



(Company registration no. 201128650E)

**UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

GLOBAL PREMIUM HOTELS LIMITED
UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 2016

1(a)(i) Consolidated Statement of Profit and Loss and Other Comprehensive Income

	Group					
	3Q 2016 S\$'000	3Q 2015 S\$'000	% Change	9M 2016 S\$'000	9M 2015 S\$'000	% Change
Revenue	15,255	16,287	(6.3)	44,381	46,030	(3.6)
Cost of sales	(1,891)	(1,655)	14.3	(4,923)	(4,884)	0.8
Gross profit	13,364	14,632	(8.7)	39,458	41,146	(4.1)
Other operating income	179	269	(33.5)	1,007	1,678	(40.0)
Administrative expenses	(7,018)	(6,705)	4.7	(21,182)	(20,100)	5.4
Foreign exchange gains/(losses)	25	(807)	N.M.	(121)	(2,106)	(94.3)
Finance costs	(2,411)	(2,745)	(12.2)	(7,317)	(7,616)	(3.9)
Profit before income tax	4,139	4,644	(10.9)	11,845	13,002	(8.9)
Income tax	(874)	(1,074)	(18.6)	(2,490)	(3,057)	(18.5)
Profit for the period	3,265	3,570	(8.5)	9,355	9,945	(5.9)

Other comprehensive income, net of tax:

Items that will not be reclassified
subsequently to profit or loss

Transfer of depreciation on revaluation of
leasehold land and hotel buildings to
revaluation reserve

Items that may be reclassified
subsequently to profit or loss

Exchange differences on translation of
foreign operations

Changes in fair value of derivative
financial instrument

**Other comprehensive income for the
period, net of tax**

**Total comprehensive income for the
period**

1,077	1,080	(0.3)	3,229	3,238	(0.3)
1,118	-	N.M.	435	-	N.M.
(36)	438	N.M.	(564)	117	N.M.
2,159	1,518	42.2	3,100	3,355	(7.6)
5,424	5,088	6.6	12,455	13,300	(6.4)

1(a)(ii) Profit before income tax is arrived at after charging/(crediting):

	Group					
	3Q 2016 S\$'000	3Q 2015 S\$'000	% Change	9M 2016 S\$'000	9M 2015 S\$'000	% Change
Depreciation and amortisation	1,315	1,279	2.8	3,903	3,842	1.6
Plant and equipment written off	-	1	N.M.	6	43	(86.0)
Finance costs	2,411	2,745	(12.2)	7,317	7,616	(3.9)
Interest income	(18)	(94)	(80.9)	(29)	(752)	(96.1)
Under provision of income tax in prior years	38	-	N.M.	89	171	(48.0)
(Write back)/allowance for doubtful debts, net	-	(3)	N.M.	-	11	N.M.
(Gain)/loss on disposal of plant and equipment	-	-	-	(1)	5	N.M.
Foreign exchange (gains)/losses	(25)	807	N.M.	121	2,106	(94.3)

N.M. – not meaningful

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1(b)(i) Statements of Financial Position as at 30 Sep 2016 vs 31 Dec 2015

