income margin(1)	82%
			capitalisation rate(2)	5.75%

Description	Fair value as at December 31, 2014 $'000	Valuation technique(s)	Significant unobservable input(s)	Range
Commercial buildings	955,409	Direct comparison method	price per square meter(1)	$17,228 to $19,148
		Investment method	long-term net rental income margin(1)	64% to 93%
			capitalisation rate(2)	3.5% to 4.8%
F&B building	18,000	Direct comparison method	price per square meter(1)	$6,000
		Investment method	long-term net rental income margin(1)	89%
			capitalisation rate(2)	5.0%

(1) Any significant isolated increases (decreases) in these inputs would result in a significantly higher (lower) fair value measurement.
(2) Any significant isolated increases (decreases) in these inputs would result in a significantly lower (higher) fair value measurement.

Rental income from the group's investment properties which are leased out under operating lease amounted to $19,216,000 (2014: $24,450,000). Direct operating expenses (including repairs and maintenance) relating to these properties amounted to $3,313,000 (2014: $3,521,000).

16 PROPERTY, PLANT AND EQUIPMENT

	Freehold land – office premises $'000	Freehold land – hotel $'000	Leasehold land $'000	Hotel buildings $'000	Building – office premises $'000	Motor vehicles $'000
Group						
Cost or valuation:						
At January 1, 2014	4,918	654,700	261,640	83,110	2,532	270
Additions	–	–	–	427	–	–
Written off	–	–	–	–	–	–
Disposal of a subsidiary (Note 31)	–	(654,700)	(261,640)	(83,537)	–	(183)
Transfer to investment property (Note 15)	(3,246)	–	–	–	(1,671)	–
At December 31, 2014	1,672	–	–	–	861	87
Additions	–	–	–	–	–	–
Transfer from investment property (Note 15)	–	–	–	–	19,063	–
Transfer to investment property (Note 15)	(1,672)	–	–	–	(861)	–
At December 31, 2015	–	–	–	–	19,063	87
Accumulated depreciation:						
At January 1, 2014	–	–	–	–	292	225
Depreciation	–	–	753	518	17	8
Written off	–	–	–	–	–	–
Eliminated on revaluation	–	–	(753)	(518)	–	–
Disposal of a subsidiary (Note 31)	–	–	–	–	–	(180)
Transfer to investment property (Note 15)	–	–	–	–	(192)	–
At December 31, 2014	–	–	–	–	117	53
Depreciation	–	–	–	–	67	8
Transfer to investment property (Note 15)	–	–	–	–	(133)	–
At December 31, 2015	–	–	–	–	51	61
Carrying amount:						
At December 31, 2015, at cost	–	–	–	–	19,012	26
At December 31, 2014, at cost	1,672	–	–	–	744	34

In 2014, interest capitalised for hotel buildings under construction was $364,000.

At December 31, 2014, the freehold land and office premises were mortgaged to banks and finance companies to secure credit facilities of the company and its subsidiaries (Note 19).

Furniture, fixtures and fittings $'000	Office equipment $'000	Kitchen $'000	Computer $'000	Electrical installation $'000	Renovation $'000	Construction-in-progress $'000	Total $'000
729	648	64	1,303	446	2,077	190,684	1,203,121
293	71	–	161	7	5	2,405	3,369
–	–	–	(6)	–	–	–	(6)
(848)	(664)	(64)	(1,139)	(252)	(2,068)	(193,089)	(1,198,184)
–	–	–	–	–	–	–	(4,917)
174	55	–	319	201	14	–	3,383
13	22	–	14	4	–	–	53
–	–	–	–	–	–	–	19,063
(163)	(3)	–	–	(205)	(14)	–	(2,918)
24	74	–	333	–	–	–	19,581
428	407	64	847	325	1,380	–	3,968
53	39	–	85	17	138	–	1,628
–	–	–	(5)	–	–	–	(5)
–	–	–	–	–	–	–	(1,271)
(323)	(415)	(64)	(733)	(151)	(1,513)	–	(3,379)
–	–	–	–	–	–	–	(192)
158	31	–	194	191	5	–	749
7	8	–	58	4	2	–	154
(149)	(4)	–	–	(195)	(7)	–	(488)
16	35	–	252	–	–	–	415
8	39	–	81	–	–	–	19,166
16	24	–	125	10	9	–	2,634

17 TRADE AND OTHER PAYABLES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Development work-in-progress	**59,896**	30,926	**59,896**	30,366
Retention sums payable	**2,200**	1,691	**–**	–
Goods and services tax payable	**1,073**	2,629	**122**	276
Subsidiaries (Note 12)	**–**	–	**72,950**	285,618
Amounts due to non-controlling interests [Note 12(c)]	**17,160**	17,160	**–**	–
Dividends payable to shareholders	**–**	18,000	**–**	18,000
Financial guarantee contracts	**–**	–	**2,489**	4,138
Deposits received	**5,631**	6,252	**116**	1,779
Accruals	**20,671**	34,523	**3,889**	8,771
Sundry creditors	**5,701**	553	**2,000**	492
Others	**1,068**	412	**1**	–
	113,400	112,146	**141,463**	349,440
Less: Non-current portion of financial guarantee contracts	**–**	–	**(1,411)**	(1,310)
	113,400	112,146	**140,052**	348,130
Development work-in-progress				
Progress billings	**59,896**	30,926	**59,896**	30,366
Less: Contract costs incurred plus recognised profits	**–**	–	**–**	–
	59,896	30,926	**59,896**	30,366

The amounts due to subsidiaries and non-controlling interests are unsecured, interest-free and repayable on demand. Amounts due to non-controlling interests are related to project financing.

