GLOBAL PREMIUM HOTELS LIMITED
(Company registration no. 201128650E)

UNAUDITED FINANCIAL RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2014

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INTRODUCTION

Global Premium Hotels Limited ("GPHL") was incorporated as a private limited liability company on 19 September 2011 and listed on the Singapore Exchange Securities Trading Limited ("**SGX**") on 26 April 2012.

GPHL and its subsidiaries (the "Group") operate 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. The Group provides economy-tier and mid-tier class of accommodation with 1,983 rooms in Singapore as at 30 June 2014.

The Group is principally engaged in the business of developing and operating economy-tier to mid-tier class hotels. Most of the Group's hotels are located in the city or city-fringe areas. The established track record and reputation of providing affordable accommodation has led to the "Fragrance" brand of hotels becoming well recognised in the local and regional hospitality industry.

GLOBAL PREMIUM HOTELS LIMITED
UNAUDITED FINANCIAL RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2014

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

	Group					
	2Q 2014 S$'000	**2Q 2013 S$'000**	**% Change**	**1H 2014 S$'000**	**1H 2013 S$'000**	**% Change**
Revenue	14,519	15,373	(5.6)	28,291	29,924	(5.5)
Cost of sales	(1,734)	(1,997)	(13.2)	(3,358)	(3,933)	(14.6)
Gross profit	**12,785**	**13,376**	**(4.4)**	**24,933**	**25,991**	**(4.1)**
Other operating income	165	146	13.0	604	327	84.7
Administrative expenses	(6,092)	(5,452)	11.7	(11,864)	(11,050)	7.4
Finance costs	(2,069)	(1,933)	7.0	(4,089)	(3,884)	5.3
Profit before income tax	**4,789**	**6,137**	**(22.0)**	**9,584**	**11,384**	**(15.8)**
Income tax	(977)	(1,240)	(21.2)	(1,822)	(2,162)	(15.7)
Profit for the period	**3,812**	**4,897**	**(22.2)**	**7,762**	**9,222**	**(15.8)**
Other comprehensive income:						
Transfer of depreciation on revaluation of leasehold land and hotel buildings to revaluation reserve	984	856	15.0	1,937	1,713	13.1
Net other comprehensive income for the period	**984**	**856**	**15.0**	**1,937**	**1,713**	**13.1**
Total comprehensive income for the period	**4,796**	**5,753**	**(16.6)**	**9,699**	**10,935**	**(11.3)**

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

	Group					
	2Q 2014 S$'000	**2Q 2013 S$'000**	**% Change**	**1H 2014 S$'000**	**1H 2013 S$'000**	**% Change**
Depreciation and amortisation	1,246	1,103	13.0	2,420	2,213	9.4
Plant and equipment written off	12	-	N.M.	12	-	N.M.
Finance costs	2,069	1,933	7.0	4,089	3,884	5.3
Interest income	(39)	(10)	290.0	(55)	(39)	41.0
Under/(over) provision of income tax in prior years	3	-	N.M.	(29)	(1)	N.M.
Allowance/(write back) for doubtful debts, net	12	(1)	N.M.	12	(1)	N.M.