	Group			Company		
	30 Sep 2016 S\$'000	31 Dec 2015 S\$'000	% Change	30 Sep 2016 S\$'000	31 Dec 2015 S\$'000	% Change
<u>ASSETS</u>						
Current assets						
Cash and cash equivalents	8,846	5,002	76.8	111	38	192.1
Trade receivables ¹	852	3,813	(77.7)	-	-	-
Other receivables ²	2,393	2,132	12.2	25	10	150.0
Property under development	27,955	25,943	7.8	-	-	-
Total current assets	40,046	36,890	8.6	136	48	183.3
Non-current assets						
Property, plant and equipment ³	1,224,254	1,222,486	0.1	-	-	-
Subsidiaries	-	-	-	660,479	664,738	(0.6)
Derivative financial instrument ⁴	-	189	N.M.	-	-	-
Total non-current assets	1,224,254	1,222,675	0.1	660,479	664,738	(0.6)
Total assets	1,264,300	1,259,565	0.4	660,615	664,786	(0.6)
<u>LIABILITIES AND EQUITY</u>						
Current liabilities						
Trade payables	1,659	1,687	(1.7)	-	-	-
Other payables ⁵	6,105	7,394	(17.4)	610	879	(30.6)
Term loans ⁶	198,814	19,801	904.1	-	-	-
Income tax payable	2,876	3,307	(13.0)	-	-	-
Amount due to subsidiaries	-	-	-	14,550	18,350	(20.7)
Total current liabilities	209,454	32,189	550.7	15,160	19,229	(21.2)
Non-current liabilities						
Term loans ⁶	277,128	462,458	(40.1)	-	-	-
Deferred tax liabilities	36,375	36,388	N.M.	-	-	-
Other payables	-	-	-	1,051	1,163	(9.6)
Derivative financial instrument ⁴	358	-	N.M.	-	-	-
Total non-current liabilities	313,861	498,846	(37.1)	1,051	1,163	(9.6)
Capital and reserves						
Share capital	263,692	263,692	-	263,692	263,692	-
Reserves	477,293	464,838	2.7	380,712	380,702	N.M.
Total equity	740,985	728,530	1.7	644,404	644,394	N.M.
Total liabilities and equity	1,264,300	1,259,565	0.4	660,615	664,786	(0.6)

N.M. – not meaningful

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Footnotes:

1. Decrease in trade receivables was mainly due to subsequent receipt of GST recoverable of \$2.4 million in 1Q 2016 in relation to our acquisition of the property under development in Perth, Australia.
2. Increase in other receivables was mainly due to deposit paid for hotel consumables.
3. Increase in property, plant and equipment was mainly due to i) asset enhancement costs incurred on Fragrance Hotel – Crystal, Fragrance Hotel – Viva, Fragrance Hotel – Royal, The Fragrance Hotel, Fragrance Hotel – Ocean View, Fragrance Hotel – Waterfront and Fragrance Hotel - Sunflower; and ii) costs incurred on furniture & fittings, office equipment and IT equipment, partially offset by depreciation of fixed assets during the period.
4. In FY 2015, the Group had entered into an interest rate swap (“IRS”) to swap cash flows for interest payment on borrowings of \$60.5 million from variable rate to fixed rate. Fair value changes on the IRS resulted in financial derivative liabilities of \$0.4 million as at 30 September 2016 and financial derivative assets of \$0.2 million as at 31 December 2015.
5. Decrease in other payables was mainly due to the settlement of stamp duty payable in 2Q 2016 in relation to our acquisition of the property under development in Perth, Australia, settlement of interest payable and other creditors, partially offset by accrued professional fee in relation to our property under development in Perth, Australia.
6. Decrease in term loans was mainly due to repayment of term loans, partially offset by additional loan drawdown.

1(b)(ii) Aggregate amount of borrowings and debt securities

	Group		Company	
	30 Sep 2016 S\$'000	31 Dec 2015 S\$'000	30 Sep 2016 S\$'000	31 Dec 2015 S\$'000
Secured borrowings				
- Amount repayable within one year ¹	198,814	19,801	-	-
- Amount repayable after one year	277,128	462,458	-	-
(2)	475,942	482,259	-	-

Footnotes:

1. The increase was due to reclassification of certain term loans amounting to \$186.4 million which will be maturing in 1H 2017. The Company is in discussion with the respective financial institutions to renew these term loans upon maturity.
2. The decrease in the Group's borrowings as at 30 Sept 2016 was mainly due to repayment of term loans, partially offset by additional loan drawdown.

Details of collaterals

The credit facilities for the Group are secured by the following:

- i) the legal mortgage of our hotels;
- ii) assignment of rental proceeds, construction contracts, performance bonds (if any), insurance policies and debentures; and
- iii) corporate guarantee by Global Premium Hotels Limited.