18 NOTES PAYABLES

	Group and Company	
	2015	**2014**
	$'000	**$'000**
Notes payables	**86,476**	–
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(1,476)**	–
Amount due for settlement after 12 months	**85,000**	–

In January 16, 2015, the group and company issued $85,000,000 of notes under a $1 billion multi-currency debt program at a fixed coupon rate of 3.75% per annum. The notes payables are due on January 16, 2017.

19 TERM LOANS

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Secured – At amortised cost				
Term loans	**875,588**	1,005,481	**154,305**	189,700
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(439,887)**	(559,919)	**(46,000)**	–
Amount due for settlement after 12 months	**435,701**	445,562	**108,305**	189,700

The interest rates of the term loans are at floating rates which are pegged to the commercial financing rates of the banks and financial institutions, the management is of the opinion that the carrying values of the term loans approximate their fair values.

The term loans from banks and finance companies bear interest rates from 2.03% to 2.83% (2014: 1.86% to 2.30%) per annum for the group and from 2.70% to 2.83% (2014: 2.23% to 2.30%) per annum for the company. The term loans are secured against the properties of the group with a fair value of $1,478,615,000 (2014: $1,551,652,000) and of the company with a fair value of $216,554,000 (2014: $261,912,000) (Notes 9, 10, 15 and 16), corporate guarantees by the company and assignment of developer's rights and benefits in the sale and purchase agreements.

At December 31, 2015, the group and the company had available $250,900,000 and $172,505,000 (2014: $279,182,000 and $137,110,000) of undrawn borrowing facilities in respect of which all conditions precedent had been met.

20 DEFERRED TAX

The following are the major deferred tax liabilities recognised by the group and the movements during the year:

	Percentage of completion profit from sold properties under development	Accelerated tax depreciation	Revaluation gain of property, plant and equipment	Tax losses	Total
	$'000	$'000	$'000	$'000	$'000
Group					
At January 1, 2014	33,458	122	36,893	–	70,473
Transfer to income tax payable	(31,123)	–	–	–	(31,123)
Charge (Credit) to profit or loss for the year	22,153	(6)	–	–	22,147
Charge to other comprehensive income for the year	–	–	489	–	489
Disposal of subsidiary (Note 32)	–	(116)	(36,893)	–	(37,009)
At December 31, 2014	**24,488**	**–**	**489**	**–**	**24,977**
Transfer to income tax payable	**(19,914)**	**–**	**–**	**–**	**(19,914)**
Charge (Credit) to profit or loss for the year	**10,124**	**–**	**–**	**(743)**	**9,381**
Credit to other comprehensive income for the year	**–**	**–**	**(489)**	**–**	**(489)**
At December 31, 2015	**14,698**	**–**	**–**	**(743)**	**13,955**

Profits from sale of development properties will only be taxed upon completion of development.

20 DEFERRED TAX (CONT'D)

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Deferred tax assets	**743**	–	**–**	–
Deferred tax liabilities	**(14,698)**	(24,977)	**(11,347)**	(7,611)
	(13,955)	(24,977)	**(11,347)**	(7,611)

21 SHARE CAPITAL

	Group and Company			
	2015	2014	2015	2014
	Number of ordinary shares ('000)		$'000	$'000
Issued and paid up:				
At beginning and end of the year	**6,720,000**	6,720,000	**150,000**	150,000

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the company.

22 TREASURY SHARES

	Group and Company			
	2015	2014	2015	2014
	Number of ordinary shares		$'000	$'000
At beginning of the year	**5,150,000**	5,775,000	**(503)**	(565)
Purchase during the year	**3,000,000**	–	**(623)**	–
Award of performance shares	**(550,000)**	(625,000)	**76**	62
At the end of the year	**7,600,000**	5,150,000	**(1,050)**	(503)

The total amount paid to acquire 3,000,000 shares from the open market was $623,000 and has been deducted from shareholders' equity.

The company settled performance share awards by issuing 550,000 (2014: 625,000) of treasury shares amounting to $76,000 (2014: $62,000) to the recipients of the performance share plan (Note 23).

23 PERFORMANCE SHARE RESERVE

The performance share reserve arises on the grant of the performance shares to directors and employees under the performance share plan.

The company has a performance share plan for all employees of the company. The plan is administered by the Committee, comprising of Mr Watt Kum Kuan, Ms Lim Wan Looi and Mr Teo Chang Kuang. Awards are given upon the employee achieving the specific performance targets during the vesting period. The awards are forfeited if the employee leaves the group before the awards vest.

In 2015, 550,000 performance shares were granted on December 30, 2015. The estimated fair value of the shares granted on the date was $0.205, based on the market price of the shares on the grant date and total expenses of $113,000 were recognised.

In 2014, 625,000 performance shares were granted on December 19, 2014. The estimated fair value of the shares granted on the date was $0.210, based on the market price of the share on the grant date and total expenses of $131,000 were recognised.

