GLOBAL

PREMIUM HOTELS LIMITED

ANNUAL REPORT 2015









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FRAGRANCE HOTEL – ROSE

CORPORATE PROFILE

Listed on the Singapore Exchange Securities Trading Limited (SGX-ST) on 26 April 2012, Global Premium Hotels Limited (GPHL) operates one of Singapore's largest chains of hotels with 23 hotels, of which 21 hotels are operated under the "Fragrance" brand and 2 hotels under the "Parc Sovereign" brand. We provide economy-tier and mid-tier class of accommodation with 1,983 rooms in Singapore.

We are principally engaged in the business of developing and operating economy-tier to mid-tier class of hotels. Our established track record and reputation of providing affordable accommodation has led to our "Fragrance" brand of hotels becoming well-recognised in the local and regional hospitality industry.

Most of our hotels are strategically located in the city or city-fringe areas and easily accessible by major roads, public buses and the Singapore Mass Rapid Transit railway system (SMRT). Many of our hotels are also situated near major convention centres, tourist attractions and the Integrated Resorts.



LETTER TO SHAREHOLDERS

On behalf of the Board of Directors, we are pleased to present the Annual Report for the Financial Year ended 31 December 2015 (FY 2015).

OVERVIEW

During the financial year under review, the Group reported a revenue of $61.1 million which is almost similar to that of FY 2014 with an increase of 1.2% in gross profit from $53.9 million in FY 2014 to $54.6 million in FY 2015. The Group's Average Occupancy Rate decreased from 85.0% in FY 2014 to 81.6% in FY 2015 and Revenue Per Available Room also retreated from $90.8 in FY 2014 to $85.3 in FY 2015 in line with the general decline in the industry. The Group owned a portfolio of 23 hotels with a carrying value of $1.22 billion as at 31 December 2015. The Group made its first foray into an overseas market with its maiden acquisition of a freehold property in the Prime CBD area of Perth, Australia during the year under review. The Group continued to see growth in its net assets value from $719.0 million as of 31 December 2014 to $728.5 million as of 31 December 2015 and maintained a comfortable debt-to-total assets ratio of 38.3%.

FY 2015 has seen more challenges than the year before with the slowdown in global economy caused by the slump in oil prices, volatility in the regional currencies against US dollar, hike in interest rates, weak corporate and leisure demand in the hospitality and tourism industry.

OUTLOOK AND PROSPECTS

Our Group will continue to refine and execute its niche business model of acquiring, developing, converting, owning and operating hotels under our well positioned house brands, namely, Fragrance Hotel and Parc Sovereign Hotel. The wealth of experience in hotel operation has enabled us to operate our hotels efficiently making our business model more sustainable.

In the near term, the Group expects the hospitality and tourism industry in Singapore to remain competitive with new supply of hotel rooms and slowdown in tourist arrivals. Capitalising on this lull period, the Group will continue to upgrade the facilities and create value through asset enhancement works to some of our hotels and expand our customer network through online business opportunities. As part of our longer term strategy, the Group will continue to explore new opportunities to grow our portfolio of hotel rooms by adopting a prudent and selective approach in evaluating and making investment decisions both in Singapore and overseas.

Amid the challenges ahead, the Group remains cautiously optimistic about the prospects of hospitality and tourism industry in Singapore and the operational performance of our hotels in the years ahead.

ACKNOWLEDGEMENT

On behalf of the Board of Directors and Management, we would like to thank our customers, suppliers, business partners and staff for their support in FY 2015. Most of all, we would like to thank you, our Shareholders, for your continued confidence and support.

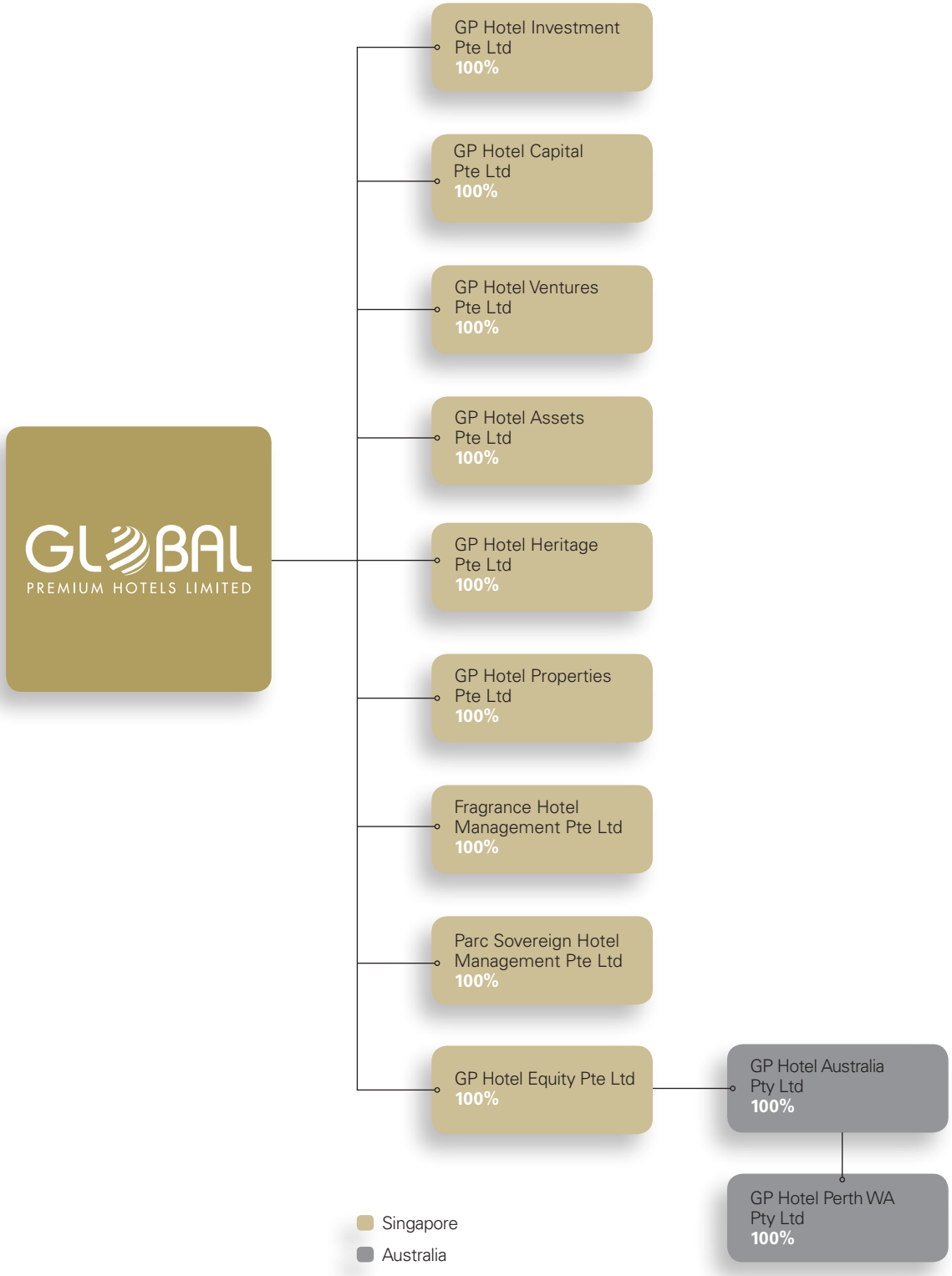
DR KOH WEE MENG
Chairman

MS KO LEE MENG
Chief Executive Officer



FRAGRANCE HOTEL – BUGIS

CORPORATE STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS
Dr Koh Wee Meng
(Chairman and
Non-Executive Director)
Ms Ko Lee Meng
(Deputy Chairman and
Executive Director)
Mr Khoo Chee Meng Mark
(Executive Director)
Mr Periakaruppan Aravindan
(Non-Executive Director)
Mr Woo Peng Kong
(Lead Independent Director)
Mr Kau Jee Chu
(Independent Director)
Dr Kwan Chee Wai
(Independent Director)

AUDIT COMMITTEE
Mr Woo Peng Kong
(Chairman)
Mr Kau Jee Chu
Dr Kwan Chee Wai

NOMINATING COMMITTEE
Mr Kau Jee Chu
(Chairman)
Dr Kwan Chee Wai
Dr Koh Wee Meng

REMUNERATION COMMITTEE
Dr Kwan Chee Wai
(Chairman)
Mr Woo Peng Kong
Dr Koh Wee Meng

COMPANY SECRETARY
Mr Keloth Raj Kumar

REGISTERED OFFICE
456 Alexandra Road #25-01
Fragrance Empire Building
Singapore 119962
Tel: +65 6348 7888
Fax: +65 6345 5951

REGISTRATION NUMBER
201128650E

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: 31 March 2015

PRINCIPAL FINANCIAL INSTITUTIONS
CIMB Bank Berhad
DBS Bank Ltd
Hong Leong Finance Limited
Oversea-Chinese Banking Corporation Limited
RHB Bank Berhad
Sing Investments & Finance Limited

BOARD OF DIRECTORS

	DR KOH WEE MENG	MS KO LEE MENG
Role	Chairman Non-Executive Director	Deputy Chairman Chief Executive Officer Executive Director
Appointment	**Date of first appointment as a director:** 19 September 2011 **Date of last re-election as a director:** 31 March 2015 **Length of service as a director:** 4 years 3 months *(on 31 December 2015)*	**Date of first appointment as a director:** 8 October 2015 **Date of last re-election as a director:** Nil **Length of service as a director:** 2 months *(on 31 December 2015)*
Board committee(s) served on	Nominating Committee (Member) Remuneration Committee (Member)	Nil
Academic & Professional Qualification(s)	Awarded Honorary Doctorate of Philosophy in Entrepreneurship, Wisconsin International University	Bachelor's degree in Arts, National University of Singapore
Present Directorships in other listed companies	Fragrance Group Limited (Executive Chairman and CEO)	Aspial Corporation Limited (Non-Executive Director, Member of Audit and Remuneration Committees) Maxi-Cash Financial Services Corporation Limited (Non-Executive Director, Member of Remuneration Committee)
Major Appointments (other than directorships in listed companies)	Nil	Nil
Directorships in other listed companies held over the preceding three years (from to 31 Dec 2012 to 30 Dec 2015)	Nil	Aspial Corporation Limited (Executive Director)

BOARD OF DIRECTORS

	MR KHOO CHEE MENG MARK	MR PERIAKARUPPAN ARAVINDAN
Role	Chief Operating Officer Executive Director	Non-Executive Director
Appointment	**Date of first appointment as a director:** 9 June 2015 **Date of last re-election as a director:** Nil **Length of service as a director:** 6 months *(on 31 December 2015)*	**Date of first appointment as a director:** 10 August 2012 **Date of last re-election as a director:** 31 March 2015 **Length of service as a director:** 3 years 4 months *(on 31 December 2015)*
Board committee(s) served on	Nil	Nil
Academic & Professional Qualification(s)	GCE O Level Certified Fire Safety Manager	Chartered Accountant of Singapore, Institute of Singapore Chartered Accountants (ISCA) Fellow Member of the Association of Chartered Certified Accountants, United Kingdom (ACCA) Bachelor in Commerce, Madurai Kamaraj University Masters in Business Administration (Finance), Madurai Kamaraj University
Present Directorships in other listed companies	Nil	Fragrance Group Limited (Executive Director) LCD Global Investments Limited (Non-Executive Director, Member of Audit and Remuneration Committees)
Major Appointments (other than directorships in listed companies)	Nil	Nil
Directorships in other listed companies held over the preceding three years (from to 31 Dec 2012 to 30 Dec 2015)	Nil	Nil

BOARD OF DIRECTORS

	MR WOO PENG KONG	MR KAU JEE CHU
Role	Lead Independent Director	Independent Director
Appointment	**Date of first appointment as a director:** 22 March 2012 **Date of last re-election as a director:** 27 March 2014 **Length of service as a director:** 3 years 9 months *(on 31 December 2015)*	**Date of first appointment as a director:** 22 March 2012 **Date of last re-election as a director:** 31 March 2015 **Length of service as a director:** 3 years 9 months *(on 31 December 2015)*
Board committee(s) served on	Audit Committee (Chairman) Remuneration Committee (Member)	Nomination Committee (Chairman) Audit Committee (Member)
Academic & Professional Qualification(s)	Bachelor's degree in Engineering (Mechanical) (First Class Honours), University of Singapore Certified Diploma in Accounting and Finance, ACCA	Bachelor of Accountancy degree, University of Singapore Member in retirement of the ISCA Fellow member of ACCA
Present Directorships in other listed companies	LCD Global Investments Limited (Independent Director, Member of Audit and Remuneration Committees as well as Chairman of Nominating Committee)	Aspial Corporation Limited (Independent Director, Member of Audit and Remuneration Committees as well as Chairman of Nominating Committee)
Major Appointments (other than directorships in listed companies)	Nil	Nil
Directorships in other listed companies held over the preceding three years (from to 31 Dec 2012 to 30 Dec 2015)	Charisma Energy Services Limited	Nil