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1(c) Consolidated Statement of Cash Flows

	Group			
	3Q 2016	3Q 2015	9M 2016	9M 2015
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Profit before income tax	4,139	4,644	11,845	13,002
<i>Adjustments for:</i>				
Interest income	(18)	(94)	(29)	(752)
Finance costs	2,411	2,745	7,317	7,616
Depreciation and amortisation	1,315	1,279	3,903	3,842
Plant and equipment written off	-	1	6	43
(Gain)/loss on disposal of plant and equipment	-	-	(1)	5
(Write back)/allowance for doubtful debts, net	-	(3)	-	11
Operating cash flows before movements in working capital	7,847	8,572	23,041	23,767
Trade receivables	522	43	2,984	322
Other receivables	(161)	(2,334)	(336)	(2,241)
Trade payables	173	(141)	(28)	(50)
Other payables	365	393	(178)	891
Property under development	(124)	-	(1,669)	-
Cash generated from operating activities	8,622	6,533	23,814	22,689
Interest paid ¹	(2,854)	(2,736)	(8,154)	(7,783)
Income tax paid	(1,253)	(1,207)	(2,934)	(3,396)
Net cash from operating activities	4,515	2,590	12,726	11,510
Investing activities				
Interest received	18	94	29	752
Purchase of property, plant and equipment	(922)	(1,211)	(2,782)	(2,791)
Proceeds from disposal of property, plant and equipment	2	-	2	-
Net cash used in investing activities	(902)	(1,117)	(2,751)	(2,039)
Financing activities				
Proceeds from term loans	4,000	-	8,000	2,000
Repayment of term loans	(4,464)	(4,945)	(14,317)	(25,319)
Dividend paid	-	-	-	(5,260)
Net cash used in financing activities	(464)	(4,945)	(6,317)	(28,579)
Net increase/(decrease) in cash and cash equivalents	3,149	(3,472)	3,658	(19,108)
Cash and cash equivalents at beginning of period	5,591	27,739	5,002	43,375
Effects of currency translation on cash and cash equivalents	106	-	186	-
Cash and cash equivalents at end of period	8,846	24,267	8,846	24,267

Footnote:

1. Interest paid includes interest capitalised under property under development.

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

Group	Share capital	Revaluation reserve	Merger reserve	Hedging reserve	Translation reserve	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2016	263,692	903,089	(555,028)	190	-	116,587	728,530
<i>Total comprehensive income for the period</i>							
Profit for the period	-	-	-	-	-	6,090	6,090
Other comprehensive income/(loss) for the period	-	2,152	-	(528)	(683)	-	941
Total	-	2,152	-	(528)	(683)	6,090	7,031
Balance as at 30 June 2016	263,692	905,241	(555,028)	(338)	(683)	122,677	735,561
<i>Total comprehensive income for the period</i>							
Profit for the period	-	-	-	-	-	3,265	3,265
Other comprehensive income/(loss) for the period	-	1,077	-	(36)	1,118	-	2,159
Total	-	1,077	-	(36)	1,118	3,265	5,424
Balance as at 30 September 2016	263,692	906,318	(555,028)	(374)	435	125,942	740,985
Balance as at 1 January 2015	263,692	903,327	(555,028)	-	-	107,048	719,039
<i>Transactions with owners, recognised directly in equity</i>							
Dividend	-	-	-	-	-	(5,260)	(5,260)
Total	-	-	-	-	-	(5,260)	(5,260)
<i>Total comprehensive income for the period</i>							
Profit for the period	-	-	-	-	-	6,375	6,375
Other comprehensive income/(loss) for the period	-	2,158	-	(321)	-	-	1,837
Total	-	2,158	-	(321)	-	6,375	8,212
Balance as at 30 June 2015	263,692	905,485	(555,028)	(321)	-	108,163	721,991
<i>Total comprehensive income for the period</i>							
Profit for the period	-	-	-	-	-	3,570	3,570
Other comprehensive income for the period	-	1,080	-	438	-	-	1,518
Total	-	1,080	-	438	-	3,570	5,088
Balance as at 30 September 2015	263,692	906,565	(555,028)	117	-	111,733	727,079