24 REVALUATION RESERVE

The revaluation reserve arises from the revaluation of land and buildings. Where revalued land and buildings are sold, the portion of the property revaluation reserve that relates to that asset is transferred directly to retained earnings.

25 FOREIGN CURRENCY TRANSLATION RESERVE

Exchange differences relating to the translation from the functional currencies of the group's foreign subsidiaries into Singapore dollars are accounted for as other comprehensive income and accumulated in foreign currency translation reserve, a component of equity.

Movement in translation reserve

	Group	
	2015	**2014**
	$'000	**$'000**
At January 1	**(14,396)**	–
Exchange loss on translation of foreign operations during the year, included in other comprehensive income	**(12,325)**	(14,396)
At December 31	**(26,721)**	(14,396)

26 REVENUE

	Group	
	2015	2014
	$'000	$'000
Continuing operations		
Property development	**259,346**	486,215
Rental income	**26,004**	32,760
Others	**377**	533
	285,727	519,508
Discontinued operation		
Hotel room revenue	**–**	18,071
Rental income	**–**	295
	–	18,366
Total	**285,727**	537,874

27 INVESTMENT GAIN (LOSS)

	Group	
	2015	2014
	$'000	$'000
Continuing operations		
Gain on disposal of financial assets classified as held for trading	**–**	960
Unrealised loss arising from change in fair value of financial assets classified as held for trading	**1,722**	(1,531)
	1,722	(571)

28 OTHER OPERATING INCOME

	Group	
	2015	2014
	$'000	$'000
Continuing operations		
Fair value gain on investment properties (Note 15)	**28,187**	53,496
Interest income	**789**	1,815
Others	**369**	331
	29,345	55,642
Discontinued operation		
Interest income	**–**	53
Others	**–**	469
	–	522
Total	**29,345**	56,164

29 FINANCE COSTS

	Group	
	2015	**2014**
	$'000	**$'000**
Continuing operations		
Interest expense on term loans (Note 19)	**9,457**	8,361
Interest expense on notes payable (Note 18)	**3,057**	–
	12,514	8,361
Discontinued operation		
Interest expense on term loans (Note 19)	**–**	2,683
Total	**12,514**	11,044

30 INCOME TAX EXPENSE

	Group	
	2015	**2014**
	$'000	**$'000**
Continuing operations		
Current tax	**20,360**	30,708
Deferred tax	**(10,533)**	(8,970)
(Over) Under provision in prior years:		
Current tax	**(397)**	35
	9,430	21,773
Discontinued operation		
Current tax	**–**	1,175
Deferred tax	**–**	(6)
Overprovision in prior years:		
Current tax	**–**	(33)
Net	**–**	1,136
Total	**9,430**	22,909

30 INCOME TAX EXPENSE (CONT'D)

The income tax varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2014: 17%) to profit before income tax as a result of the following differences:

	Group	
	2015	**2014**
	$'000	**$'000**
Profit before income tax – continuing operations	**80,782**	180,491
Profit before income tax – discontinued operation	**–**	6,261
Total	**80,782**	186,752
Income tax expense at the statutory rate	**13,733**	31,748
Effect of income exempted from taxation	**(137)**	(335)
Tax effect of items that are not taxable in determining taxable profit	**(3,429)**	(8,298)
Effects of tax concessions	**(242)**	(223)
(Over) Under provision in prior year – current tax	**(397)**	2
Others	**(98)**	15
Net	**9,430**	22,909

31 DISCONTINUED OPERATION

On May 2, 2014, the group disposed its hotel operation, previously owned through its subsidiary, Global Premium Hotels Limited ("GPHL"). This was effected through distribution of shares in GPHL that the company held in GPHL to its shareholders.

The shareholders received 0.8 shares in GPHL for each share of the company held by the shareholders. The company's cost of shares distributed to the shareholders amounted to $134,285,000. The balance of the shares with carrying amount of $3,125,000 which were not distributed was sold on the open market, resulting in a gain of $960,000 for the company.

(a) The results of the hotel operation for the period from January 1, 2014 to May 2, 2014 were as follows:

	2014
	$'000
Revenue	18,366
Cost of sales	(2,185)
Operating expenses	(7,759)
Finance costs	(2,683)
Other operating income	522
Profit before tax	6,261
Income tax expense	(1,136)
Profit for the year (attributable to owners of the company)	5,125

(b) During January 1, 2014 to May 2, 2014, GPHL contributed $9,954,000 to the group's net operating cash flows, paid $4,769,000 in respect of investing activities and paid $4,347,000 in respect of financing activities.