BOARD OF DIRECTORS

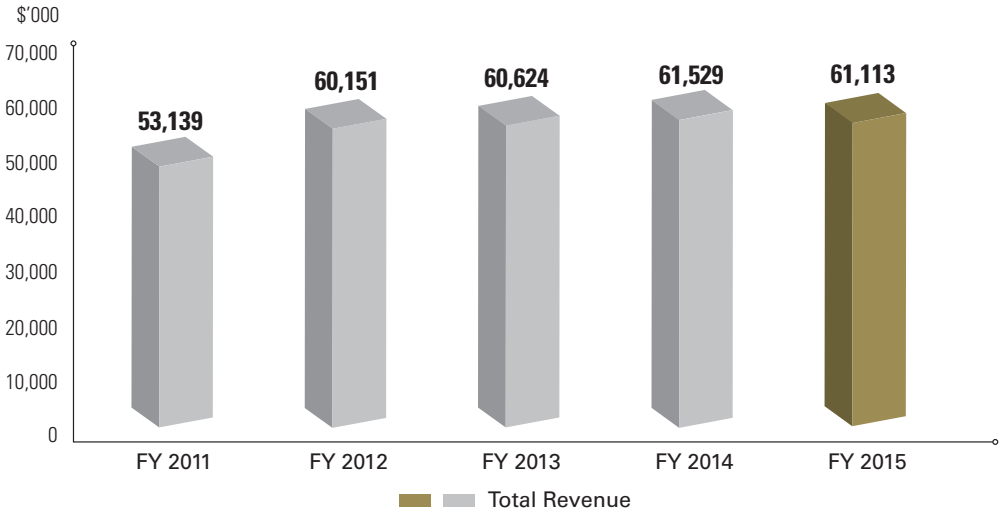
DR KWAN CHEE WAI

Role	Independent Director
Appointment	**Date of first appointment as a director:** 22 March 2012 **Date of last re-election as a director:** 27 March 2014 **Length of service as a director:** 3 years 9 months *(on 31 December 2015)*
Board committee(s) served on	Remuneration Committee (Chairman) Nominating Committee (Member) Audit Committee (Member)
Academic & Professional Qualification(s)	Doctor of Philosophy (Finance), University of Western Australia Masters of Business Research, University of Western Australia Masters of Business Administration (Investment and Finance), University of Hull Masters of Business Administration, University of Strathclyde Bachelor of Accountancy, Nanyang Technological University Fellow CA Singapore, ISCA Fellow member of Certified Public Accountants of Australia
Present Directorships in other listed companies	Nil
Major Appointments (other than directorships in listed companies)	Nil
Directorships in other listed companies held over the preceding three years (from to 31 Dec 2012 to 30 Dec 2015)	Nil

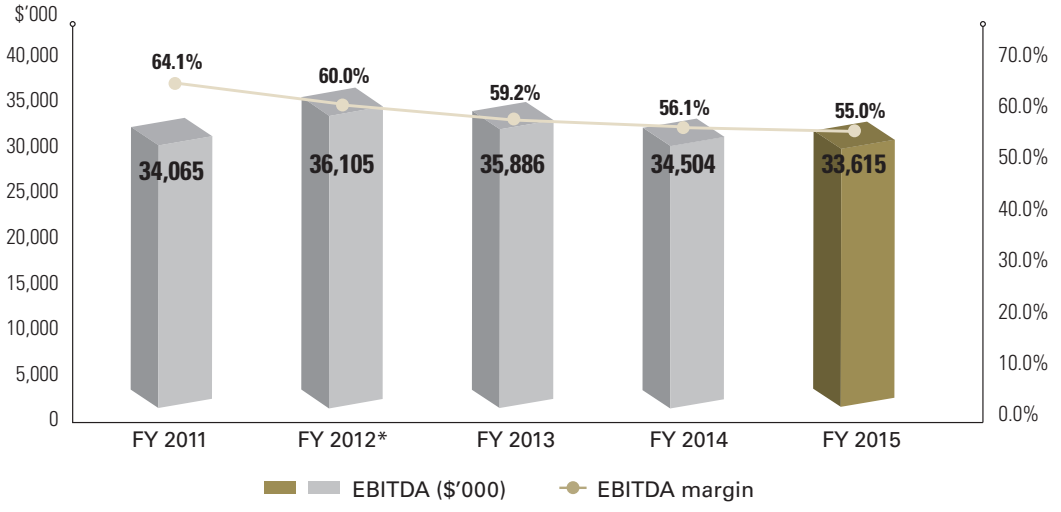
FINANCIAL HIGHLIGHTS

PERFORMANCE AT A GLANCE

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Hotel room revenue ($'000)	50,952	58,934	59,673	60,569	60,000
Rental revenue ($'000)	2,187	1,217	951	960	1,113
Total Revenue	**53,139**	**60,151**	**60,624**	**61,529**	**61,113**



	FY 2011	FY 2012*	FY 2013	FY 2014	FY 2015
EBITDA ($'000)	34,065	36,105	35,886	34,504	33,615
EBITDA margin	64.1%	60.0%	59.2%	56.1%	55.0%



* Earnings before interest, tax and depreciation & Amortisation (EBITDA) excludes one-off expenses of $2.1 million comprising of expenses incurred from IPO, acquisition of subsidiary and professional fees.

FINANCIAL HIGHLIGHTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	FY 2015[1]	FY 2014[1]	Variance
Revenue ($'000)	61,113	61,529	– 0.7%
Gross Profit ($'000)	54,584	53,947	+ 1.2%
EBITDA ($'000)	33,615	34,504	– 2.6%
Finance Costs ($'000)	10,234	8,640	+ 18.4%
Net Profit ($'000)	14,799	21,249	– 30.4%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (AS AT 31 DECEMBER)

	FY 2015	FY 2014	Variance
Property, Plant And Equipment ($'000)	1,222,486	1,223,377	– 0.1%
Total Assets ($'000)	1,259,565	1,270,091	– 0.8%
Total Borrowings ($'000)	482,259	501,534	– 3.8%
Total Liabilities ($'000)	531,035	551,052	– 3.6%
Market Capitalisation ($ million)	341.9	368.2	– 7.1%
Net Asset Value Per Share ($)	0.69	0.68	+ 1.5%
Hotel Portfolio Valuation ($'000)	1,220,250	1,221,625	– 0.1%

BREAKDOWN OF THE ROOM REVENUE

(Group)	FY 2015	FY 2014	Variance
RevPAR[2] ($)	85.3	90.8	– 6.1%
Average Occupancy Rate	81.6%	85.0%	– 4.0%

Notes:

1 The financial year from 1 January to 31 December.

2 RevPAR: Revenue Per Available Room = Total room revenue/Total available room nights

FINANCIAL AND OPERATIONS REVIEW

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

Revenue decreased marginally by 0.7% year-on-year (yoy) to $61.1 million for FY 2015 due to lower revenue recognised from most of the hotels including six hotels which had to close temporarily either fully or floor by floor to facilitate asset enhancement works. The decrease was partially offset by the full year contribution from Parc Sovereign Hotel – Tyrwhitt and improved results of two hotels from post asset enhancement works namely Fragrance Hotel – Rose and Fragrance Hotel – Pearl. Gross profit increased by 1.2% from $53.9 million in FY 2014 to $54.6 million in FY 2015 due to lower cost of sales. The decreased in cost of sales was mainly due to cost saving of utilities and hotel consumables which was partially offset by the increase of guest meal charges.

Administrative expenses increased by 7.3% from $24.9 million in FY 2014 to $26.8 million in FY 2015. This was mainly due to increase in staff cost of $1.5 million to support new hotel operation as well as general increase in wages and higher depreciation charge due to increase in fair value gain on leasehold land and hotel buildings in FY 2014. Earnings before interest, tax and depreciation & amortisation (EBITDA) decreased by 2.6% yoy to $33.6 million for FY 2015.

Finance costs increased by 18.4% yoy to $10.2 million mainly due to recognition of full year interest expenses on loan pertaining to Parc Sovereign Hotel – Tyrwhitt and generally higher interest rate on loans in FY 2015.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Current assets comprise mainly property held for development and cash and cash equivalents which decrease by 21.0% to $36.9 million as at 31 December 2015. The decrease was mainly due to dividend payment and income tax payment. Property held for development relates to our newly acquired property in Australia.

Non-current assets comprise mainly the property, plant and equipment which decreased by 0.1% as at 31 December 2015. The decrease was mainly due to decrease in fair value of hotel properties which was partially offset by capitalisation of asset enhancement costs for six hotels, hotel information system and furniture & fittings.

Current liabilities comprise mainly the term loans payable within one year which decreased by $51.6 million to $32.2 million as at 31 December 2015. This was mainly due to the conversion of loan in relation to the development of Parc Sovereign Hotel – Tyrwhitt, which was previously classified in current liabilities as at 31 December 2014, into a long term loan in October 2015.

Non-current liabilities comprise mainly the term loans payable after one year which increased by $31.5 million to $498.8 million as at 31 December 2015. This was mainly due to the conversion of loan in relation to the development of Parc Sovereign Hotel – Tyrwhitt, which was previously classified in current liabilities as at 31 December 2014, into a long term loan in October 2015, and repayment of term loans.



FRAGRANCE HOTEL – PEARL

FINANCIAL AND OPERATIONS REVIEW







OUR HOTEL PORTFOLIO

PARC SOVEREIGN BRAND

PARC SOVEREIGN HOTEL @ ALBERT STREET, our first premium brand of hotel with 172 rooms, stands in the midst of the historically colourful vicinity of Bugis Street, Haji Lane, Arab Street and Little India. The location of this hotel is ideal for travellers with a penchant for arts and guests who simply adore being surrounded by places of arts, such as the Singapore Art Museum, Chijmes and LASALLE College of the Arts.

PARC SOVEREIGN HOTEL – TYRWHITT, our second premium brand hotel with 270 rooms smartly decorated to meet the needs of leisure and business travellers. Nature lovers who enjoy being surrounded by the natural greenery will have their own private garden in our deluxe resort rooms. Our guests would also be able to enjoy a dip in the infinity pool or sun tanning on the sky garden.

Well located, the Lavender MRT station is within 10 minutes walking distance and the Central Expressway, Nicoll Highway and East Coast Parkway which provide easy accessibility to other parts of the island, are all within 5 to 10 minutes' drive away from the hotel.

FRAGRANCE BRAND

FRAGRANCE HOTEL – SELEGIE is a 120 rooms that features both the beauty of the colonial pre-war 2-storey shophouses on the front façade and a 10-storey building at the back. Amenities such as WIFI are available in every guest room and a roof top swimming pool warmly welcomes those who wish to have a leisurely swim.

Located just a stone's throw from Little India, guests will be fascinated by the colourful temples and shops lining the spice scented streets in this area.

The famous shopping belt of Orchard Road is also within walking distance and the hotel is conveniently located near the Little India MRT station which is about 2 minutes walking distance away.

FINANCIAL AND OPERATIONS REVIEW

FRAGRANCE HOTEL – IMPERIAL situated at Penhas Road has 74 guest rooms, complete with WIFI facilities and swimming pool.

With just about a 2-minutes walking distance from Lavender MRT station, our hotel guests are able to enjoy the serene surroundings of the hotel and at the same time have easy access to public transportation.

THE FRAGRANCE HOTEL, with 90 rooms is located in the suburb of Joo Chiat, approximately a 15-minutes drive from Changi International Airport. Guests will be greeted with the colourful pre-war shophouses with eateries, shops and entertainment places.

FRAGRANCE HOTEL – BUGIS situated in the City District is just a stone's throw away from Bugis MRT station. The area is famous for its many landmarks such as the National Library, City Hall, Suntec City and The Esplanade. Guests can also find a wide array of dining and entertainment options from nearby famous shopping malls, such as Bugis Junction, Bugis+, Raffles City, to name a few.

FRAGRANCE HOTEL – LAVENDER is situated within walking distance to Lavender MRT station. Travellers staying at the 35-room hotel will get a chance to experience the local lifestyle of Singaporeans while having easy access to the bustling shopping and entertainment districts such as Bugis Village and Little India.

FRAGRANCE HOTEL – KOVAN, with 43 guest rooms is situated in one of the heartlands of Singapore. Our hotel guests are able to experience the lifestyle of the locals at the nearby shops and shopping malls.

FRAGRANCE HOTEL – RIVERSIDE, which consists of 101 rooms, is just a 5-minutes walk from Clarke Quay MRT station and within the vicinity of Boat Quay and Clarke Quay area. It is within walking distance to the Chinatown historic districts, a 10-minutes drive to the famous Orchard Road shopping belt and a 10-minutes drive to the popular Marina Bay area. Within easy access to these areas, guests will be surrounded with various shopping, dining and entertainment venues.







FINANCIAL AND OPERATIONS REVIEW

HOTELS IN BALESTIER AREA

Hotel guests staying at any of the four hotels, namely, **FRAGRANCE HOTEL – OASIS, FRAGRANCE HOTEL – BALESTIER, FRAGRANCE HOTEL – ROSE AND FRAGRANCE HOTEL – CLASSIC** at Balestier Road will be able to enjoy a wide selection of local delights as well as entertainment and shopping experiences conveniently located along this stretch of road. For those who are interested in Singapore history, the famous Sun Yat Sen Nanyang Memorial Hall is just nearby.