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Company

Balance as at 1 January 2016

Total comprehensive income for the period

Loss for the period

Total

Balance as at 30 June 2016

Total comprehensive income for the period

Profit for the period

Total

Balance as at 30 September 2016

Balance as at 1 January 2015

Transactions with owners, recognised directly in equity

Dividend

Total

Total comprehensive income for the period

Profit for the period

Total

Balance as at 30 June 2015

Total comprehensive income for the period

Profit for the period

Total

Balance as at 30 September 2015

Share capital	Retained earnings	Total
S\$'000	S\$'000	S\$'000
263,692	380,702	644,394
-	(1)	(1)
-	(1)	(1)
263,692	380,701	644,393
-	11	11
-	11	11
263,692	380,712	644,404
263,692	384,407	648,099
-	(5,260)	(5,260)
-	(5,260)	(5,260)
-	1,921	1,921
-	1,921	1,921
263,692	381,068	644,760
-	131	131
-	131	131
263,692	381,199	644,891

1(d)(ii) Details of any changes in the Company's issued Share Capital

As at 1 January 2016 and 30 September 2016

Company	
No of shares	Capital S\$'000
1,052,000,000	263,692

There was no movement in the issued and paid-up capital of the Company since 31 December 2015.

1(d)(iii) Treasury Shares

The Company did not hold any treasury shares as at 30 September 2016 and 31 December 2015.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on

There were no sales, transfer, disposal, cancellation and/or use of treasury shares for the period ended 30 September 2016.

2 Whether the figures have been audited, or reviewed and in accordance with which standard or practice

The figures have not been audited nor reviewed by our auditors.

3 Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter)

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recent audited annual financial statements have been applied

The Group has applied the same accounting policies and method of computation in the financial statements for the current financial period, which are consistent with those described in the audited financial statements for the year ended 31 December 2015.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what had changed, as well as the reasons for, and the effect of, the change

Please refer to Item 4 above.

6 Earnings per share ("EPS") based on profit after tax & non-controlling interest attributable to the equity holders of the Company

In computing the EPS, the weighted average number of shares as at the end of each period is used for the computation. The diluted EPS is the same as the basic EPS as there are no dilutive instruments in issue during the period.

	Group			
	3Q 2016	3Q 2015	9M 2016	9M 2015
Weighted average number of shares in issue	1,052,000,000	1,052,000,000	1,052,000,000	1,052,000,000
Earnings per share ("EPS")¹	cents	cents	cents	cents
Based on weighted average number of shares in issue	0.31	0.34	0.89	0.95
Based on fully diluted basis	0.31	0.34	0.89	0.95
Number of shares in issue at end of period	1,052,000,000	1,052,000,000	1,052,000,000	1,052,000,000

Footnote:

1. EPS for the period is calculated based on profit attributable to the equity holders of the Company.

7 Net asset value ("NAV") per share based on the total number of issued shares (excluding treasury shares) as at the end of the period

	Group		Company	
	30 Sep 2016 cents	31 Dec 2015 cents	30 Sep 2016 cents	31 Dec 2015 cents
NAV per share	70.44	69.25	61.26	61.25

The NAV per share as at 30 September 2016 and 31 December 2015 was calculated based on 1,052,000,000 issued shares.