31 DISCONTINUED OPERATION (CONT'D)

(c) The effects of the disposal on the group's statement of financial position were as follows:

Book values of net assets over which control was lost

	2014 $'000
Non-current asset	
Property, plant and equipment	1,194,805
Current assets	
Inventories	–
Trade and other receivables	2,935
Bank balances and cash	12,415
Total current assets	15,350
Non-current liabilities	
Term loan	463,146
Deferred tax liability	37,009
Total non-current liabilities	500,155
Current liabilities	
Trade and other payables	7,426
Term loan	17,814
Provision for taxation	8,013
Total current liabilities	33,253
Net assets derecognised	676,747
Represented by:	
Distribution of shares to shareholders of the company (Note 36)	(350,587)
Non-controlling interests	(322,945)
Sales proceeds of the shares of GPHL not distributed	(4,175)
Gain on disposal of shares	960
	(676,747)
Net cash outflow arising from disposal	
Sales proceeds of the shares of GPHL not distributed	4,175
Bank balances and cash disposed of	(12,415)
	(8,240)

32 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Group					
	Continuing Operations		Discontinued Operation		Total	
	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000
Audit fees:						
– paid to the auditors of the company	**172**	180	**–**	37	**172**	217
Non-audit fees						
– paid to the auditors of the company	**101**	65	**–**	9	**101**	74
Directors' remuneration	**4,724**	8,295	**–**	226	**4,724**	8,521
Directors' fee	**222**	260	**–**	68	**222**	328
Cost of development properties recognised as expenses	**194,462**	353,548	**–**	–	**194,462**	353,548
Depreciation of property, plant and equipment	**154**	85	**–**	1,543	**154**	1,628
Amortisation of prepaid land lease	**780**	780	**–**	–	**780**	780
Property, plant and equipment written off	**–**	–	**–**	1	**–**	1
Fair value gain on investment properties	**(28,187)**	(53,496)	**–**	–	**(28,187)**	(53,496)
Employee benefits expense (including directors' remuneration)	**6,664**	10,006	**–**	4,093	**6,664**	14,099
Cost of defined contribution plans included in employee benefits expense	**237**	204	**–**	520	**237**	724
Interest expense	**12,514**	8,361	**–**	2,683	**12,514**	11,044

33 EARNINGS PER SHARE

The calculation of the earnings per share attributable to the ordinary equity holders of the group is based on the following data:

From continuing and discontinued operations:

	Group	
	2015	2014
	$'000	$'000
Net profit attributable to equity holders of the group	**68,164**	156,427

	2015	2014
	Number of shares ('000)	
Weighted average number of ordinary shares for purposes of earnings per share	**6,713,512**	6,714,246

There are no dilutive ordinary shares for 2015 and 2014.

33 EARNINGS PER SHARE (CONT'D)

From continuing operations

The calculation of the earnings per share from continuing operations attributable to the ordinary equity holders of the group is based on the following data:

	2015 $'000	2014 $'000
Net profit attributable to equity holders of the group	**68,164**	156,427
Less: profit for the year from discontinued operation	**–**	(2,719)
Earning for the purpose of basic earnings per share from continued operations	**68,164**	153,708

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

From discontinued operation

In 2014, basic and diluted earnings per share for the discontinued operation is 0.04 cents per share based on the profit from the year from the discontinued operation of $2,719,000 and the denominators detailed above for both basic and diluted earnings per share.

34 DIVIDENDS AND DISTRIBUTIONS

	Group and Company	
	2015 **$'000**	**2014** **$'000**
Final tax-exempt dividend of $0.001 (2014: $0.004) per ordinary share in respect of financial year ended December 31,2014 (2014: December 31, 2013)	**6,715**	26,857
Interim tax-exempt dividend of $0.002 (2014: $0.001) per ordinary share in respect of financial year ended December 31,2015 (2014: December 31, 2014)	**10,068**	6,714
	16,783	33,571

Distribution of shares in a subsidiary

The distribution to its shareholders of the shares of a subsidiary, Global Premium Hotels Limited ("GPHL") held by the company as described in Note 31 was deemed as a "Common Control" transaction and scoped out of INT FRS 117 *Distribution of Non-Cash Assets to Owners* as GPHL is ultimately controlled by the same party before and after the distribution.

35 SEGMENT INFORMATION

For the purposes of the resource allocation and assessment of segment performance, the group's chief operating decision maker focuses on the business operating units which are segregated based on the products and services of the group.

The group's principal business operating units are property development and investment property after the disposal of hotel operation (Note 31).

The accounting policies of the reportable segments are as described in Note 2. Segment revenue represents revenue generated from external customers. Segment profit represents the profit earned by each segment after allocating central administrative costs and finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Business segments

The group comprises the following main business segments:

Property development segment is involved in the development and sale of residential and commercial properties. Property investment segment is involved in investing in properties for rental yield and capital appreciation.

In 2014, the hotel operations were derived from GPHL, which was disposed on May 2, 2014 (Note 31).

	Continuing operations		
Group	**Property investment $'000**	**Property development $'000**	**Total $'000**
2015			
REVENUE	**19,056**	**266,671**	**285,727**
RESULT			
Segment result	**19,056**	**72,209**	**91,265**
Other operating income	**28,405**	**2,662**	**31,067**
Operating expenses	**(5,103)**	**(22,324)**	**(27,427)**
Finance costs	**(9,033)**	**(3,481)**	**(12,514)**
	33,325	**49,066**	**82,391**
Share of results of joint venture			**(1,609)**
Profit before income tax			**80,782**
Income tax			**(9,430)**
Profit after income tax			**71,352**

35 SEGMENT INFORMATION (CONT'D)

Group	Continuing operations		Discontinued operations	
	Property investment	Property development	Hotel operation	Total
	$'000	$'000	$'000	$'000
2014				
REVENUE	24,450	495,058	18,366	537,874
RESULT				
Segment result	24,450	141,510	16,181	182,141
Other operating income, net	53,714	1,928	522	56,164
Operating expenses	(5,184)	(27,566)	(7,759)	(40,509)
Finance costs	(8,025)	(336)	(2,683)	(11,044)
Profit before income tax	64,955	115,536	6,261	186,752
Income tax				(22,909)
Net profit after income tax				163,843