HOTELS IN GEYLANG AREA

All the six hotels, namely, **FRAGRANCE HOTEL – RUBY, FRAGRANCE HOTEL – CRYSTAL, FRAGRANCE HOTEL – EMERALD, FRAGRANCE HOTEL – PEARL, FRAGRANCE HOTEL – SAPPHIRE AND FRAGRANCE HOTEL – SUNFLOWER** located in the Geylang area have distinctive features and characteristics that blend in nicely with their surroundings. The guests will be able to select from the biggest **FRAGRANCE HOTEL – RUBY** of 168 rooms to the smallest **FRAGRANCE HOTEL – SUNFLOWER** of 27 rooms.

The area is vibrant throughout the day and night and guests will be spoilt for choice with the wide variety of outlets offering Asian cuisine and other local delights.

The hotels are located close to the Singapore Sports Hub at Kallang and guests will be able to have easy access to places of interest such as The Esplanade, Clifford Pier and Orchard Road as well as the financial district of Raffles Place. The area is well served by public transport such as buses and the hotels are a short distance away from either Kallang or Aljunied MRT station.

HOTELS IN WEST COAST AREA

FRAGRANCE HOTEL – WATERFRONT has 57 guest rooms and **FRAGRANCE HOTEL – OCEAN VIEW** has 47 guest rooms. The hotels are located close to the National University of Singapore and West Coast Park.

FRAGRANCE HOTEL – VIVA has 33 guest rooms and **FRAGRANCE HOTEL – ROYAL** has 32 guest rooms. Both hotels are situated at the foot of Mount Faber. Guests can immerse in the lush of the surroundings, with easy access to places such as Mount Faber, Sentosa and the nearby Labrador Park to catch a picturesque sunset. Famous shopping malls such as Vivo City and Harbourfront Centre are within walking distance and for guests who wish to enjoy a drink or savour the nightlife, there is the St. James Power Station.







CORPORATE SOCIAL RESPONSIBILITY

GPHL is committed to adopting green initiatives and green policies by monitoring and reducing energy consumption in our hotels. This initiative is supported by our employees who will assist in identifying and implementing eco-friendly programs such as:

- reducing the use of water and materials through awareness programs and through incorporating energy-efficient designs into new buildings, equipment and working practices;
- setting and meeting targets for the reduction of utilities consumption. Our employees will monitor the targets against actual consumption on a regular basis;
- using dual flush water closets and flow regulators to save water;
- utilising energy-efficient light bulbs;
- using energy-efficient windows, resulting in less cooling required by air-conditioning;
- encouraging our guests to use their bed linens and towels more than once to save water and energy; and
- using energy-efficient appliances (such as air-conditioners).



FRAGRANCE HOTEL – ROSE

CORPORATE GOVERNANCE REPORT

The Board of Directors of Global Premium Hotels Limited (the "Company") is committed to ensuring that the highest standards of good corporate governance and transparency are practised throughout the Company and its subsidiaries (the "Group"), as a fundamental part of discharging its responsibilities to protect and enhance the interests of shareholders in line with the Code of Corporate Governance (the "Code"). This statement describes the Company's corporate governance processes and activities with specific reference to the Code and the Listing Manual of the Singapore Exchange Securities Trading Limited (SGX-ST).

THE CODE

The Code is divided into four main sections:

1. Board Matters
2. Remuneration Matters
3. Accountability and Audit
4. Shareholder Rights and Responsibilities

1. BOARD MATTERS

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 comprises two Executive Directors, two Non-Executive Directors and three independent Non-Executive Directors. The seven 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 Board reviews the corporate governance practices of the Group periodically. It also reviews the Group's financial performance, sets its corporate and strategic direction and approves major funding and internal guidelines for material transactions. 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 the Board procedures are in accordance with the provisions of the Companies Act and all other regulations of the SGX-ST.

The Board of Directors has formed three committees: (i) the Audit Committee (AC), (ii) the Remuneration Committee (RC) and (iii) the Nominating Committee (NC). These committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis.

CORPORATE GOVERNANCE REPORT

The schedule for all Board and Board committee meetings and the Annual General Meeting (AGM) for the next calendar year is planned well in advance, in consultation with all the Directors. 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 the Board and Committees meetings held in the financial year are as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of Meetings held	4	4	2	1
No. of meetings attended by respective Directors				
Koh Wee Meng	3	N/A	2	1
Ko Lee Meng[1]	1	1	N/A	N/A
Khoo Chee Meng Mark[2]	2	2	N/A	N/A
Lim Chee Chong[3]	3	3	N/A	N/A
Periakaruppan Aravindan[4]	4	1	N/A	N/A
Woo Peng Kong[5]	4	4	2	1
Kau Jee Chu[6]	4	4	2	1
Kwan Chee Wai	4	4	2	1

Notes:

(1) Ms Ko Lee Meng was appointed as Executive Director of the Company on 8 October 2015. Ms Ko Lee Meng is not a member of the Audit Committee but was invited by the Committee to attend its meeting.

(2) Mr Khoo Chee Meng Mark was appointed as Executive Director of the Company on 9 June 2015. Mr Khoo Chee Meng Mark is not a member of the Audit Committee but was invited by the Committee to attend its meeting.

(3) Mr Lim Chee Chong is not a member of the Audit Committee but was invited by the Committee to attend its meeting. Mr Lim Chee Chong resigned as a Director of the Board with effect from 9 June 2015.

(4) Mr Periakaruppan Aravindan is not a member of Audit Committee but was invited by the Committee to attend its meeting.

(5) Mr Woo Peng Kong is not a member of Nominating Committee but was invited by the Committee to attend its meeting.

(6) Mr Kau Jee Chu is not a member of Remuneration Committee but was invited by the Committee to attend its meeting.

Newly appointed Directors are briefed by the Board to familiarise them with the Group's business, its strategic directions and corporate governance practices. Directors are provided with regular updates on the Group's strategic directions, financial performance, the latest corporate governance practices, relevant new laws, regulations and changing business risks during Board meetings.

CORPORATE GOVERNANCE REPORT

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. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board now consists of seven 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 companies or its Officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent judgement of the Group's affairs.

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 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.

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.

The position of Chairman and Chief Executive Officer (CEO) are held by different individuals in order to maintain an effective balance of power and authority. The Chairman is responsible for effective functioning of the Board including ensuring competency and the regular engagement of management in constructive debate on strategy, business operations, enterprise risk and other plans. The CEO has full executive responsibilities over the business directions and operational decisions in the day-to-day management of the Group.

Dr Koh Wee Meng is the Chairman and Ms Ko Lee Meng is the Deputy Chairman and CEO of the Group. Ms Ko Lee Meng is the sibling of our Chairman, Dr Koh Wee Meng.

There is no concentration of power as the Group is run objectively on a transparent basis as the Board feels that there is an adequate representation of independent and Non-Executive Directors (more than half) on the Board. 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 Board has appointed independent Director, Mr Woo Peng Kong, as the lead independent Director. The lead independent Director would be available to shareholders where they have concerns and for which contact through the normal channels of the Chairman, the CEO or the Chief Finance Officer (CFO) has failed to resolve or is inappropriate.

Where necessary, led by the lead independent Director, the independent Directors shall meet periodically without the presence of other Directors. The lead independent Director shall provide feedback to the Chairman after such meetings.

CORPORATE GOVERNANCE REPORT

The CEO together with the 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.

BOARD MEMBERSHIP – PRINCIPLE 4
There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.

The NC comprises the Group's independent Directors, Mr Kau Jee Chu and Dr Kwan Chee Wai, as well as the Group's Chairman, Dr Koh Wee Meng. Mr Kau Jee Chu is the Chairman of the NC.

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

To make recommendations to the Board on relevant matters relating to:

(a) the review of Board succession plans for Directors, in particular, the Chairman and for the CEO;

(b) the development of a process for evaluation of the performance of the Board, its Board Committees and Directors;

(c) the review of training and professional development programs for the Board;

(d) the appointment and re-appointment of Directors (including alternate Directors, if applicable); and

(e) decide whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when he has multiple Board representations.

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.

Directors' Time Commitments
The NC assesses the effectiveness of the Board as a whole and taking into account each Director's contribution and devotion of time and attention to the Company. The NC is of the view that the effectiveness of each of the Directors is best assessed by a qualitative assessment of the Director's contributions as well as by taking into account each Director's listed company board directorships, and any other relevant time commitments. While having a numerical limit on the number of directorships may be considered by some other companies to be suitable for their circumstances, at present the Company considers the assessment as described above to be more effective for its purposes. The Company also does not wish to omit from consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as new members of the Board.

The Company will continue to disclose each Director's listed company board of directorships and principal commitments, which may be found under the section 'Board of Directors'.

CORPORATE GOVERNANCE REPORT

The Board is satisfied that all Directors have discharged their duties adequately for FY 2015. The Board also expects that the Directors will continue to discharge their duties adequately in FY 2016.

Nomination and Selection
In the event a new Director had been required the search would have been through search companies, contacts and recommendations so that the Company could cast its net as wide as possible for the right candidates. The NC will identify potential candidates for appointments based on and after taking into consideration the candidates' qualification, knowledge, skills and experience, as well as his/her ability to increase the effectiveness of the Board and the Group's business. The NC will then recommend their appointments to the Board for consideration.

Election and Re-election
The Company's Constitution requires at least one-third of the Directors to retire by rotation at every AGM and a retiring Director is eligible for re-election by the shareholders of the Company at the AGM. Accordingly, the Directors submit themselves for re-nomination and re-election at regular interval of at least once every 3 years. A newly appointed Director can only hold office until the next AGM and then be eligible for re-election.

BOARD PERFORMANCE – PRINCIPLE 5
There should be a formal 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 reviews the size and composition of the Board to satisfy that it is appropriate for effective decision making, taking into corporate and business management, 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, corporate and business management, banking, finance and accounting. 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 Board, in consultation with the NC conducts an annual assessment of the performance and effectiveness of the Board as a whole and its Board Committees and the contribution by each director to the effectiveness of the Board. Some factors considered in the individual review are Directors' attendance and participation in and outside meetings, the quality of Directors' interventions and special skills and contributions made by Directors.

The performance of individual Directors is taken into account in their re-appointment or re-election. Specific needs which arise from time to time are taken into account in any appointment of new Directors.

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 Board has separate and independent access to the Senior Management and the Company Secretary at all times. Requests for information from Board are dealt with promptly by the Management. The Board is informed of all material events and transactions as and when they occur. The Management provides the Board with quarterly reports of the Group's performance. The Management also consults with Board members regularly whenever necessary and appropriate. The Board is issued with Board papers timely and prior to Board meetings.

CORPORATE GOVERNANCE REPORT

The Company Secretary attends all Board meetings. The Company Secretary administers, attends and prepares minutes of Board meetings, and assists the Chairman in ensuring that Board procedures are followed and reviewed so that the Board function effectively and the Company's Constitution and the relevant rules and regulations, including requirements of the Securities and Futures Act (SFA), Companies Act and Listing Manual, are complied with.

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

The Board in fulfilling its responsibilities, can as a group or individually, when deemed fit, direct the Company to appoint professional adviser to render professional advice. The Board takes independent professional advice as and when necessary to enable it or the independent Directors to discharge the responsibilities effectively.

2. 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 RC comprises the independent Directors, Dr Kwan Chee Wai and Mr Woo Peng Kong, as well as the Group's Chairman, Dr Koh Wee Meng. Dr Kwan Chee Wai is the Chairman of the RC.

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

(a) to recommend 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, Award Shares, options and benefits-in-kind shall be covered by the RC;

(b) to perform an annual review of the remuneration of employees related to our Directors and Substantial Shareholders to ensure that their remuneration packages are commensurate with their respective job scopes and level of responsibilities. They will also review and approve any bonus, pay increases and/or promotions for these employees;

(c) to review the Company's obligations arising in the event of termination of the Executive Directors' and Executive Officers' contracts of service, to ensure that such contracts of service contact are fair and reasonable and termination clauses are not overly generous. The RC should aim to be fair and avoid rewarding poor performance;

(d) to review whether Executive Directors and Executive Officers should be eligible for benefits under long-term incentive schemes; and

(e) to consider implementing schemes to encourage Non-Executive Directors to hold shares in the Company so as to better align the interests of such Non-Executive Directors with the interests of shareholders.

CORPORATE GOVERNANCE REPORT

Each RC member will abstain from voting on any resolution in respect of his own remuneration package or that of employees related to him.

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 RC 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 is commensurate with the contributions and responsibilities of the Directors.

The Company adopts a remuneration policy for staff comprising a fixed and variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus linked to individual's performance which is assessed based on their respective key performance indicators allocated to them. Staff appraisals are conducted once a year.

Executive Directors do not receive Directors' fees. The Executive Directors are paid a basic salary, a fixed bonus of two to three months' salary per annum and an annual performance-related profit sharing bonus pursuant to their respective service agreements. The performance bonus shall be paid to the appointee within one month of the approval by the Board of the audited consolidated accounts of the Group for the relevant financial year.

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 Annual General Meeting.

DISCLOSURE ON REMUNERATION – PRINCIPLE 9

Each 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 year are as follows:

	2015	2014
$500,000 to below $750,000	–	1
$250,000 to below $500,000	1	–
Below $250,000	7	5
Total	**8**	**6**

CORPORATE GOVERNANCE REPORT

Directors' Remuneration	Directors' Fees	Base Salary	Bonus#	Others
	%	%	%	%
Executive Directors				
$250,000 to below $500,000				
Lim Chee Chong*	–	43.0	45.0	12.0
Below $250,000				
Ko Lee Meng	–	43.0	53.0	4.0
Khoo Chee Meng Mark	–	57.0	37.0	6.0
Non-Executive Directors				
Below $250,000				
Koh Wee Meng	100	–	–	–
Periakaruppan Aravindan	100	–	–	–
Kau Jee Chu	100	–	–	–
Woo Peng Kong	100	–	–	–
Kwan Chee Wai	100	–	–	–

Includes fixed and performance bonus

* Mr Lim Chee Chong resigned as Executive Director of the Board on 9 June 2015 and as Chief Executive Officer of the Company on 9 August 2015.