8 **Review of the performance**

3Q 2016 vs 3Q 2015

<u>Group</u>	3Q 2016 S\$'000	3Q 2015 S\$'000	% Change
Hotel room revenue	14,999	16,008	(6.3)
Rental income	256	279	(8.2)
Total revenue	15,255	16,287	(6.3)
Cost of sales	(1,891)	(1,655)	14.3
Gross profit	13,364	14,632	(8.7)
Other operating income	179	269	(33.5)
Administrative expenses	(7,018)	(6,705)	4.7
Foreign exchange gains/(losses)	25	(807)	N.M.
Finance costs	(2,411)	(2,745)	(12.2)
Profit before income tax	4,139	4,644	(10.9)
Income tax	(874)	(1,074)	(18.6)
Profit for the period	3,265	3,570	(8.5)

Hotel room revenue for 3Q 2016 decreased by \$1.0 million, or 6.3% over 3Q 2015. This was mainly due to lower hotel room revenue recognised from most of the hotels, including certain hotels which had to close temporarily floor by floor to facilitate asset enhancement works. The decrease was partially offset by additional contribution from certain hotels which were completed with asset enhancement works in 2015.

The Group's average occupancy rate ("AOR") decreased from 85.9% in 3Q 2015 to 79.6% in 3Q 2016 and Revenue Per Available Room ("RevPAR") also retreated from \$89.5 in 3Q 2015 to \$83.5 in 3Q 2016.

Rental income decreased by 8.2% over 3Q 2015 due to expiring and change of certain tenancies of commercial units in one of our hotel premises.

Cost of sales increased by \$0.2 million, or 14.3% over 3Q 2015 mainly due to higher hotel consumables expenses and guest meal charges.

Other operating income decreased by \$0.1 million, or 33.5% over 3Q 2015 mainly due to lower interest-yielding deposits with banks.

Administrative expenses increased by \$0.3 million, or 4.7% over 3Q 2015 mainly due to increase in staff costs, rental of head office and repair and maintenance costs.

The foreign exchange gains/(losses) were attributed to the Australian operations.

Finance costs decreased by \$0.3 million, or 12.2% over 3Q 2015 mainly due to recognition of interest capitalised under property under development and lower interest rate on our loans in 3Q 2016.

Income tax decreased by \$0.2 million, or 18.6% over 3Q 2015 due to the decrease in profit before tax.

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9M 2016 vs 9M 2015

<u>Group</u>	9M 2016 S\$'000	9M 2015 S\$'000	% Change
Hotel room revenue	43,557	45,199	(3.6)
Rental income	824	831	(0.8)
Total revenue	44,381	46,030	(3.6)
Cost of sales	(4,923)	(4,884)	0.8
Gross Profit	39,458	41,146	(4.1)
Other operating income	1,007	1,678	(40.0)
Administrative expenses	(21,182)	(20,100)	5.4
Foreign exchange losses	(121)	(2,106)	(94.3)
Finance costs	(7,317)	(7,616)	(3.9)
Profit before income tax	11,845	13,002	(8.9)
Income tax	(2,490)	(3,057)	(18.5)
Profit for the period	9,355	9,945	(5.9)

Hotel room revenue for 9M 2016 decreased by \$1.6 million, or 3.6% over 9M 2015. This was mainly due to lower hotel room revenue recognised from most of the hotels, including certain hotels which had to close temporarily either fully or floor by floor to facilitate asset enhancement works. The decrease was partially offset by additional contribution from certain hotels which were completed with asset enhancement works in 2015.

The Group's average occupancy rate ("AOR") decreased from 82.7% in 9M 2015 to 77.7% in 9M 2016 and Revenue Per Available Room ("RevPAR") also retreated from \$85.5 in 9M 2015 to \$82.2 in 9M 2016.

Rental income decreased by 0.8% over 9M 2015 due to expiring and change of certain tenancies of commercial units in one of our hotel premises.

Cost of sales increased marginally by 0.8% over 9M 2015. This was mainly due to higher hotel consumable expenses and guest meal charges which were partially offset by savings in utilities and cable services and lower laundry charges.

Other operating income decreased by \$0.7 million, or 40% over 9M 2015 mainly due to lower interest-yielding deposits with banks.