Group	Continuing operations		
	Property investment	Property development	Total
	$'000	$'000	$'000
2015			
Segment assets			
Assets:			
Segment assets	**1,114,150**	**1,045,960**	**2,160,110**
Segment liabilities			
Liabilities:			
Segment liabilities	**608,145**	**502,616**	**1,110,761**
OTHER INFORMATION			
Addition of non-current assets	**27,661**	**15**	**27,676**
Amortisation of land lease	**780**	**–**	**780**
Depreciation expense	**126**	**28**	**154**

35 SEGMENT INFORMATION (CONT'D)

Group	Continuing operations Property investment $'000	Continuing operations Property development $'000	Discontinued operations Hotel operation $'000	Total $'000
2014				
Segment assets				
Assets:				
Segment assets	984,390	1,227,256	–	2,211,646
Segment liabilities				
Liabilities:				
Segment liabilities	536,257	637,062	–	1,173,319
OTHER INFORMATION				
Addition of non-current assets	9,488	162	–	9,650
Amortisation of land lease	780	–	–	780
Depreciation expense	52	33	1,543	1,628

Geographical information

Segment revenue: Segment revenue is analysed based on the location of customers.

Segment non-current assets: Segment non-current assets are analysed based on the locations of those assets.

	Revenue 2015 $'000	Revenue 2014 $'000	Non-current assets 2015 $'000	Non-current assets 2014 $'000
Singapore	**283,442**	518,936	**1,236,168**	985,732
Australia	**2,285**	572	**743**	–
Total	**285,727**	519,508	**1,236,911**	985,732

Information about major customers

There is no customer who accounts for 10% or more of the group's revenue.

36 COMMITMENT

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Commitment for acquisition of land and contracted construction costs of properties but not provided for in the financial statements	**115,388**	82,997	**70,851**	16,452

37 OPERATING LEASE ARRANGEMENTS

The group as lessor

The group and the company rent out its properties under operating leases. Rental income earned during the year by the group and the company were $26,004,000 and $4,502,000 respectively (2014: $32,760,000 and $7,738,000) respectively.

At the end of the reporting period, the group has contracted with tenants for the following future minimum lease income:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Within one year	**18,175**	23,370	**–**	3,769
In the second to fifth years inclusive	**24,516**	16,785	**–**	850
After fifth years	**5,459**	5,925	**–**	–
	48,150	46,080	**–**	4,619

The group as lessee

Payment recognised as an expense during the year	**(889)**	(780)	**–**	–

At the end of the reporting period, the group has contracted with tenants for the following future minimum lease expenses:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Within one year	**229**	–	**–**	–
In the second to fifth years inclusive	**121**	–	**–**	–
After fifth years	**–**	–	**–**	–
	350	–	**–**	–

38 RECLASSIFICATIONS AND COMPARATIVES

Certain funds provided to subsidiaries are used to acquire long-term assets. They are in substance additional capital contributions to these subsidiaries and not expected to be repaid within the next 12 months. These funds, previously classified as other receivables (a component of current assets) are now classified as additional capital contributions to subsidiaries (non-current asset). Comparative figures in the statement of financial position at December 31, 2014 and at January 1, 2014 have been similarly reclassified as follows:

Statement of financial position of the Company at December 31, 2014

	As previously stated $'000	Reclassification $'000	As reclassified $'000
Trade and other receivables – current asset	414,660	(254,745)	159,915
Subsidiaries – non-current asset	282,326	254,745	537,071
Total current assets	706,893	(254,745)	452,148
Total non-current assets	282,328	254,745	537,073

Statement of financial position of the Company at January 1, 2014

	As previously stated $'000	Reclassification $'000	As reclassified $'000
Trade and other receivables – current asset	345,115	(287,470)	57,645
Subsidiaries – non-current asset	186,488	287,470	473,958
Total current assets	751,232	(287,470)	463,762
Total non-current assets	186,492	287,470	473,962

SHAREHOLDING STATISTICS

AS AT 7 MARCH 2016

No of issued shares	:	6,712,400,000 (excluding treasury shares)
Issued and fully paid-up	:	S$150 million
Class of shares	:	Ordinary shares
Voting rights	:	One vote for each ordinary share
Treasure Shares	:	7,600,000 (with no voting rights)

Based on the information available to the Company as at 7 March 2016, approximately 11% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