Directors' fees payable of $270,000 were recommended by the RC and are subject to shareholders' approval at the forthcoming AGM.

Remuneration of Key Management Personnel

The range of gross remuneration received by top five Key Management Personnel (excluding Directors or the CEO) are as follow:

Range	No. of Executives
Below $250,000	5

The aggregate amount of the total remuneration paid to the Key Management Personnel (who are not Directors or the CEO) is $560,000 in FY 2015.

The Company has one employee Ms Lim Wan Wan who is the sibling of Mr Lim Chee Chong and whose remuneration is within the band from $50,000 to $100,000 in FY 2015.

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

(a) the total remuneration of each Director and Key Management Personnel's in dollar terms, given the sensitivity and confidentiality of remuneration matters; and

(b) the names of its Key Management Personnel in order to ensure the Company's competitive advantage in the retention of its staff.

CORPORATE GOVERNANCE REPORT

3. ACCOUNTABILITY AND AUDIT

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.

To enable effective monitoring and decision-making by the Board, Management provides the Board with a continual flow of relevant information on a timely basis. As well as quarterly management accounts of the Group particularly prior to the release of quarterly and full-year results to the public, Management will present the Group's financial performance together with explanatory details of its operations to the Audit Committee, which will review and recommend the same to the Board for approval and authorisation for the release of the results.

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.

RISK MANAGEMENT AND INTERNAL CONTROLS – PRINCIPLE 11

The Board is responsible for the governance of risk. The Board should ensure that the Management maintains a sound system of risk management and internal controls to safeguard the 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.

The Management has in place an adequate and effective system of internal controls addressing material financial, operational, compliance and information technology risks to safeguard shareholders' interest and the Company's assets. The Board has overall responsibility for the governance of risk and exercises oversight of the risk management strategy and framework. The AC provides oversight of the financial reporting risk and the adequacy and effectiveness of the Management internal controls. The AC is overseeing the risk management function and report to the Board of all significant matters and findings.

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, the 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 AC and the Board.

CORPORATE GOVERNANCE REPORT

The Group has engaged RHT Corporate Advisory Pte Ltd as its internal auditor to carry out internal audit on the system of internal controls and to report the findings to the AC. Separately, in performing the audit of the financial statements of the Group, the external auditors perform test over the operating effectiveness of certain controls that they intend to rely on that are relevant to the preparation of its financial statements. Material non-compliance and internal control weaknesses and recommendations for improvements noted during their audit are reported to the AC. The AC has reviewed the effectiveness of the actions taken by the Management on the recommendations made by the internal and external auditors in this respect.

The Board has received the assurance from the CEO and CFO that the financial records have been properly maintained and the financial statements for FY 2015 give a true and fair view of the Company's operations and finances; and the risk management and internal controls systems are robust and effective.

Based on the ERM Framework established and the reviews conducted by Management, work performed by the internal auditors and external auditors and as well as assurance from CEO and CFO, the Board with the concurrence of the AC, is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology risks are adequate as at 31 December 2015.

The Board acknowledges that a system of internal control is designed to manage rather than to eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss and therefore no cost effective internal control system will preclude all errors and irregularities.

WHISTLE-BLOWING POLICY

The Company has in place whistle-blowing policies by which staff 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 whistle-blowing reports can be sent to Corporate Affairs.

There have been no significant incidents pertaining to whistle-blowing for the financial year ended 31 December 2015.

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 AC comprises three independent Directors, namely Mr Woo Peng Kong, Mr Kau Jee Chu and Dr Kwan Chee Wai. Mr Woo Peng Kong 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 the internal and external auditors on audit matters.

CORPORATE GOVERNANCE REPORT

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:

- review with the internal auditors their audit plans including the results of the internal auditors' review and evaluation of the system of internal accounting controls;
- review the quarterly and year-end results announcements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual and any other relevant statutory or regulatory requirements;
- review the effectiveness and adequacy of the internal control procedures addressing financial, operational and compliance risks including procedures for entering into hedging transactions;
- review the assistance given by the Management to the auditors, and discuss problems and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss (in the absence of the Management, where necessary);
- review and discuss with the external auditors any suspected fraud or irregularity, or suspected 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;
- consider and recommend the appointment or re-appointment of the external and internal auditors and matters relating to the resignation or dismissal of the auditors;
- review any interested person transactions as defined under the Listing Manual;
- review any potential conflicts of interest;
- undertake such other reviews and projects as may be requested by our Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- generally undertake such other functions and duties as may be required by statute or the Listing Manual.

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.

During the financial year under review, the AC also held meetings with the external auditors and internal auditors without the presence of Management.

EXTERNAL AUDITOR

The AC reviews the selection of external auditors and recommends to the Board the appointment, re-appointment and removal of the external auditor, the remuneration and terms of engagement of the external auditor. The annual re-appointment of the external auditor is subject to shareholders approval at the AGM.

CORPORATE GOVERNANCE REPORT

The AC reviewed the independence and objectivity of the external auditor through discussions with them as well as a review of the (i) volume and nature of the non-audit services provided by the external auditor; and (ii) quantum of non-audit fees paid to the external auditors (as described below), during the financial year under review. Based on this information, the AC is satisfied that the financial, professional and business relationships between the Group and the external auditor will not prejudice their independence and objectivity. Accordingly, the AC has recommended the re-appointment of the external auditor at the coming AGM.

The aggregate amount of audit fees paid and payable to our external auditor, Deloitte & Touche LLP, for financial year 2015 was $143,763, of which audit fees amounted to $108,693 and non-audit fees amounted to $35,070.

Minutes of the AC meetings are submitted to the Board for information and review with such recommendations as the AC considers appropriate.

In the review of the financial statements for the financial year ended 31 December 2015, the AC discussed with management and external auditor the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. Following the review and discussions, the AC recommended to the Board the release of the full-year financial statements.

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

INTERNAL AUDIT – PRINCIPLE 13
The Company should establish an effective internal control function that is adequately resourced and independent of the activities it audits.

For the financial year ended 31 December 2015, the Company outsourced its internal audit function to RHT Corporate Advisory Pte Ltd, an external professional services firm, who reports directly to the Chairman of AC and administratively to the Management. The objective of the internal audit function is to determine whether the Group's risk management, operational, financial, compliance and information technology controls, as designed by the Company are functioning in the intended manner.

The internal auditors have submitted a report which includes observations from their work highlighted below:

- review the effectiveness of the internal controls of the Company and its subsidiaries;
- determine that key operational weaknesses are identified and managed;
- perform sample tests of internal controls in place and are functioning as intended; and
- ascertain if operations are conducted in an effective and efficient manner.

CORPORATE GOVERNANCE REPORT

The AC approves the hiring, removal, evaluation and compensation of the corporation to which the internal audit function is outsourced. Internal Audit has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. The AC also reviews annually the adequacy and effectiveness of the internal audit function.

4. SHAREHOLDER 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 to promote in regular, effective and fair communication with shareholders.

Companies should encourage greater shareholder participation at AGM's and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

The Company does not practise selective disclosure. In line with the continuous obligations of the Company pursuant to the SGX-ST's Listing Manual, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Group.

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:

- SGXNET systems and news release;
- Annual report prepared and issued to all shareholders; and
- The Company's website at www.gphl.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. For FY 2015, the Company is not proposing any dividend with a view towards conserving cash for future business growth.

All shareholders of the Company receive the notice of the AGM. The notice is also advertised in the newspaper and made available at the SGX-ST's. 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.

CORPORATE GOVERNANCE REPORT

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 AGMs 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.

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 Officers of the Company for the period of one month prior to the announcement of the Company's full-year 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 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.

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 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 $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 $100,000)
Fragrance Group Limited*		
– Rental of head office	$263,872/-	–
– Project management fees	$100,000/-	–

* Expenses were paid to subsidiaries of Fragrance Group Limited, a related party in which a Director and/or Substantial Shareholder has interests.

CORPORATE GOVERNANCE REPORT

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

MATERIAL CONTRACTS

The material contract entered into between the Group involving the interest of the Group's Substantial Shareholder and/or a Director, which has been subsisting as at the end of the financial year, is as follow:

(a) Tenancy Agreement dated 13 November 2015 entered into between the Company's wholly-owned subsidiary, Fragrance Hotel Management Pte Ltd and Fragrance Regal 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 $34,632 for three (3) years nineteen (19) days from 13 December 2015.

Other than as disclosed, there were no material contracts into by the Company or any of its subsidiary companies involving the interests of the Group's Chief Executive Officer, any Director and/or Substantial Shareholder for the financial year ended 31 December 2015.

^ A wholly-owned subsidiary of Fragrance Group Limited.

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 changes in equity of the Company as set out on pages 38 to 80 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 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	
Ko Lee Meng	(Appointed on October 8, 2015)
Khoo Chee Meng Mark	(Appointed on June 9, 2015)
Periakaruppan Aravindan	
Woo Peng Kong	
Kau Jee Chu	
Kwan Chee Wai	

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.

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 and companies in which interests are held	**Shareholdings registered in the name of directors**			**Shareholdings in which directors are deemed to have an interest**		
The Company	**At beginning of year or date of appointment if later**	**At end of year**	**At January 21, 2016**	**At beginning of year or date of appointment if later**	**At end of year**	**At January 21, 2016**
(Ordinary shares)						
Koh Wee Meng	637,846,000	680,250,000	680,250,000	58,800,000	58,800,000	58,800,000
Ko Lee Meng	5,466,160	5,466,160	5,466,160	2,109,600	2,109,600	2,109,600
Periakaruppan Aravindan	406,880	406,880	406,880	–	–	–

DIRECTORS' STATEMENT

By virtue of Section 7 of the Singapore Companies Act, Dr Koh Wee Meng is deemed to have an interest in all the ordinary shares of the Company's wholly-owned subsidiaries.

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 SHARE SCHEME

The Global Premium Hotels Performance Share Plan (The "Share Plan")

a) The Share Plan was approved on March 23, 2012.

b) The Share Plan is administered by the Remuneration Committee.

c) Participants who are eligible to participate in the Share Plan are the Group employees, Group executive directors and Group non-executive directors.

d) A participant's award under the Share Plan will be determined at the absolute discretion of the Remuneration Committee. The number of award shares to be granted to each employee, depends on, *inter alia*, the performance of our Company, our subsidiaries, the years of service and individual performance of the employee, the contribution of the employee to the success and development of our Company and/or our subsidiaries and the prevailing market conditions.

e) Awards granted under the Share Plan are performance-related and will typically vest only after the satisfactory completion of a further period of service beyond the performance target completion date. No minimum vesting periods are prescribed under the Share Plan, and the length of the vesting period is determined on a case-by-case basis.

f) The total number of new shares which may be issued or shares which may be delivered pursuant to awards granted under the Share Plan, when added to the total number of new shares issued and issuable in respect of:

(i) all awards granted under the Share Plan; and

DIRECTORS' STATEMENT

(ii) all shares, options or awards granted under any other share scheme of the Company then in force, shall not exceed 15% of the total issued shares of the Company (excluding treasury shares) on the day preceding the relevant date of award.

g) The Share Plan shall continue to be in force at the discretion of the Remuneration Committee, subject to a maximum of ten years commencing on the date on which the Share Plan is adopted by shareholders in a general meeting.

h) At the end of the financial year, no award has been granted under the Share Plan.

6 AUDIT COMMITTEE

The Audit Committee of the Company, consisting of all independent directors, is chaired by Mr Woo Peng Kong, a lead independent director and includes Dr Kwan Chee Wai and Mr Kau Jee Chu. The Audit Committee has met four times since the last Annual General Meeting ("AGM") and up to the date of this report to perform the following main functions:

a) review with the internal auditors their audit plans including the results of the internal auditors' review and evaluation of the system of internal accounting controls;

b) review the quarterly and year-end results announcements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual and any other relevant statutory or regulatory requirements;

c) review the effectiveness and adequacy of the internal control procedures addressing financial, operational and compliance risks including procedures for entering into hedging transactions;

d) review the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss (in the absence of the management, where necessary);

e) review and discuss with the external auditors any suspected fraud or irregularity, or suspected 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;

f) consider and recommend the appointment or re-appointment of the external and internal auditors and matters relating to the resignation or dismissal of the auditors;

g) review any interested person transactions as defined under the Listing Manual;

h) review any potential conflicts of interest;

i) undertake such other reviews and projects as may be requested by our Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee; and

j) generally undertake such other functions and duties as may be required by statute or the Listing Manual.

DIRECTORS' STATEMENT

The Audit Committee 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 Audit Committee has been given full access to the management and has reasonable resources to discharge its functions properly. It also has full discretion to invite any director or executive officer to attend its meetings.

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.

During the financial year under review, the Audit Committee also held meetings with the external auditors and internal auditors without the presence of management.