Administrative expenses increased by \$1.1 million, or 5.4% over 9M 2015 mainly due to increase in staff costs, rental of head office, repair and maintenance costs and commission expenses.

The foreign exchange losses were attributed to the Australian operations.

Finance costs decreased by \$0.3 million, or 3.9% over 9M 2015 mainly due to recognition of interest capitalised under property under development which was partially offset by higher interest rate on our loans.

Income tax decreased by \$0.6 million, or 18.5% over 9M 2015 due to the decrease in profit before tax.

9 Variance between the forecast or prospectus statement (if disclosed previously) and the actual results

The current results are broadly in line with the prospects statement made in the second quarter 2016 financial results announcement.

10 Commentary on the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months

International tourist arrivals in Singapore grew 10.5% year-on-year from January to August 2016 compared to the corresponding period last year¹. This increase was largely due to more tourists coming from the key source of markets such as China and Indonesia. However, the average length of stay (ALOS) shrank by 6.7% with the tourists from China accounting for a 24% decline in ALOS to around 3 days².

Consequently, hotel room rates continued their decline despite the increase in visitor arrivals. The standard average room rates (ARR) at local economy and mid-tier hotels fell by 3.8% and 1.6% to \$100.3 and \$170.9 per night respectively while the revenue per available room (RevPAR) were lower by 3.8% and 0.8% to \$80.4 and \$147.6 per night respectively³.

The competitive environment for the hospitality industry in Singapore is expected to prevail in the foreseeable future, given the continued weakening of the global economy and the slowing economic growth in China. Adding to this poor economic sentiment are the in-coming supply of hotel rooms in the domestic market. For this year and 2017, new rooms to be added to the industry room inventory would total about 6,500⁴. Competition from the neighbouring countries is also intense with some of these countries relaxing their visa rules to attract more tourists especially from China. The favourable currency exchange rates vis-à-vis the Singapore dollar prevailing in these countries is an added impetus for the budget conscious travellers.

Singapore has been ranked as the 8th top destination globally for the outbound Chinese tourists in 2Q 2016, behind destinations such as Thailand, Korea and Japan⁵. It is expected that the marketing strategies⁶ initiated by the Singapore Tourism Board to actively engage tourists from Tier 1 and Tier 2 cities from our traditional source markets like China, Indonesia, Malaysia, India, Australia and Japan will help to attract more tourists to Singapore.

Footnotes:

1. Source: Estimated according to Singapore Tourism Board – International Visitor Arrivals Statistics published on 21 October 2016.
2. Source: Singapore Business Review, "Chart of the day: See how tourists' average length of stay has slowly deteriorated," 10 October 2016.
3. Source: STB – Hotel Statistics 2016 published on 21 October 2016.
4. Source: DBS Group Research, "Real Estate – Hospitality (Singapore)," 20 September 2016.
5. Source: Singapore Business Review, "Singapore Tourism Board steps up efforts in luring Chinese tourists," 6 October 2016.
6. Source: STB – Marketing Strategy: Of Stories, Fans and Channels, April 2016.

11 Dividend

11(a) Current Financial Period

Any dividend declared for the current financial period? No.

11(b) Corresponding period of the preceding financial period

Any dividend declared for the corresponding period of the immediate preceding financial period? No.

11(c) Date payable : Not applicable

11(d) Book closure date : Not applicable

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

Not applicable.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1) (a) (ii). If no IPT mandate has been obtained, a statement to that effect

The Group has not obtained a general mandate from shareholders for Interested Person Transactions.

14 Confirmation Pursuant to Rule 705(5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Group and the Company (comprising the statements of financial position and the result of business, consolidated statement of profit or loss and other comprehensive income, statements of changes in equity and consolidated statement of cash flows, together with their accompanying notes) as at 30 September 2016, to be false or misleading in any material respect.

15 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company hereby confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

On behalf of the Board

Mr Koh Wee Meng
Chairman

Ms Ko Lee Meng
Deputy Chairman and CEO

3 November 2016

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.