Size of Shareholding	Number of shareholders	%	Number of shares	%
1 – 99	10	0.28	282	0.00
100 – 1,000	42	1.19	35,186	0.00
1,001 – 10,000	625	17.63	4,830,509	0.07
10,001 – 1,000,000	2,763	77.94	275,912,900	4.11
1,000,001 and above	105	2.96	6,431,621,123	95.82
	3,545	100.00	6,712,400,000	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	KOH WEE MENG	4,993,900,000	74.40
2	LIM WAN LOOI	735,000,000	10.95
3	UNITED OVERSEAS BANK NOMINEES PTE LTD	115,736,200	1.72
4	TAN SU KIOK OR SIA LI WEI JOLIE (SHE LIWEI JOLIE)	49,697,000	0.74
5	JIMMY LEE PENG SIEW	49,512,000	0.74
6	UOB KAY HIAN PTE LTD	44,626,600	0.66
7	DBS NOMINEES PTE LTD	32,342,900	0.48
8	PHILLIP SECURITIES PTE LTD	30,569,400	0.46
9	MAYBANK KIM ENG SECURITIES PTE LTD	30,495,532	0.45
10	BANK OF SINGAPORE NOMINEES PTE LTD	26,895,000	0.40
11	CIMB SECURITIES (SINGAPORE) PTE LTD	18,885,899	0.28
12	LEE AH POY	16,693,000	0.25
13	KOH KIAN SOO	13,870,000	0.21
14	OCBC SECURITIES PRIVATE LTD	12,980,090	0.19
15	RAFFLES NOMINEES (PTE) LTD	11,718,000	0.18
16	CITIBANK NOMINEES SINGAPORE PTE LTD	10,960,358	0.16
17	OCBC NOMINEES SINGAPORE PTE LTD	9,737,200	0.15
18	HSBC (SINGAPORE) NOMINEES PTE LTD	7,975,750	0.12
19	HO HON YEW	7,920,000	0.12
20	LAI CHOOI FOONG	7,596,000	0.11
	TOTAL	**6,227,110,929**	**92.77**

	Direct Interest		Indirect Interest	
Name of Substantial Shareholders	**Number of shares**	**%**	**Number of shares**	**%**
Koh Wee Meng[(1)]	4,993,900,000	74.40	735,000,000	10.95
Lim Wan Looi[(1)]	735,000,000	10.95	4,993,900,000	74.40

(1) Koh Wee Meng is the husband of Lim Wan Looi. Each of them is deemed to be interested in the shares held by each other.

PARTICULARS OF PROPERTIES OWNED BY THE GROUP

AS AT DECEMBER 31, 2015

A CLASSIFIED AS PROPERTIES UNDER/HELD FOR DEVELOPMENT (NOTE 9 TO THE FINANCIAL STATEMENTS)

Location	Tenure	Land Area (Sqm)	Approximate Gross Floor Area (Sqm)	Stage of completion as at 18 March 2016	Expected date of completion	Effective Stake (%)	Description and existing use
Lot 2083X MK 23 at Jalan Lokam	Freehold	9,643	14,492	Structural works in progress	31-Dec-2016	60%	Development of 5-storey residential building with commercial space
Lot 534W of TS 15 At 371 Beach Road	99 years leasehold	7,269	39,615	Demolition works in progress	31-Dec-2019	50%	Development of 30-storey building with apartments and commercial units
Lot 10765A MK 27 at Tanah Merah Kechil Link	99 years leasehold	13,999	42,271	Completed. Pending issuance of TOP	31-Dec-2016	50%	Development of 9 blocks multi storey condominium building
374 – 396 Murray Street, Perth, Australia	Freehold	4,926	TBA	To be commenced	TBA	100%	Development of multi-storey hotel building with residential space
39-47 Milligan Street and 453-471 Murray Street, Perth, Australia	Freehold	3,560	TBA	To be commenced	TBA	100%	Proposed multi-storey mixed use development consisting of retail, office, hotel and residential uses.
173 – 177 Macquarie Street, Hobart, Tasmania	Freehold	2,000	TBA	Structural works in progress	30-Jun-2017	100%	Development of multi-storey hotel building consisting of 298 rooms.

PARTICULARS OF PROPERTIES OWNED BY THE GROUP

AS AT DECEMBER 31, 2015

Location	Tenure	Land Area (Sqm)	Approximate Gross Floor Area (Sqm)	Stage of completion as at 18 March 2016	Expected date of completion	Effective Stake (%)	Description and existing use
134-160 Spencer Street, Melbourne, Victoria	Freehold	1,800	TBA	To be commenced	TBA	100%	Development of mixed-use skyscraper with commercial and residential space
28-30 Davey Street, Hobart, Tasmania	Freehold	1,153	TBA	To be commenced	TBA	100%	Proposed development of multi-storey commercial space
171 Macquarie Street, Hobart, Tasmania	Freehold	525	TBA	To be commenced	TBA	100%	Proposed development of multi-storey commercial space

B CLASSIFIED AS PROPERTIES HELD FOR SALE (NOTE 10 TO THE FINANCIAL STATEMENTS)

Location	Tenure	Floor Area (Sqm)	Effective Stake (%)	Description and existing use
#01-10/11/14/15, #02-02/03/04/05/09/10/11/12/13/15/16 at 218 Pasir Panjang Road	Freehold	1,055	100%	15 completed retail units comprising shops and restaurants
267/277 at Wak Hassan Drive	99 years leasehold	994	100%	2 units of completed detached dwelling houses
#04-18 at 279 Thomson Road	Freehold	145	100%	A completed residential unit

PARTICULARS OF PROPERTIES OWNED BY THE GROUP

AS AT DECEMBER 31, 2015

C CLASSIFIED AS INVESTMENT PROPERTIES (NOTE 15 TO THE FINANCIAL STATEMENTS)

Location	Tenure	Effective Stake (%)	Description and existing use
15 Hoe Chiang Road	Freehold	100%	29-storey commercial building with a 3-storey hotel block and a multi-level carpark
456 Alexandra Road	Freehold	100%	26-storey commercial building with a carpark podium
168 Changi Road	Freehold	100%	5-storey commercial building
3 Punggol Point Road	13 years leasehold	100%	2-storey food and beverage outlets
110 Lor 23 Geylang	57 years leasehold	100%	7-storey high-specification ramp-up B1 business space building with commercial facilities located at roof level
#01-12 at 218 Pasir Panjang Road	Freehold	100%	Retail unit at first level within a part 2/part 5-storey residential cum commercial development with an attic
#01-09/13/14/15/21/22/23/25/26/28/33/37/39/40/41/42/43/44 at 275 Thomson Road	Freehold	100%	Retail units on first level within a 4-storey residential cum commercial development with carpark facility

Leasehold tenure refers to the residual balance of the respective leasehold title.