7 AUDITORS

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

ON BEHALF OF THE DIRECTORS

.....
Koh Wee Meng

.....
Ko Lee Meng

March 8, 2016

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GLOBAL PREMIUM HOTELS LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Global Premium Hotels Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 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 financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 38 to 80.

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 the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GLOBAL PREMIUM HOTELS LIMITED

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 subsidiaries 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

March 8, 2016

STATEMENTS OF FINANCIAL POSITION

December 31, 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
					Reclassified (Note 29)
ASSETS					
Current assets					
Cash and cash equivalents	7	5,002	43,375	38	248
Trade receivables	8	3,813	1,617	–	–
Other receivables	9	2,132	1,722	10	10
Property held for development	10	25,943	–	–	–
Total current assets		36,890	46,714	48	258
Non-current assets					
Property, plant and equipment	11	1,222,486	1,223,377	–	–
Subsidiaries	12	–	–	664,738	667,052
Derivative financial instrument	13	189	–	–	–
Total non-current assets		1,222,675	1,223,377	664,738	667,052
Total assets		1,259,565	1,270,091	664,786	667,310
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	14	1,687	1,846	–	–
Other payables	15	7,394	5,959	19,229	17,767
Term loans	16	19,801	71,953	–	–
Income tax payable		3,307	3,995	–	3
Total current liabilities		32,189	83,753	19,229	17,770
Non-current liabilities					
Other payables	15	–	–	1,163	1,441
Term loans	16	462,458	429,581	–	–
Deferred tax liabilities	17	36,388	37,718	–	–
Total non-current liabilities		498,846	467,299	1,163	1,441
Capital and reserves					
Share capital	18	263,692	263,692	263,692	263,692
Reserves	19	348,251	348,299	–	–
Retained earnings		116,587	107,048	380,702	384,407
Total equity		728,530	719,039	644,394	648,099
Total liabilities and equity		1,259,565	1,270,091	664,786	667,310

See accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended December 31, 2015

	Note	Group 2015 $'000	2014 $'000
Revenue	20	61,113	61,529
Cost of sales		(6,529)	(7,582)
Gross profit		54,584	53,947
Other operating income	21	1,828	1,317
Administrative expenses		(26,750)	(24,936)
Foreign exchange losses, net		(1,185)	(848)
Finance costs	22	(10,234)	(8,640)
Profit before income tax		18,243	20,840
Income tax (expense) credit	23	(3,444)	409
Profit for the year – attributable to owners of the Company	24	14,799	21,249
Other comprehensive income, net of tax:			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of land and hotel buildings	11	(5,933)	24,011
Transfer of depreciation on revaluation of leasehold land and buildings to revaluation reserve	11	4,323	4,032
Income tax effects	17	1,372	(703)
		(238)	27,340
Items that may be reclassified subsequently to profit or loss			
Changes in fair value of derivative financial instrument	19	190	–
Other comprehensive (loss) income for the year, net of tax		(48)	27,340
Total comprehensive income for the year – attributable to owners of the Company		14,751	48,589
Basic and diluted earnings per share (cents)	25	1.41	2.02

See accompanying notes to the financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2015

Group	Note	Share capital $'000	Revaluation reserve $'000	Merger reserve $'000	Hedging reserve $'000	Retained earnings $'000	Total $'000
Balance at January 1, 2014		263,692	875,987	(555,028)	–	88,534	673,185
Transaction with owners, recognised directly in equity							
Dividends paid	26	–	–	–	–	(2,735)	(2,735)
Total		–	–	–	–	(2,735)	(2,735)
Total comprehensive income for the year							
Profit for the year		–	–	–	–	21,249	21,249
Other comprehensive income for the year		–	27,340	–	–	–	27,340
Total		–	27,340	–	–	21,249	48,589
Balance at December 31, 2014		263,692	903,327	(555,028)	–	107,048	719,039
Transaction with owners, recognised directly in equity							
Dividends paid	26	–	–	–	–	(5,260)	(5,260)
Total		–	–	–	–	(5,260)	(5,260)
Total comprehensive income for the year							
Profit for the year		–	–	–	–	14,799	14,799
Other comprehensive (loss) income for the year		–	(238)	–	190	–	(48)
Total		–	(238)	–	190	14,799	14,751
Balance at December 31, 2015		**263,692**	**903,089**	**(555,028)**	**190**	**116,587**	**728,530**

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2015

Company	Note	Share capital $'000	Retained earnings $'000	Total $'000
Balance at January 1, 2014		263,692	351,868	615,560
Transaction with owners, recognised directly in equity				
Dividends paid	26	–	(2,735)	(2,735)
Total		–	(2,735)	(2,735)
Total comprehensive income for the year				
Profit for the year		–	35,274	35,274
Total		–	35,274	35,274
Balance at December 31, 2014		263,692	384,407	648,099
Transaction with owners, recognised directly in equity				
Dividends paid	26	–	(5,260)	(5,260)
Total		–	(5,260)	(5,260)
Total comprehensive income for the year				
Profit for the year		–	1,555	1,555
Total		–	1,555	1,555
Balance at December 31, 2015		**263,692**	**380,702**	**644,394**

See accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2015

	Group	
	2015 $'000	**2014 $'000**
Operating activities		
Profit before income tax	18,243	20,840
Adjustments for:		
Bad debts written off	14	14
Write back of doubtful receivables	(3)	–
Depreciation of property, plant and equipment	5,010	4,896
Amortisation of facility fees	128	128
Finance costs	10,234	8,640
Interest income	(781)	(514)
Loss on disposal of plant and equipment	5	–
Foreign exchange loss – unrealised	–	848
Plant and equipment written off	76	16
Operating cash flows before movements in working capital	32,926	34,868
Trade receivables	(2,207)	(94)
Other receivables	151	4,262
Trade payables	(159)	46
Other payables (Note A and Note B)	227	617
Property held for development (Note B)	(24,567)	–
Cash generated from operations	6,371	39,699
Interest paid (Note A)	(10,477)	(9,081)
Income tax paid	(4,090)	(4,172)
Net cash (used in) from operating activities	(8,196)	26,446
Investing activities		
Proceeds on disposal of plant and equipment	4	1
Purchase of property, plant and equipment (Note A)	(5,943)	(10,301)
Interest received	781	514
Net cash used in investing activities	(5,158)	(9,786)
Financing activities		
Proceeds from term loans	62,336	145,060
Repayment of term loans	(82,087)	(126,340)
Payment of transactions costs related to borrowings	(8)	–
Dividends paid	(5,260)	(2,735)
Net cash (used in) from financing activities	(25,019)	15,985
Net (decrease) increase in cash and cash equivalents	(38,373)	32,645
Cash and cash equivalents at beginning of year	43,375	11,578
Effects of exchange rates changes on cash and cash equivalents	–	(848)
Cash and cash equivalents at end of year (Note 7)	5,002	43,375

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2015

Note A

Cash used in purchase of property, plant and equipment

	Group	
	2015	**2014**
	$'000	**$'000**
Acquisition during the year	5,814	8,362
Less: Amount yet to be paid	(730)	(859)
Add: Payment for acquisition made in prior year	859	3,243
Less: Amount included as interest paid	–	(445)
Purchase of property, plant and equipment	5,943	10,301

Note B

Of the property held for development, an amount of $1,376,000 remains unpaid as at December 31, 2015.

See accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

1 GENERAL

The Company (Registration No.201128650E) was incorporated in Singapore on September 19, 2011 with its principal place of business and registered office at 456 Alexandra Road, #25-01, Fragrance Empire Building, Singapore 119962. The Company was admitted to the Mainboard of Singapore Exchange Securities Trading Limited ("SGX-ST") on April 26, 2012. The financial statements are expressed in Singapore dollars.

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

The principal activities of its subsidiaries are described in Note 12 to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2015 were authorised for issue by the Board of Directors on March 8, 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 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

At the date of authorisation of these financial statements, the following FRSs, INT 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]

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.

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 FRS 109, 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 at FVTOCI. All other debt investments and equity investments are measured at fair value through profit or loss (FVTPL) at the end of subsequent accounting periods except when the irrevocable option is made, to measure an equity investment (that is not held for trading) at FVTOCI.

- 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FRS 109 *Financial Instruments* (Continued)

- 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 which the entity is entitled to in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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

Under FRS 115, an entity recognises revenue as and 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. More prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Extensive disclosures are required by FRS 115.

Based on the existing sources of revenue, management does not expect the implementation of FRS 115 to have a significant impact on the Group upon adoption.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The 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.

- Notes – Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes. In addition, unhelpful guidance and examples with regard to the identification of significant accounting policies are removed.

The above amendments are not expected to have a significant impact on the Group's financial statements upon 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.

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;

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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.

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

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

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 profit or loss.

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument 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 (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value 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 specified categories. The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Loans and receivables

Trade receivables, loans 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 (including trade and other receivables, bank balances and cash) 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 effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

For certain categories of financial assets, 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, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes 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.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade 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.

For financial assets measured at amortised cost, if, 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 was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 rate method, with interest expense recognised on an effective yield basis.

Interest-bearing loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Financial guarantees

The Company has issued corporate guarantees to banks and financial institutions for borrowings of its subsidiaries. These guarantees are financial guarantee contracts as they 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 banks or financial institutions 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 banks or financial institutions.

Derecognition of financial liabilities

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities and equity instruments (Continued)

Derivative financial instruments and hedge accounting

The Group uses interest rate swap ("IRS") to hedge its risks associated with interest rate fluctuations. The IRS is initially recognised at fair value on the date on which a derivative contract is entered into and is subsequently carried at fair value.

The fair value of the IRS is determined by reference to market value quoted by a bank at the reporting date.

The Group classifies the IRS as a cash flow hedge.

Cash flow hedge

A cash flow hedge refers to a hedge against exposure to variability in cash flows attributable to the hedged item.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. The effectiveness of the hedge is assessed on an on-going basis.

The fair value changes on the effective portion of the hedging instrument designated as a cash flow hedge is recognised in the hedging reserve, and any ineffective portion is recognised immediately in the profit or loss statement.

The amount taken to hedging reserve is transferred to the profit or loss statement when the hedged transaction affects profit or loss, such as when the finance cost on the borrowings are recognised in the profit or loss statement.

A fair value of the derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months.

Note 13 contain details of the fair value of the interest rate swap. Movements in the hedging reserve in other comprehensive income are also detailed in Note 19.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are recognised on a straight-line basis over the lease term.

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 unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received as a lessee or granted as a lessor, such incentives are recognised as an asset or liability respectively. The incentives are recognised as reduction of rental expense or rental income on a straight-line basis, except where another systematic basis is more representative of the time pattern for consumption of the economic benefits of the lease.

PROPERTY HELD FOR DEVELOPMENT – Property held for development is stated at the lower of cost and net realisable value. Cost includes expenditure for acquisition of land and related expenditure necessarily incurred to acquire the property.

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.

PROPERTY, PLANT AND EQUIPMENT – Freehold and leasehold land and hotel buildings held for use in the operation of hotels are stated at their revalued amounts. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

Any revaluation increase of freehold and leasehold land and hotel buildings is recognised in other comprehensive income and accumulated in 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 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.

Other plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Leasehold land	–	over the remaining lease periods (2015: 93 to 819 years / 2014: 94 to 820 years)
Hotel buildings	–	over the remaining useful lives (2015: 45 to 60 years / 2014: 46 to 60 years)
Motor vehicles	–	20%
Furniture, fixtures and fittings	–	20%
Office equipment	–	20%
Computers	–	20%
Electrical installation	–	20%
Renovations	–	20%

The estimated useful lives, residual values and depreciation method are reviewed annually, 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 derecognition of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings.

IMPAIRMENT OF TANGIBLE ASSETS – At the end of each reporting period, the Group reviews the carrying amounts of its tangible 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 for which the estimates of future cash flows have not been adjusted.

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in 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.

PROVISIONS – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the 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.

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, rebates and other similar allowances.

Hotel room revenue is recognised upon occupancy of room at the amounts contracted with guests.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease as detailed in the accounting policy relating to leases.

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

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

Income from providing financial guarantee to banks and financial institutions for credit facilities granted to certain wholly-owned subsidiaries are recognised in the profit or loss of the Company over the guarantee periods on a straight-line basis.

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, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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 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.

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

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

SEGMENT – An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Group determines the operating segment based on information that is provided to the Chief Executive Officer ("CEO") for monitoring performance and allocating resources.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each group entity are measured and presented in its functional currency which is the primary economic environment that 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.

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 each reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the respective periods, 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 as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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 stated below and except for judgements relating to accounting estimates.

Classification of property held for development

During the year, the Group acquired land in Perth and classified the cost of $25,943,000 (2014: Nil) as property held for development, included as current assets based on management's intention. The land is in a hotel zone but has a pre-existing planning approval for development to residential property. Management is in the process of evaluating best use for the site.

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.

Useful lives of hotel buildings

Hotel buildings are depreciated over 60 years from the year built or the year in which major renovations are made.

Estimations of useful lives of hotel buildings are dependent on both physical and economic life spans and involve significant management judgements and accounting estimates.

Valuation of freehold and leasehold land and hotel buildings

Freehold and leasehold land and hotel buildings including those under construction are stated at fair value based on independent professional valuations. In estimating the fair values, the valuer has used both the direct comparison method and the income capitalisation method, with each method used as a check against the other before deriving a value for each property.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Valuation of freehold and leasehold land and hotel buildings (Continued)

Details of both methods and the variables affecting valuations are described in Note 11. Any significant changes to these variables, considered as Level 3 of the fair value hierarchy can have a significant impact on the valuations.