N.M. – not meaningful

1(b)(i) Statements of Financial Position as at 30 Jun 2014 vs 31 Dec 2013

	Group			Company		
	30 Jun 2014 S$'000	31 Dec 2013 S$'000	% Change	30 Jun 2014 S$'000	31 Dec 2013 S$'000	% Change
ASSETS						
Current assets						
Cash and cash equivalents	6,815	11,578	(41.1)	235	5,333	(95.6)
Trade receivables	1,539	1,537	0.1	-	-	-
Other receivables[1]	1,849	5,831	(68.3)	6	9	(33.3)
Amount due from subsidiaries	-	-	-	71,890	36,490	97.0
Total current assets	**10,203**	**18,946**	**(46.1)**	**72,131**	**41,832**	**72.4**
Non-current assets						
Property, plant and equipment[2]	1,198,943	1,191,885	0.6	-	-	-
Investment in subsidiaries	-	-	-	595,356	595,530	N.M.
Total non-current assets	**1,198,943**	**1,191,885**	**0.6**	**595,356**	**595,530**	N.M.
Total assets	**1,209,146**	**1,210,831**	**(0.1)**	**667,487**	**637,362**	**4.7**
LIABILITIES AND EQUITY						
Current liabilities						
Trade payables	1,781	1,800	(1.1)	-	-	-
Other payables[3]	6,741	7,727	(12.8)	818	1,065	(23.2)
Term loans	15,320	17,553	(12.7)	-	-	-
Income tax payable	7,883	8,576	(8.1)	4	3	33.3
Amount due to subsidiaries	-	-	-	16,800	19,000	(11.6)
Total current liabilities	**31,725**	**35,656**	**(11.0)**	**17,622**	**20,068**	**(12.2)**
Non-current liabilities						
Term loans	460,272	464,975	(1.0)	-	-	-
Deferred tax liabilities	37,000	37,015	N.M.	-	-	-
Other payables	-	-	-	1,439	1,734	(17.0)
Total non-current liabilities	**497,272**	**501,990**	**(0.9)**	**1,439**	**1,734**	**(17.0)**
Capital and reserves						
Share capital	263,692	263,692	-	263,692	263,692	-
Revaluation reserve	877,924	875,987	0.2	-	-	-
Merger reserve	(555,028)	(555,028)	-	-	-	-
Retained earnings	93,561	88,534	5.7	384,734	351,868	9.3
Total equity	**680,149**	**673,185**	**1.0**	**648,426**	**615,560**	**5.3**
Total liabilities and equity	**1,209,146**	**1,210,831**	**(0.1)**	**667,487**	**637,362**	**4.7**

N.M. – not meaningful

Footnotes:

1. *Decrease in other receivables was mainly due to refund of deposits of $4.8 million received in 1Q 2014, partially offset by deposits paid for hotel consumables and services rendered by vendors.*

2. *Increase in Property, plant and equipment was mainly due to additional costs incurred towards the construction of the hotel property located at 165 Tyrwhitt Road, now known as Parc Sovereign Hotel – Tyrwhitt.*

3. *Decrease in other payables was mainly due to payment made to other creditors in relation to the construction works of Parc Sovereign Hotel – Tyrwhitt.*

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

		Group		Company	
		30 Jun 2014 S$'000	31 Dec 2013 S$'000	30 Jun 2014 S$'000	31 Dec 2013 S$'000
Secured borrowings					
- Amount repayable within one year		15,320	17,553	-	-
- Amount repayable after one year		460,272	464,975	-	-
	(1)	**475,592**	**482,528**	**-**	**-**

Footnote:

1. *The decrease in the Group's borrowings as at 30 June 2014 was mainly due to repayment of term loans, partially offset by additional loans drawn down in connection with the construction of Parc Sovereign hotel – Tyrwhitt.*

Details of collaterals

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

i) the legal mortgage of our hotels;

ii) assignment of rental proceeds, construction contracts, performance bonds (if any), insurance policies and debentures; and

iii) corporate guarantee by GPHL.

1(c) Consolidated Statement of Cash Flows

	Group			
	2Q 2014 S$'000	**2Q 2013 S$'000**	**1H 2014 S$'000**	**1H 2013 S$'000**
Operating activities				
Profit before income tax	4,789	6,137	9,584	11,384
Adjustments for:				
Interest income	(39)	(10)	(55)	(39)
Allowance/(write back) for doubtful debts, net	12	(1)	12	(1)
Finance costs	2,069	1,933	4,089	3,884
Depreciation and amortisation	1,246	1,103	2,420	2,213
Plant and equipment written off	12	-	12	-
Operating cash flows before movements in working capital	**8,089**	**9,162**	**16,062**	**17,441**
Trade receivables	113	(92)	(14)	(134)
Other receivables	(20)	126	4,219	(142)
Trade payables	(79)	316	(19)	(123)
Other payables	496	(215)	1,184	230
Cash generated from operating activities	**8,599**	**9,297**	**21,432**	**17,272**
Interest paid [1]	(2,595)	(2,124)	(4,697)	(4,359)
Income tax paid	(1,239)	(2,948)	(2,531)	(2,987)
Net cash from operating activities	**4,765**	**4,225**	**14,204**	**9,926**
Investing activities				
Interest received	39	10	55	39
Purchase of property, plant and equipment	(5,181)	(3,277)	(9,132)	(4,560)
Net cash used in investing activities	**(5,142)**	**(3,267)**	**(9,077)**	**(4,521)**
Financing activities				
Proceeds from term loans	51,256	8,358	54,737	8,358
Repayment of term loans	(57,820)	(4,144)	(61,892)	(7,584)
Dividend paid	(2,735)	(10,625)	(2,735)	(12,729)
Net cash used in financing activities	**(9,299)**	**(6,411)**	**(9,890)**	**(11,955)**
Decrease in cash and cash equivalents	**(9,676)**	**(5,453)**	**(4,763)**	**(6,550)**
Cash and cash equivalents at beginning of period	**16,491**	**14,216**	**11,578**	**15,313**
Cash and cash equivalents at end of period	**6,815**	**8,763**	**6,815**	**8,763**