The above additional information are provided in compliance with Rule 1207 (10) of the Listing Manual.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Fragrance Group Limited will be held on 15 April 2016 at 9.00 a.m. at 456 Alexandra Road #04-07 Fragrance Empire Building Singapore 119962, to transact the following business:–

ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts for the financial year ended December 31, 2015 together with the Directors' Statement and the Report of the Auditors thereon. [Resolution 1]

2. To approve the proposed Directors' fees of S$221,667/- for the financial year ended December 31, 2015. [2014: S$260,000/-] [Resolution 2]

3. To re-elect the following Directors who retire pursuant to the Company's Constitution:–

   (a) Ms Lim Wan Looi {retiring pursuant to Article 91} [Resolution 3]

   (b) Mr Periakaruppan Aravindan {retiring pursuant to Article 91} [Resolution 4]

4. To re-appoint Messrs Deloitte & Touche LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. [Resolution 5]

5. To transact any other ordinary business that may be properly transacted at the Annual General Meeting.

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:–

6. Authority to allot and issue shares up to 50% of issued share capital excluding treasury shares.

   "THAT pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be and are hereby authorised to issue and allot new shares in the Company (whether by way of rights, bonus or otherwise) 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, PROVIDED ALWAYS that the aggregate number of shares and convertible securities to be issued pursuant to this Resolution shall not exceed 50% of the total issued shares excluding treasury shares of the Company, of which the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed 20% of the total issued shares excluding treasury shares of the Company, and, unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the Company's next Annual General Meeting is required by law or by the Constitution of the Company to be held, whichever is the earlier." [Resolution 6]

[See Explanatory Note on Special Business (i)]

7. Authority to purchase up to 10% of issued ordinary shares excluding treasury shares under the Share Buy Back Mandate:

"THAT

(a) for the purpose of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), the exercise by the Directors of the Company of all powers of the Company to purchase or otherwise acquire issued ordinary shares fully paid in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or

(ii) off-market purchase(s) (each an "**Off-Market Purchase**") in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buy Back Mandate**");

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy Back Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held in treasury and dealt with in accordance with the Companies Act.

(c) unless varied or revoked by the members of the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy Back Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution and expiring on the earlier of:

(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 by the Company pursuant to the Share Buy Back Mandate are carried out to the full extent mandated.

In this Ordinary Resolution:

"**Maximum Limit**" means that number of issued Shares representing 10% of the total number of shares in the issued ordinary share capital of the Company as at the date of the passing of this Ordinary Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of shares in the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered. For purposes of calculating the Maximum Limit, any of the Shares which are held as treasury shares will be disregarded;

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

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

(a) in the case of a Market Purchase, 105% of the Average Closing Price; and
(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price,

where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) Market Days (a "**Market Day**" being a day on which the SGX-ST is open for trading in securities), on which transactions in the Shares were recorded, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five (5) Market Day period; and

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from the shareholders of the Company, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

(d) the Directors of the Company 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, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution." [Resolution 7]

[See Explanatory Note on Special Business (ii)]

8. Authority to issue shares under the Fragrance Performance Share Plan.

"THAT pursuant to Section 161 of the Companies Act, Chapter. 50, the Directors of the Company be and are hereby authorised to offer and grant Awards in accordance with the rules of the Fragrance Performance Share Plan (the "**Plan**") and to allot and issue from time to time such number of fully-paid Shares as may be required to be issued pursuant to the vesting of the Awards under the Plan, provided that the aggregate number of Shares to be allotted and issued pursuant to the Plan, when added to the number of Shares issued and issuable in respect of all Awards granted under the Plan, and all Shares issued and issuable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company and for the time being in force, shall not exceed 15% of the total Shares (excluding treasury shares) on the day preceding the date on which the Award shall be granted." [Resolution 8]

[See Explanatory Note on Special Business (iii)]

By Order of the Board

PERIAKARUPPAN ARAVINDAN (MR)

KELOTH RAJ KUMAR (MR)

Company Secretaries

30 March 2016

Notes:–

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

2. A proxy need not be a Member of the Company.

3. Members wishing to vote by proxy/proxies at the meeting may use the proxy form enclosed. The completed proxy form must be deposited at the Registered Office of the Company at 456 Alexandra Road #26-01 Fragrance Empire Building Singapore 119962 not less than 48 hours before the time appointed for the Meeting.

Note to item no. 3:–

(a) Ms Lim Wan Looi is an Executive Director of the Company as well as a member of the Remuneration Committee and she will continue in the said capacities upon re-election as a Director of the Company.