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

Recoverability of investments in and additional capital contributions provided to subsidiaries

The Company reviews its investment in and additional capital contributions provided to subsidiaries amounting to $664,738,000 (2014: $667,052,000) as disclosed in Note 12 to determine whether there are any indications that those assets have suffered an impairment loss. In performing its review, the Company considers the operating results and financial position of the respective subsidiaries including in particular, the fair values of their principal assets – land and hotels. On the basis of these considerations, management determines that the amounts are fully recoverable by the Company.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK 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 $'000	2014 $'000	2015 $'000	2014 $'000
				Reclassified (Note 29)
Financial assets				
Derivative financial instrument:	189	–	–	–
Loans and receivables (including cash and cash equivalents)	6,985	45,602	39	249
Financial liabilities				
Amortised cost	488,690	506,740	18,725	16,869
Financial guarantee contracts	–	–	1,667	2,339

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Continued)

(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.

(i) Foreign exchange risk management

At December 31, 2015, the Group has no significant monetary asset or liability denominated in currencies other that the functional currencies of the respective entities of the Group. Consequently there is no significant exposure to foreign exchange risk at the end of the year.

At December 31, 2014, the Group had $35,257,000 of Australian dollar deposits which were subject to the effects of changes in exchange rates between the Australian and Singapore dollars.

(ii) Interest rate risk management

Summary quantitative data of the Group's interest-bearing financial instruments can be found in Section (iv) of this note. The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing assets and liabilities. The Group manages its interest rate exposure by actively reviewing its debt portfolio and switching sources of funding to achieve a certain level of protection against interest hikes as well as using interest rate swap as cash flow hedge of future interest payments for one of the loans (Note 13).

The sensitivity analyses below have been determined based on the exposure to interest rates for the Group's term loans and interest yield on deposits at the end of the reporting period.

If interest rates had been 50 basis points higher or lower and all other variables held constant, the Group's profit before tax would decrease/increase by approximately $2,114,000 (2014: $2,313,000).

(iii) Credit risk management

The Group has adopted a policy of obtaining deposits to mitigate credit risk for trade receivables.

There is 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management policies and objectives (Continued)

(iv) Liquidity risk management

The Group maintains sufficient cash and cash equivalents to finance their activities. The Group finances its liquidity needs through internally generated cash flows and external long term financing.

At December 31, 2015, the Group had available $13,050,000 (2014: $15,860,000) of undrawn facilities.

In August 2013, the Company established a $300,000,000 multicurrency medium term note programme, under which the Company may issue notes from time to time. The Company has not issued any notes under this program as at December 31, 2015.

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the estimated future interest attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statement 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	6,431	–	–	–	6,431
Variable interest rate instruments	2.13	29,283	292,489	203,506	(43,019)	482,259
		35,714	292,489	203,506	(43,019)	488,690
2014						
Non-interest bearing	NA	5,206	–	–	–	5,206
Variable interest rate instruments	1.85	80,161	289,728	177,156	(45,511)	501,534
		85,367	289,728	177,156	(45,511)	506,740

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management policies and objectives (Continued)

(iv) Liquidity risk management (Continued)

Liquidity and interest risk analyses (Continued)

Non-derivative financial liabilities (Continued)

Company

All liabilities of the Company are repayable on demand or within a year and do not bear interest.

Financial guarantees

The Company has provided financial guarantees totalling $541,818,000 (2014: $544,541,000) relating to loans taken by subsidiaries from banks and financial institutions which are also secured by mortgage over properties of the subsidiaries.

Non-derivative financial assets

All financial assets in 2014 and 2015 for Group and Company are due within one year from the reporting period and are non-interest bearing except for those disclosed in Note 7.

(v) Fair value of financial assets and financial liabilities

The carrying amounts of the Group's and Company's financial assets and liabilities approximate their fair values due to short tenures on floating interest rate applicable long term financial liabilities. The fair value of interest rate swap at December 31, 2015 is determined based on present value of future cash flows based on forward interest rates (from observable yield curves at year end) and contracted rates. The fair value is classified as Level 2 of the fair value hierarchy.

(c) Capital risk management policies and objectives

The capital structure of the Group consists of capital and reserves and external borrowings from banks and financial institutions.

The Group manages its capital structure to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance.

Management reviews the capital structure on a quarterly basis. As a part of the review, the management considers the cost of capital and the risks associated with each class of capital and ensures that the Group maintains certain security ratios to comply with the loan covenants imposed by banks and financial institutions. Based on the review, the Group may modify its capital structure through the payment of dividends, new share issues, issue of new debt or the redemption of existing debts.

The Group's overall capital management strategy remains unchanged from prior year.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Continued)

(c) Capital risk management policies and objectives (Continued)

The Group monitors capital using the debt ratio as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Total assets	1,259,565	1,270,091
Total debt	482,259	501,534
Total equity	728,530	719,039
Debt-to-total assets ratio (times)	0.38	0.39
Debt-to-total equity ratio (times)	0.66	0.70

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

Prior to May 20, 2014, the Company was a subsidiary of Fragrance Group Limited ("FGL"), incorporated in Singapore which was also the Company's ultimate holding company.

On May 20, 2014, FGL distributed 537,137,986 shares out of the total shares of 550,000,000 of the Company which FGL held to shareholders of FGL. After the distribution, the Company ceased to be a subsidiary of FGL. However, both the Company and FGL have common controlling shareholders and certain common directors and are considered related parties.

The following transactions in 2014 relate to transactions with FGL and a member of the FGL group of companies.

	Group
	2014
	$'000
Dividends paid to former ultimate holding company	1,430
Rental paid to former related company	84

6 OTHER RELATED PARTY TRANSACTIONS

The following transaction relates to transactions with members of the FGL group of companies.

	Group	
	2015	**2014**
	$'000	**$'000**
Rental paid to related parties which have common directors	264	168

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

6 OTHER RELATED PARTY TRANSACTIONS (Continued)

Compensation of directors and key management personnel

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

	Group	
	2015 $'000	2014 $'000
Short-term benefits	1,181	1,410
Post-employment benefits	92	102
	1,273	1,512

7 CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Cash on hand	31	34	–	–
Cash at bank	4,971	8,084	38	248
Fixed deposits	–	35,257	–	–
	5,002	43,375	38	248

In 2014, fixed deposits earn average effective interest rate of 4.46% per annum and for an average tenure of approximately 17 days for the Group and earn average effective interest rate of 2.59% per annum and for an average tenure of approximately 20 days for the Company.

In 2014, of the total fixed deposits of $35,257,000, an amount of $35,257,000 is denominated in Australian dollars.

At December 31, 2015, cash balances at bank of $1,929,000 earned interest between 0.9% to 1.2% per annum (2014: Nil).

8 TRADE RECEIVABLES

	Group	
	2015 $'000	2014 $'000
External parties	1,356	1,619
Goods and services tax receivable	2,457	1
Allowance for doubtful receivables	–	(3)
	3,813	1,617

Certain customers place deposits and are granted a credit period of 30 days for rental of hotel rooms. In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting date.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

8 TRADE RECEIVABLES (Continued)

The table below is an analysis of the trade receivables as at the end of the reporting period:

	Group	
	2015	**2014**
	$'000	**$'000**
Not past due and not impaired	3,459	1,148
Past due but not impaired	354	469
Trade receivables not impaired	3,813	1,617
Impaired receivables	–	3
Less: Allowance for doubtful receivables	–	(3)
	–	–
Total trade receivables, net	3,813	1,617

The aging profile of trade receivables which were past due but not impaired were as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Past due by:		
30 days to 60 days	229	395
60 days to 90 days	72	35
90 days to 120 days	53	9
> 120 days	–	30
	354	469

The Group has not recognised any allowance for the above receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Movement in the allowance for doubtful receivables:

	Group	
	2015	**2014**
	$'000	**$'000**
Balance at beginning of the year	3	3
Increase in allowance recognised in profit or loss	11	14
Amounts written off during the year	(14)	(14)
Balance at end of the year	–	3

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

9 OTHER RECEIVABLES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
				Reclassified (Note 29)
Prepayments	1,505	1,111	9	9
Deposits	604	504	1	1
Others	23	107	–	–
	2,132	1,722	10	10

10 PROPERTY HELD FOR DEVELOPMENT

	Group	
	2015 $'000	2014 $'000
Land and other related costs	25,943	–

The property held for development as at December 31, 2015 is as follows:

Property and address	Description	Tenure	Approximate land area (sq m)
36 St. Georges Terrace 10 – 14 Pier Street, Perth, Australia	Mixed development	Freehold	2,600

11 PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Leasehold land $'000	Hotel buildings $'000	Motor vehicles $'000	Furniture, fixtures and fittings $'000	Office equipment $'000	Kitchen equipment $'000	Computer $'000	Electrical installation $'000	Renovations $'000	Construction-in-progress $'000	Total $'000
Group												
Cost or valuation:												
At January 1, 2014	654,700	261,640	83,110	197	572	637	64	1,198	246	2,068	190,684	1,195,116
Additions	–	–	3,080	–	470	216	–	124	72	–	4,400	8,362
Revaluation increase (decrease)	19,876	(670)	4,805	–	–	–	–	–	–	–	–	24,011
Disposals/Written off	–	–	–	–	(59)	(32)	(64)	(9)	(8)	(56)	–	(228)
Transfers	175,209	–	19,875	–	–	–	–	–	–	–	(195,084)	–
At December 31, 2014	849,785	260,970	110,870	197	983	821	–	1,313	310	2,012	–	1,227,261
Additions	–	–	4,558	–	466	124	–	455	211	–	–	5,814
Revaluation increase (decrease)	2,135	(3,330)	(4,738)	–	–	–	–	–	–	–	–	(5,933)
Disposals/Written off	–	–	–	(14)	(31)	(68)	–	(601)	(71)	(82)	–	(867)
At December 31, 2015	851,920	257,640	110,690	183	1,418	877	–	1,167	450	1,930	–	1,226,275
Comprising:												
December 31, 2014												
At cost	–	–	–	197	983	821	–	1,313	310	2,012	–	5,636
At valuation	849,785	260,970	110,870	–	–	–	–	–	–	–	–	1,221,625
	849,785	260,970	110,870	197	983	821	–	1,313	310	2,012	–	1,227,261
December 31, 2015												
At cost	–	–	–	183	1,418	877	–	1,167	450	1,930	–	6,025
At valuation	851,920	257,640	110,690	–	–	–	–	–	–	–	–	1,220,250
	851,920	257,640	110,690	183	1,418	877	–	1,167	450	1,930	–	1,226,275
Accumulated depreciation:												
At January 1, 2014	–	–	–	179	291	400	64	782	139	1,376	–	3,231
Depreciation	–	2,258	1,774	8	160	113	–	135	43	405	–	4,896
Eliminated on revaluation	–	(2,258)	(1,774)	–	–	–	–	–	–	–	–	(4,032)
Disposals/Written off	–	–	–	–	(57)	(30)	(64)	(7)	(8)	(45)	–	(211)
At December 31, 2014	–	–	–	187	394	483	–	910	174	1,736	–	3,884
Depreciation	–	2,275	2,048	4	196	112	–	195	60	120	–	5,010
Eliminated on revaluation	–	(2,275)	(2,048)	–	–	–	–	–	–	–	–	(4,323)
Disposals/Written off	–	–	–	(8)	(22)	(62)	–	(562)	(69)	(59)	–	(782)
At December 31, 2015	–	–	–	183	568	533	–	543	165	1,797	–	3,789
Carrying amount:												
At December 31, 2015	851,920	257,640	110,690	–	850	344	–	624	285	133	–	1,222,486
At December 31, 2014	849,785	260,970	110,870	10	589	338	–	403	136	276	–	1,223,377

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

11 PROPERTY, PLANT AND EQUIPMENT (Continued)

Interest capitalised for hotel buildings under construction during 2014 was $445,000 at interest rates ranging from 2.03% to 2.15% per annum (Note 16).

The freehold and leasehold land and hotel buildings are mortgaged to banks and financial institutions to secure credit facilities for the Company and its subsidiaries (Note 16).

Fair value measurement of the Group's land and buildings

The fair values of the Group's land and buildings as at December 31, 2015 and December 31, 2014 were estimated by independent valuers, who have appropriate qualifications and relevant experience in the fair value measurement of the properties.

The fair value of the land and buildings was determined by adopting both the direct comparison method and the income capitalisation method with each method used as a check against the other. In the direct comparison method, the price per room of revalued properties were derived from the price per room for recent sales of comparable properties with adjustments made for differences in location, size, age of building, tenure of land, standard of facilities provided, performance indicators and dates of transactions. In the income capitalisation method, estimated annual income net of expenses is capitalised at an appropriate rate of return to arrive at market value. The market yield is estimated after considering the nature of the property, location, tenure, financial performance of the property, investment risks and the prevailing market conditions.

The fair value measurements of the Group's land and buildings are classified within Level 3 of the fair value hierarchy.