Footnote:

1. Interest paid includes interest costs capitalised under Property, plant and equipment.

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

	Share capital	Revaluation reserve	Merger reserve	Retained earnings	Total
Group	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Balance as at 1 January 2014	**263,692**	**875,987**	**(555,028)**	**88,534**	**673,185**
Transactions with owners, recognised directly in equity					
Dividend	-	-	-	(2,735)	(2,735)
Total	-	-	-	(2,735)	(2,735)
Total comprehensive income for the period					
Profit for the period	-	-	-	3,950	3,950
Other comprehensive income for the period	-	953	-	-	953
Total	-	953	-	3,950	4,903
Balance as at 31 March 2014	**263,692**	**876,940**	**(555,028)**	**89,749**	**675,353**
Total comprehensive income for the period					
Profit for the period	-	-	-	3,812	3,812
Other comprehensive income for the period	-	984	-	-	984
Total	-	984	-	3,812	4,796
Balance as at 30 June 2014	**263,692**	**877,924**	**(555,028)**	**93,561**	**680,149**
Balance as at 1 January 2013	**263,692**	**621,584**	**(555,028)**	**79,788**	**410,036**
Transactions with owners, recognised directly in equity					
Dividend	-	-	-	(10,625)	(10,625)
Total	-	-	-	(10,625)	(10,625)
Total comprehensive income for the period					
Profit for the period	-	-	-	4,325	4,325
Other comprehensive income for the period	-	857	-	-	857
Total	-	857	-	4,325	5,182
Balance as at 31 March 2013	**263,692**	**622,441**	**(555,028)**	**73,488**	**404,593**
Total comprehensive income for the period					
Profit for the period	-	-	-	4,897	4,897
Other comprehensive income for the period	-	856	-	-	856
Total	-	856	-	4,897	5,753
Balance as at 30 June 2013	**263,692**	**623,297**	**(555,028)**	**78,385**	**410,346**

Company	**Share capital**	**Retained earnings**	**Total**
	S$'000	**S$'000**	**S$'000**
Balance as at 1 January 2014	**263,692**	**351,868**	**615,560**
Transactions with owners, recognised directly in equity			
Dividend	-	(2,735)	(2,735)
Total	-	(2,735)	(2,735)
Total comprehensive income for the period			
Loss for the period	-	(52)	(52)
Total	-	(52)	(52)
Balance as at 31 March 2014	**263,692**	**349,081**	**612,773**
Total comprehensive income for the period			
Profit for the period	-	35,653	35,653
Total	-	35,653	35,653
Balance as at 30 June 2014	**263,692**	**384,734**	**648,426**
Balance as at 1 January 2013	**263,692**	**1,966**	**265,658**
Transactions with owners, recognised directly in equity			
Dividend	-	(10,625)	(10,625)
Total	-	(10,625)	(10,625)
Total comprehensive income for the period			
Profit for the period	-	10,573	10,573
Total	-	10,573	10,573
Balance as at 31 March 2013	**263,692**	**1,914**	**265,606**
Total comprehensive income for the period			
Loss for the period	-	(191)	(191)
Total	-	(191)	(191)
Balance as at 30 June 2013	**263,692**	**1,723**	**265,415**

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

	Company	
	No of shares	**Capital S$'000**
As at 1 January 2014 & as at 30 June 2014	**1,052,000,000**	**263,692**

There was no movement in the issued and paid-up capital of the Company since 31 December 2013.