(b) Mr Periakaruppan Aravindan is an Executive Director of the Company and he will continue in the said capacity upon re-election as a Director of the Company.

Explanatory Note on Special Business to be transacted:

(i) In the proposed Resolution 6 above, the percentage of issued share capital is calculated based on the issued shares excluding treasury shares at the time of the passing of the resolution approving the mandate after adjusting for:– (a) new shares arising from the conversion or exercise of convertible securities; (b) new shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of the resolution approving the mandate; and (c) any subsequent bonus issue, consolidation or subdivision of shares. The proposed Resolution 6, if passed, will empower the Directors of the Company from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue new shares in the Company (whether by way of rights, bonus or otherwise). The number of shares which the Directors may issue under this Resolution shall not exceed 50% of the total issued shares excluding treasury shares of the Company. For issue of shares other than on a pro-rata basis to all existing shareholders of the Company, the aggregate number of shares and convertible securities to be issued shall not exceed 20% of the total issued shares excluding treasury shares of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

(ii) The proposed Resolution 7, if passed, will empower the Directors of the Company from the date of the above meeting until the next Annual General Meeting, or the day by which the next Annual General Meeting is required by law to be held or when varies or revoked by the Company in general meeting, whichever is the earlier, to make on-market and off-market purchases or acquisitions of ordinary shares of the Company up to 10% of the total number of shares (excluding treasury shares) in the issued ordinary share capital of the Company as at the date of this Resolution at such price(s) up to the Maximum Price (as defined in Resolution 7 above). Detailed information on the Share Buy Back Mandate (as defined in Resolution 7 above), including the sources of funds to be used for the purchase or acquisition, the amount of financing (if any) and the illustrative financial impact on the Company's financial position, is set out in the Appendix dated 30 March 2016 accompanying this Notice of Annual General Meeting.

(iii) The proposed Resolution 8, if passed, will empower the Directors of the Company from the date of the above meeting until the next Annual General Meeting, or the day by which the next Annual General Meeting is required by law to be held, whichever is the earlier, to issue shares up to an amount in aggregate not exceeding 15% of the total number of issued shares excluding treasury shares of the Company from time to time pursuant to the vesting of the awards under the Share Plan.

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 or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) 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 or service providers) 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 or service providers), 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 or service providers) 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.

FRAGRANCE GROUP LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No. 200006656M

IMPORTANT

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 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 Fragrance Group Limited's shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF investors should contact their respective agent banks if they have any queries regarding their appointment as proxies.

3. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.

PROXY FORM
ANNUAL GENERAL MEETING

I/We ______________________________ (Name) NRIC/Passport no. ____________________

of ____

being a *member/members of Fragrance Group Limited, hereby appoint

Name	Address	NRIC/Passport No.	Proportion of Shareholding (%)
and/or (delete as appropriate)			

or failing the person or both of the persons above, the Chairman of the Annual General Meeting ("**AGM**") as *my/our proxy/proxies to vote for me/us on my/our behalf at the AGM of the Company to be held on April 15, 2016 at 9.00 a.m. at 456 Alexandra Road #04-07 Fragrance Empire Building Singapore 119962 and at any adjournment thereof.

The proxy is required to vote as indicated with an "✓"on the resolutions set out in the Notice of Meeting and summarised below. If no specific direction as to voting is given, the proxy/proxies may vote or abstain at his/her/their discretion.

No.	Resolution	No. of Votes	
		For**	Against**
1.	To receive and adopt the Audited Accounts for the financial year ended December 31, 2015 together with the Directors' Statement and the Report of the Auditors thereon		
2.	To approve the proposed Directors' Fees of S$221,667/- for the financial year ended December 31, 2015 [2014: S$260,000/-]		
3.	To re-elect Ms Lim Wan Looi as a Director {retiring pursuant to Article 91}		
4.	To re-elect Mr Periakaruppan Aravindan as a Director {retiring pursuant to Article 91}		
5.	To re-appoint Messrs Deloitte & Touche LLP as Auditors and to authorise the Directors to fix their remuneration		
6.	Authority to allot and issue shares up to 50% of issued share capital		
7.	Authority to purchase up to 10% of issued ordinary shares excluding treasury shares under the Share Purchase Mandate		
8.	Authority to issue shares under the Fragrance Performance Share Plan		

* Delete accordingly

** Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant Resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant Resolution, please insert the relevant number of Shares in the boxes provided

Signed this ______________ day of ______________ 2016

Total No. of Shares held (Note a):	

____

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

Notes:

a) If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

b) (1) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(2) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

c) A proxy need not be a member of the Company.

d) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if such appointor is a corporation under its common seal or under the hand of its attorney.

e) 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.

f) The appointment of a proxy or proxies by this instrument shall not preclude a member from attending and voting in person at the Meeting. If a member attends the Meeting in person the appointment of a proxy or proxies shall be deemed to be revoked, and the Company reserves the right to refuse to admit such proxy or proxies to the Meeting.

g) An instrument appointing a proxy must be deposited at the registered office of the Company 456 Alexandra Road #26-01 Fragrance Empire Building Singapore 119962 not less than 48 hours before the time appointed for holding the meeting.

h) The Company shall be entitled to reject this 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 in this instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered 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.

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 as set out in the Notice of Annual General Meeting.

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