Unobservable inputs which have the most significant impact on fair value measurement as at December 31, 2015 and 2014 were as follows:

	Fair value as at			Significant		
Description	**December 31, 2015**	**December 31, 2014**	**Valuation technique(s)**	**unobservable input(s)**	**December 31, 2015**	**December 31, 2014**
	$'000	**$'000**				
Land and hotel buildings	1,220,250	1,221,625	Direct comparison method	Value per room[1]	$420,000 – $910,000	$405,000 – $895,000
			Income capitalisation method	Capitalisation rate[2]	4.8% – 5.3%	4.8% – 5.5%

(1) Any significant increase or decrease in these inputs can result in a significantly higher or lower fair value respectively.

(2) Any significant increase or decrease in these inputs can result in a significantly lower or higher fair value respectively.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

11 PROPERTY, PLANT AND EQUIPMENT (Continued)

Had the freehold and leasehold land and hotel buildings been carried at historical cost less accumulated depreciation and accumulated impairment losses, their carrying amounts would be as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Freehold land	149,792	149,792
Leasehold land	52,626	53,653
Hotel buildings	87,632	84,865

Details of properties held by the Group as at December 31, 2015 are as follows:

Properties and address	**Tenure**	**Approximate land area (sq m)**	**Number of rooms**
The Fragrance Hotel 219 Joo Chiat Road Singapore 427485	Freehold	672	90
Fragrance Hotel – Balestier 255 Balestier Road Singapore 329710	Freehold	245	48
Fragrance Hotel – Bugis 33 Middle Road Singapore 188942	999 years Leasehold	348	84
Fragrance Hotel – Classic 418 Balestier Road Singapore 329808	Freehold	265	48
Fragrance Hotel – Crystal 50 Lorong 18 Geylang Singapore 398824	Freehold	1,051	125
Fragrance Hotel – Emerald 20 Lorong 6 Geylang Singapore 399174	Freehold	818	126
Fragrance Hotel – Royal 400 Telok Blangah Road Singapore 098838	Freehold	278	32

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

11 PROPERTY, PLANT AND EQUIPMENT (Continued)

Properties and address	Tenure	Approximate land area (sq m)	Number of rooms
Fragrance Hotel – Ruby 10 Lorong 20 Geylang Singapore 398730	Freehold	902	168
Fragrance Hotel – Sapphire 3 Lorong 10 Geylang Singapore 399037	Freehold	528	50
Fragrance Hotel – Imperial 28 Penhas Road Singapore 208187	Freehold	544	74
Fragrance Hotel – Kovan 760 Upper Serangoon Road Singapore 534629	Freehold	284	43
Fragrance Hotel – Lavender 51 Lavender Street Singapore 338710	Freehold	220	35
Fragrance Hotel – Oasis 435 Balestier Road Singapore 329816	Freehold	229	36
Fragrance Hotel – Ocean View 432 Pasir Panjang Road Singapore 118773	Freehold	256	47
Fragrance Hotel – Pearl 21 Lorong 14 Geylang Singapore 398961	Freehold	843	129
Fragrance Hotel – Rose 263 Balestier Road Singapore 329715	Freehold	400	68
Fragrance Hotel – Selegie 183 Selegie Road Singapore 188329	Freehold	468	120
Fragrance Hotel – Sunflower 10 Lorong 10 Geylang Singapore 399043	Freehold	323	27

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

11 PROPERTY, PLANT AND EQUIPMENT (Continued)

Properties and address	Tenure	Approximate land area (sq m)	Number of rooms
Fragrance Hotel – Viva 75 Wishart Road Singapore 098721	Freehold	300	33
Fragrance Hotel – Waterfront 418 Pasir Panjang Road Singapore 118759	Freehold	478	57
Fragrance Hotel – Riverside 20 Hongkong Street Singapore 059663	99 years Leasehold	462	101
Parc Sovereign Hotel 175 Albert Street Singapore 189970	99 years Leasehold	1,165	172
Parc Sovereign Hotel – Tyrwhitt 165 Tyrwhitt Road Singapore 207569	Freehold	2,032	270

12 SUBSIDIARIES

	Company	
	2015 $'000	2014 $'000
		Reclassified (Note 29)
Unquoted equity shares, at cost	592,128	592,128
Deemed interest arising from fair value of financial guarantees	3,211	3,524
Additional capital contributions to subsidiaries	69,399	71,400
	664,738	667,052

Deemed interest represents the fair value of financial guarantees provided by the Company to banks and financial institutions in respect of loans borrowed by its subsidiaries. Management has assessed the fair value of the financial guarantees to be equivalent to 1% (2014: 1%) per annum of the guaranteed loans discounted to present value at 4.75% (2014: 4.75%) per annum over the tenure of loans from the dates when the financial guarantees were issued.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

12 SUBSIDIARIES (Continued)

Details of the Company's subsidiaries at the end of the reporting period are as follows:

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 the Company						
GP Hotel Capital Pte Ltd[1]	Singapore	100	100	100	100	Long term investment in hotel properties
GP Hotel Ventures Pte Ltd[1]	Singapore	100	100	100	100	Long term investment in hotel properties
GP Hotel Investment Pte Ltd[1]	Singapore	100	100	100	100	Long term investment in hotel properties
GP Hotel Assets Pte Ltd[1]	Singapore	100	100	100	100	Long term investment in hotel properties
GP Hotel Heritage Pte Ltd[1]	Singapore	100	100	100	100	Long term investment in hotel properties
GP Hotel Properties Pte Ltd[1]	Singapore	100	100	100	100	Dormant (set up as an investment holding company)
Fragrance Hotel Management Pte Ltd[1]	Singapore	100	100	100	100	Hotel operations
Parc Sovereign Hotel Management Pte Ltd[1]	Singapore	100	100	100	100	Dormant (previously engaged in hotel operations)
GP Hotel Equity Pte Ltd[1]	Singapore	100	100	100	100	Investment holding
Held by GP Hotel Equity Pte Ltd						
GP Hotel Australia Pty Ltd[2][3]	Australia	100	–	100	–	Investment holding
Held by GP Hotel Australia Pty Ltd						
GP Hotel Perth WA Pty Ltd[2][3]	Australia	100	–	100	–	Property development

(1) Audited by Deloitte & Touche LLP, Singapore.

(2) Incorporated during the year.

(3) Audited by Deloitte & Touche LLP, Singapore for consolidation purposes.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

13 DERIVATIVE FINANCIAL INSTRUMENT

	Group	
	2015 $'000	2014 $'000
Asset		
Interest rate swap, designated as a cash flow hedge from a long term bank borrowing	189	–

In 2015, a subsidiary entered into an interest rate swap with a bank to swap the cash flows for floating rate interest on a long term bank loan for fixed rate.

The notional amount of the swap steps down with each instalment repayment of the loan. The swap terminates in May 2017 when the loan is fully repaid.

At December 31, 2015, the notional amount of the interest rate swap was $59,581,000.

14 TRADE PAYABLES

	Group	
	2015 $'000	2014 $'000
External parties	978	895
Goods and services tax payable	709	951
	1,687	1,846

The credit period for trade payables is generally 14 to 30 days (2014: 14 to 30 days).

15 OTHER PAYABLES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Accruals	4,938	3,806	375	369
Withholding income tax on staff costs	112	152	–	–
Deposits received in advance	1,829	1,496	–	–
Advances from subsidiaries (Note 5)	–	–	18,350	16,500
Financial guarantee contracts	–	–	1,667	2,339
Others	515	505	–	–
	7,394	5,959	20,392	19,208
Less: Non-current portion of financial guarantee contracts	–	–	(1,163)	(1,441)
	7,394	5,959	19,229	17,767

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

16 TERM LOANS

	Group	
	2015 $'000	2014 $'000
Term loans, at amortised cost	482,259	501,534
Less: Amount due for settlement within 12 months (shown under current liabilities)	(19,801)	(71,953)
Amount due for settlement after 12 months	462,458	429,581

As 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.

At December 31, 2015, the Group's term loans from banks and financial institutions bear interest rates ranging from 1.80% to 2.50% (2014: 1.70% to 2.18%) per annum. The term loans are secured against the properties of the Group with aggregate fair values of $1,220,250,000 (2014: $1,221,625,000) (Note 11) and corporate guarantees by the Company (Note 12).

17 DEFERRED TAX LIABILITIES

The components of deferred tax and the changes in the year were as follows:

	Accelerated tax depreciation $'000	Revaluation of leasehold land and hotel building including construction-in-progress $'000	Total $'000
Group			
At January 1, 2014	122	36,893	37,015
Charge to other comprehensive income for the year	–	703	703
Charge to profit or loss for the year (Note 23)	*	–	–
At December 31, 2014	122	37,596	37,718
Charge to other comprehensive loss for the year	–	(1,372)	(1,372)
Charge to profit or loss for the year (Note 23)	42	–	42
At December 31, 2015	164	36,224	36,388

* Less than $1,000.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

18 SHARE CAPITAL

	Group and Company			
	2015	2014	2015	2014
	Number of ordinary shares		$'000	$'000
Issued and paid up:				
At beginning and end of year	1,052,000,000	1,052,000,000	263,692	263,692

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.

19 RESERVES

	Revaluation reserve $'000	Merger reserve $'000	Hedging reserve $'000	Total $'000
Group				
At January 1, 2014	875,987	(555,028)	–	320,959
Charge to other comprehensive income for the year	27,340	–	–	27,340
At December 31, 2014	903,327	(555,028)	–	348,299
Charge to other comprehensive (loss) income for the year	(238)	–	190	(48)
At December 31, 2015	903,089	(555,028)	190	348,251

Revaluation reserve

The revaluation reserve arises on the revaluation of land and hotel buildings including those under construction. Where revalued land and buildings are sold, the portion of the property revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to retained earnings.

The revaluation reserve is not available for distribution to the Company's shareholders.

Merger reserve

Merger reserve represents the difference between the nominal amount of the share capital of the subsidiaries at the date on which they were acquired by the Company and the purchase consideration paid by the Company for the acquisition using the principles of merger accounting applicable to business combination under common control.

Hedging reserve

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge recognised in other comprehensive income and accumulated in hedging reserves is reclassified to profit or loss when the hedged transaction impacts the profit or loss.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

20 REVENUE

	Group	
	2015 $'000	2014 $'000
Hotel room revenue	60,000	60,569
Rental revenue	1,113	960
	61,113	61,529

Rental revenue is derived from rental of segregated spaces in hotel buildings to other commercial tenants.

21 OTHER OPERATING INCOME

	Group	
	2015 $'000	2014 $'000
Income from vending machines and internet services	123	263
Interest income from bank balances and deposits	781	514
Rental of space within hotel	200	181
Others	724	359
	1,828	1,317

22 FINANCE COSTS

	Group	
	2015 $'000	2014 $'000
Interest on term loans	10,234	8,640

23 INCOME TAX

	Group	
	2015 $'000	2014 $'000
Current tax	3,216	3,987
Deferred tax (Note 17)	42	*
Under (Over) provision of income tax in prior years	186	(4,396)
Total tax expense (credit)	3,444	(409)

* Less than $1,000.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

23 INCOME TAX (Continued)

Income tax rate is calculated at 17% (2014: 17%) of the estimated assessable profit for the year.

The total charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2015 $'000	2014 $'000
Profit before income tax	18,243	20,840
Income tax expense at 17% (2014: 17%)	3,101	3,543
Effect of expenses that are not deductible in determining taxable profit	871	976
Effect of income exempted from tax	(299)	(171)
Effect of tax concessions[1]	(428)	(361)
Under (Over) provision of income tax in prior years	186	(4,396)
Others	13	–
	3,444	(409)

(1) This mainly relates to the allowances from Section 14Q of Income Tax Act and the Productivity and Innovation Credits (PIC) scheme.

24 PROFIT FOR THE YEAR

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

	Group	
	2015 $'000	2014 $'000
Employee benefits expense (including directors' remuneration)	14,752	13,483
Costs of defined contribution plans included in employee benefits expense	2,056	1,759
Directors' remuneration included in employee benefits expense	496	691
Directors' fees	270	270
Audit fees paid to the auditors	109	104
Non-audit fees paid to the auditors	35	67
Write back of doubtful receivables	(3)	–
Bad debts written off	14	14
Amortisation of fees paid for credit facilities	128	128
Depreciation of property, plant and equipment	5,010	4,896
Loss on disposal of plant and equipment	5	–
Plant and equipment written off	76	16

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

25 EARNINGS PER SHARE

	Group	
	2015	**2014**
Basic and diluted earnings per share (cents)	1.41	2.02

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

	Group	
	2015 $'000	**2014 $'000**
Net profit attributable to equity holders	14,799	21,249

	2015	**2014**
	Number of shares ('000)	
Number of ordinary shares	1,052,000	1,052,000

There are no dilutive ordinary shares for 2015 and 2014.

26 DIVIDENDS PAID

During the financial year ended December 31, 2015, the Company declared and paid a final tax-exempt dividend of $0.005 per ordinary share amounting to $5,260,000 for the financial year ended December 31, 2014.

During the financial year ended December 31, 2014, the Company declared and paid a final tax-exempt dividend of $0.0026 per ordinary share amounting to $2,735,200 for the financial year ended December 31, 2013.

27 SEGMENT INFORMATION

The CEO, who is the chief operating decision maker, reviews, allocates resources and assesses performance of the portfolio of all hotels in Singapore collectively and there is only one business operating unit.

There is negligible revenue from land in Australia held for development in respect of which the Group has incurred $25,943,000 of cost (Note 10).