1(d)(iii) Treasury Shares

The Company did not hold any treasury shares as at 30 June 2014 and 31 December 2013.

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

There were no sales, transfer, disposal, cancellation and/or use of treasury shares for the period ended 30 June 2014.

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and method of computation in the financial statements for the current financial period, which are consistent with those described in the audited financial statements for the year ended 31 December 2013, except for the adoption of new and revised Financial Reporting Standards (FRS) which become effective for the financial year beginning on or after 1 January 2014.

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

Please refer to Item 4 above.

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

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

	Group			
	2Q 2014	**2Q 2013**	**1H 2014**	**1H 2013**
Weighted average number of shares in issue	1,052,000,000	1,052,000,000	1,052,000,000	1,052,000,000
Earnings per share ("EPS")[1]				
Based on weighted average number of shares in issue	0.36¢	0.47¢	0.74¢	0.88¢
Based on fully diluted basis	0.36¢	0.47¢	0.74¢	0.88¢
Number of shares in issue at end of period	1,052,000,000	1,052,000,000	1,052,000,000	1,052,000,000

Footnote:

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

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

	Group		Company	
	30 Jun 2014	**31 Dec 2013**	**30 Jun 2014**	**31 Dec 2013**
NAV per share	64.65¢	63.99¢	61.64¢	58.51¢

The NAV per share as at 30 June 2014 and 31 December 2013 were calculated based on 1,052,000,000 shares in issue.

8 Review of the performance

2Q 2014 vs 2Q 2013

Group	**2Q 2014 S$'000**	**2Q 2013 S$'000**	**% Change**
Hotel room revenue	14,297	15,127	(5.5)
Rental income	222	246	(9.8)
Total revenue	**14,519**	**15,373**	**(5.6)**
Cost of sales	(1,734)	(1,997)	(13.2)
Gross profit	**12,785**	**13,376**	**(4.4)**
Other operating income	165	146	13.0
Administrative expenses	(6,092)	(5,452)	11.7
Finance costs	(2,069)	(1,933)	7.0
Profit before income tax	**4,789**	**6,137**	**(22.0)**
Income tax	(977)	(1,240)	(21.2)
Profit for the period	**3,812**	**4,897**	**(22.2)**

Hotel room revenue for 2Q 2014 decreased by $0.8 million, or 5.5% over 2Q 2013. This was mainly due to i) lower contribution from Fragrance Hotel – Pearl of $0.6 million due to temporary closure to carry out Asset Enhancement Works ("AEW") to achieve stronger positioning and better yield; ii) lower revenue of $0.6 million recognised from the remaining hotels; and iii) closure of Fragrance Hotel – Elegance in 4Q 2013 due to cessation of tenancy agreement. The decrease was partially offset with the maiden revenue contribution of $0.5 million from Parc Sovereign Hotel – Tyrwhitt which commenced operation in early June 2014.

The Group's average occupancy rate ("AOR") decreased from 93.1% in 2Q 2013 to 85.7% in 2Q 2014 and Revenue Per Available Room ("RevPAR") decreased from $95.7 in 2Q 2013 to $92.8 in 2Q 2014.

Rental income for 2Q 2014 decreased by 9.8% over 2Q 2013. This was due to lower recognition of rental income mainly from three commercial units within the hotels.

Cost of sales for 2Q 2014 decreased by $0.3 million, or 13.2% over 2Q 2013. This was mainly due to absence of rental expenses pertaining to Fragrance Hotel – Elegance which ceased operations, and savings in utilities and cable services in 2Q 2014.

Administrative expenses for 2Q 2014 increased by $0.6 million, or 11.7% over 2Q 2013. This was mainly due to increase in depreciation and staff costs.

Finance costs for 2Q 2014 increased by $0.1 million, or 7% over 2Q 2013. This was mainly due to the recognition of interest expenses to profit and loss, on loans pertaining to Parc Sovereign Hotel – Tyrwhitt following its completion of construction and commencement of business operations.

Income tax for 2Q 2014 decreased by $0.3 million, or 21.2% over 2Q 2013 mainly due to decrease in profit before income tax.