Geographical information and information about major customers

The Group's hotel operations are solely in Singapore and revenue is spread over a broad base of customers.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

28 OPERATING LEASE ARRANGEMENTS

The Group as lessor

The Group rents out its properties under operating leases. Rental income earned during the year was $1,304,000 (2014: $1,141,000).

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

	Group	
	2015 $'000	2014 $'000
Within one year	1,051	1,133
In the second to fifth year inclusive	442	879
	1,493	2,012

The Group as lessee

	Group	
	2015 $'000	2014 $'000
Payment recognised as an expense during the year	493	252

At the end of the reporting period, the Group has outstanding commitments for the lease of office premises and staff accommodation under non-cancellable operating lease, which fall due as follows:

	Group	
	2015 $'000	2014 $'000
Within one year	565	390
In the second to fifth year inclusive	814	258
	1,379	648

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

29 RECLASSIFICATIONS AND COMPARATIVE FIGURES

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 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
Other receivables – current asset	71,410	(71,400)	10
Subsidiaries – non-current asset	595,652	71,400	667,052
Total current assets	71,658	(71,400)	258
Total non-current assets	595,652	71,400	667,052

No reclassification is required for the corresponding line items as of December 31, 2013. The above reclassifications have no effect on the Group's statement of financial position.

SHAREHOLDING STATISTICS

As at 19 February 2016

Shareholders' Information

No. of issued shares	:	1,052,000,000
Issued and fully paid-up	:	$263.69 million
Class of Shares	:	Ordinary Shares
Voting rights	:	One vote for each ordinary share

Distribution of Shareholders by Size of Shareholdings

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	49	1.36	2,571	0.00
100 – 1,000	572	15.86	369,686	0.03
1,001 – 10,000	1,735	48.10	7,113,845	0.68
10,001 – 1,000,000	1,211	33.57	99,379,301	9.45
1,000,001 AND ABOVE	40	1.11	945,134,597	89.84
TOTAL	**3,607**	**100.00**	**1,052,000,000**	**100.00**

Twenty Largest Shareholders

NO.	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	KOH WEE MENG	351,094,700	33.37
2	DBS NOMINEES PTE LTD	168,232,610	15.99
3	HONG LEONG FINANCE NOMINEES PTE LTD	100,147,000	9.52
4	SING INVEST & FIN NOMINEES PTE LTD	80,460,000	7.65
5	LIM WAN LOOI	58,800,000	5.59
6	2G CAPITAL PTE LTD	35,000,000	3.33
7	BANK OF SINGAPORE NOMINEES PTE LTD	23,833,640	2.27
8	UNITED OVERSEAS BANK NOMINEES PTE LTD	23,529,640	2.24
9	TAN SU KIOK OR SIA LI WEI JOLIE (SHE LIWEI JOLIE)	10,942,700	1.04
10	RAFFLES NOMINEES (PTE) LTD	10,584,720	1.01
11	OCBC SECURITIES PRIVATE LTD	7,068,060	0.67
12	CIMB SECURITIES (SINGAPORE) PTE LTD	5,178,246	0.49
13	KOH KOW TEE MICHAEL	5,043,000	0.48
14	SEE HUNG YEE	5,000,000	0.48
15	LEE AH POY	4,955,440	0.47
16	MAYBANK KIM ENG SECURITIES PTE LTD	4,456,958	0.42
17	ONG ZHEN YUAN	4,000,000	0.38
18	PRECISE DEVELOPMENT PTE LTD	4,000,000	0.38
19	JIMMY LEE PENG SIEW	3,960,960	0.38
20	UOB KAY HIAN PTE LTD	3,672,920	0.35
	TOTAL	**909,960,594**	**86.51**

SHAREHOLDING STATISTICS

As at 19 February 2016

Substantial Shareholders

	Direct Interest	%	Indirect Interest	%
Koh Wee Meng[1]	682,700,000[2]	64.89	58,800,000	5.59
Lim Wan Looi[1]	58,800,000	5.59	682,700,000[2]	64.89

Notes:

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

(2) Of the 682,700,000 shares in which Dr Koh Wee Meng has an interest, 150,000,000 shares are held through DBS Nominees Pte Ltd, 100,000,000 shares are held through Hong Leong Finance Nominees Pte Ltd and 80,000,000 shares are held through Sing Invest & Fin Nominees Pte Ltd.

Shareholdings held in the hands of the public

Based on information available to the Company as at 19 February 2016, approximately 27.64% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

PARTICULARS OF PROPERTIES OWNED BY THE GROUP

as at December 31, 2015

A Classified as Property Held for Development (Note 10 to the financial statements)

Location	Tenure	Approximate Land Area (Sq m)	Type	Effective Stake
36 St. Georges Terrace 10-14 Pier Street, Perth, Australia	Freehold	2,600	Mixed development	100%

B Classified as Property, plant and equipment (Note 11 to the financial statements)

Name and Address	Tenure	Approximate Land Area (Sq m)	Approximate Gross Floor Area (Sq m)	No of Rooms	Effective Stake
The Fragrance Hotel 219 Joo Chiat Road Singapore 427485	Freehold	672	2,105	90	100%
Fragrance Hotel – Balestier 255 Balestier Road Singapore 329710	Freehold	245	890	48	100%
Fragrance Hotel – Bugis 33 Middle Road Singapore 188942	999 years Leasehold	348	1,575	84	100%
Fragrance Hotel – Classic 418 Balestier Road Singapore 329808	Freehold	265	841	48	100%
Fragrance Hotel – Crystal 50 Lorong 18 Geylang Singapore 398824	Freehold	1,051	3,360	125	100%
Fragrance Hotel – Emerald 20 Lorong 6 Geylang Singapore 399174	Freehold	818	2,677	126	100%
Fragrance Hotel – Imperial 28 Penhas Road Singapore 208187	Freehold	544	1,714	74	100%
Fragrance Hotel – Kovan 760 Upper Serangoon Road Singapore 534629	Freehold	284	850	43	100%
Fragrance Hotel – Lavender 51 Lavender Street Singapore 338710	Freehold	220	658	35	100%
Fragrance Hotel – Oasis 435 Balestier Road Singapore 329816	Freehold	229	687	36	100%

PARTICULARS OF PROPERTIES OWNED BY THE GROUP

as at December 31, 2015

Name and Address	Tenure	Approximate Land Area (Sq m)	Approximate Gross Floor Area (Sq m)	No of Rooms	Effective Stake
Fragrance Hotel – Ocean View 432 Pasir Panjang Road Singapore 118773	Freehold	256	875	47	100%
Fragrance Hotel – Pearl 21 Lorong 14 Geylang Singapore 398961	Freehold	843	2,582	129	100%
Fragrance Hotel – Rose 263 Balestier Road Singapore 329715	Freehold	400	1,179	68	100%
Fragrance Hotel – Royal 400 Telok Blangah Road Singapore 098838	Freehold	278	656	32	100%
Fragrance Hotel – Ruby 10 Lorong 20 Geylang Singapore 398730	Freehold	902	2,919	168	100%
Fragrance Hotel – Sapphire 3 Lorong 10 Geylang Singapore 399037	Freehold	528	1,524	50	100%
Fragrance Hotel – Selegie 183 Selegie Road Singapore 188329	Freehold	468	2,128	120	100%
Fragrance Hotel – Sunflower 10 Lorong 10 Geylang Singapore 399043	Freehold	323	733	27	100%
Fragrance Hotel – Viva 75 Wishart Road Singapore 098721	Freehold	300	668	33	100%
Fragrance Hotel – Waterfront 418 Pasir Panjang Road Singapore 118759	Freehold	478	1,024	57	100%
Fragrance Hotel – Riverside 20 Hongkong Street Singapore 059663	99 years Leasehold	462	2,156	101	100%
Parc Sovereign Hotel 175 Albert Street Singapore 189970	99 years Leasehold	1,165	4,075	172	100%
Parc Sovereign Hotel – Tyrwhitt 165 Tyrwhitt Road Singapore 207569	Freehold	2,032	6,962	270	100%

The above additional information are provided in compliance with Rule 1207 (11) of the Listing Manual.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Global Premium Hotels Limited will be held on 8 April 2016 at 9.00 a.m. at 456 Alexandra Road #04-07 Fragrance Empire Building Singapore 119962, to transact the following businesses:

AS ORDINARY BUSINESS

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

2. To approve the proposed Directors' fee of $270,000/- for the financial year ended 31 December 2015. [2014: $270,000/-] **[Resolution 2]**

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

(a)	Mr Woo Peng Kong	{retiring pursuant to Article 89}	**[Resolution 3]**
(b)	Dr Kwan Chee Wai	{retiring pursuant to Article 89}	**[Resolution 4]**
(c)	Ms Ko Lee Meng	{retiring pursuant to Article 96}	**[Resolution 5]**
(d)	Mr Khoo Chee Meng Mark	{retiring pursuant to Article 96}	**[Resolution 6]**

4. To re-appoint Messrs Deloitte & Touche LLP, as the Company's Auditors and to authorise the Directors to fix their remuneration. **[Resolution 7]**

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

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following 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, Cap. 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 Consititution of the Company to be held, whichever is the earlier." **[Resolution 8]**
[See Explanatory Note on Special Business (i)]

NOTICE OF ANNUAL GENERAL MEETING

7. Authority to issue shares under the Global Premium Hotels Performance Share Plan.

"THAT pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be and are hereby authorised to offer and grant Awards in accordance with the rules of the Global Premium Hotels 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 9]**
[See Explanatory Note on Special Business (ii)]

8. Renewal of Share Purchase 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) on-market purchase(s) (each an "**On-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 Purchase Mandate**");

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Purchase 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 Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held; or

NOTICE OF ANNUAL GENERAL MEETING

(ii) the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

In this Ordinary Resolution:

"**Average Closing Price**" means the average of the closing market prices of a Share for the five (5) consecutive Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, such stock exchange on which the Shares are listed and quoted, immediately preceding the date of the On-Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the Listing Rules for any corporate action which occurs after the relevant five (5) Market Days;

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

"**Maximum Limit**" means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date); 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:

(i) in the case of an On-Market Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 110% of the Average Closing Price; and

(d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution. **[Resolution 10]**
[See Explanatory Note on Special Business (iii)]

BY ORDER OF THE BOARD

Keloth Raj Kumar (Mr)
Company Secretary

Singapore,
17 March 2016

NOTICE OF ANNUAL GENERAL MEETING

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 #25-01 Fragrance Empire Building Singapore 119962 not less than 48 hours before the time appointed for the Meeting.

Notes to item no. 3

(a) Mr Woo Peng Kong is the Lead Independent Director, Chairman of the Audit Committee and a member of the Remuneration Committee. He will continue in the said capacities upon re-election as a Director of the Company.

(b) Dr Kwan Chee Wai is an Independent Director, the Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees. He will continue in the said capacities upon re-election as a Director of the Company.

(c) Ms Ko Lee Meng is an Executive Director, Deputy Chairman and Chief Executive Officer. She will continue in the said capacities upon re-election as a Director of the Company.

(d) Mr Khoo Chee Meng Mark is an Executive Director and Chief Operating Officer. He will continue in the said capacity upon re-election as a Director of the Company.

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED:

(i) In the proposed **Resolution 8** 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 8, 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 9**, 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 issues shares up to an amount in aggregate not exceeding fifteen per cent (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.

NOTICE OF ANNUAL GENERAL MEETING

(iii) The proposed **Resolution 10**, 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 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 as at the date of this Resolution at such price(s) up to the Maximum Price (as defined in Resolution 10 above). Detailed information on the Share Purchase Mandate (as defined in Resolution 10 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 17 March 2016 accompanying this Notice of Annual General Meeting.

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.

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PROXY FORM

GLOBAL PREMIUM HOTELS LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No. 201128650E

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 Global Premium Hotels 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.

I/We _____ NRIC/Passport No. _____

of _____

being a *member/members of Global Premium Hotels Limited, hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings	
			No. of Shares	%

*and/or failing him/her/them

as *my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 8 April 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 discretion.

No.	Resolution	For**	Against**
1.	To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2015 together with the Auditor's Report thereon.		
2.	To approve the proposed Directors' Fees of $270,000/- for the financial year ended 31 December 2015. [2014:$270,000/-]		
3.	To re-elect Mr Woo Peng Kong as a Director {retiring pursuant to Article 89}.		
4.	To re-elect Dr Kwan Chee Wai as a Director {retiring pursuant to Article 89}		
5.	To re-elect Ms Ko Lee Meng as a Director {retiring pursuant to Article 96}		
6.	To re-elect Mr Khoo Chee Meng Mark as a Director {retiring pursuant to Article 96}		
7.	To re-appoint Messrs Deloitte & Touche LLP as the Company's Auditors and to authorise the Directors to fix their remuneration.		
8.	Authority to allot and issue shares up to 50% of issued share capital		
9.	Authority to issue shares under the Global Premium Hotels Limited Performance Share Plan		
10.	Authority to purchase up to ten per cent (10%) of issued ordinary shares excluding treasury shares under the Share Purchase Mandate		

* *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 1):	

_____

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

Notes:

1. 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.

2. (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.

3. A proxy need not be a member of the Company.

4. 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.

5. 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.

6. 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.

7. An instrument appointing a proxy must be deposited at the registered office of the Company 456 Alexandra Road #25-01 Fragrance Empire Building Singapore 119962 not less than 48 hours before the time appointed for holding the meeting.

8. 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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