1H 2014 vs 1H 2013

Group	**1H 2014 S$'000**	**1H 2013 S$'000**	**% Change**
Hotel room revenue	27,848	29,427	(5.4)
Rental income	443	497	(10.9)
Total revenue	**28,291**	**29,924**	**(5.5)**
Cost of sales	(3,358)	(3,933)	(14.6)
Gross Profit	**24,933**	**25,991**	**(4.1)**
Other operating income	604	327	84.7
Administrative expenses	(11,864)	(11,050)	7.4
Finance costs	(4,089)	(3,884)	5.3
Profit before income tax	**9,584**	**11,384**	**(15.8)**
Income tax	(1,822)	(2,162)	(15.7)
Profit for the year	**7,762**	**9,222**	**(15.8)**

Hotel room revenue for 1H 2014 decreased by $1.6 million, or 5.4% over 1H 2013. This was mainly due to i) lower contribution from Fragrance Hotel – Pearl of $0.9 million due to temporary closure to carry out AEW to achieve stronger positioning and better yield; ii) lower revenue of $0.8 million recognised from the remaining hotels; and iii) closure of Fragrance Hotel – Elegance in 4Q 2013 due to cessation of tenancy agreement. The decrease was partially offset with the maiden revenue contribution of $0.5 million from Parc Sovereign Hotel – Tyrwhitt which commenced operations in early June 2014.

The Group's AOR decreased from 91.4% in 1H 2013 to 85.9% in 1H 2014 and RevPAR decreased from $93.6 in 1H 2013 to $91.9 in 1H 2014.

Rental income for 1H 2014 decreased by 10.9% over 1H 2013. This was due to lower recognition of rental income mainly from three commercial units within the hotels.

Cost of sales for 1H 2014 decreased by $0.6 million, or 14.6% over 1H 2013. This was mainly due to absence of rental expenses pertaining to Fragrance Hotel – Elegance which ceased operations, and savings in utilities and cable services in 1H 2014.

Other operating income for 1H 2014 increased by $0.3 million, or 84.7% over 1H 2013 due to recognition of wage credit in 1Q 2014 for qualifying year 2013.

Administrative expenses for 1H 2014 increased by $0.8 million, or 7.4% over 1H 2013. This was mainly due to i) increase in depreciation and staff costs; ii) recognition of one-off expenses in relation to voluntary unconditional cash offer by DBS Bank Ltd for and on behalf of Mr Koh Wee Meng in 1Q 2014; and partly offset by decrease in property tax expenses.

Finance costs for 1H 2014 increased by $0.2 million, or 5.3% over 1H 2013. This was mainly due to i) recognition of interest expenses to profit and loss, on loans pertaining to Parc Sovereign Hotel – Tyrwhitt following its completion of construction and commencement of business operations; and ii) higher average interest rate in 1H 2014 as compared to 1H 2013.

Income tax for 1H 2014 decreased by $0.3 million, or 15.7% over 1H 2013 mainly due to decrease in profit before income tax.

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

The current results are broadly in line with the prospects statement made in the first quarter 2014 financial results announcement.

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

Visitor arrivals from Jan to May 2014 fell by 1.7%[(1)] year-on-year largely due to a significant decline in arrivals from China. While some segments of the market showed improvement, the decline in arrivals from China was 27.4%[(1)].

This, coupled with the new supply of rooms coming into the market, had resulted in lowering the industry's average occupancy rate to 84.6%[(2)], which is a drop of 1.0% from the same period last year.

In light of the above factors, 2014 will continue to be a challenging year for the Group. However, with the full operation of the new hotel, Parc Sovereign Hotel – Tyrwhitt from Jun 2014 and the completion of AEW in Fragrance Hotel – Pearl, the Group hopes to see a better performance in 2H 2014 as compared to the 1H 2014.

Footnotes:
1. *Source: Estimated according to Singapore Tourism Board ("STB") – International Visitor Arrivals Statistics published on 23 Jul 2014*
2. *Source: STB – Hotel Statistics 2014 (Preliminary) published on 8 Jul 2014*

11 Dividend

11(a) **Current Financial Period**

Any dividend declared for the current financial period? No

11(b) **Corresponding period of the preceding financial period**

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

11(c) Date payable : Not applicable

11(d) Book closure date : Not applicable

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

Not applicable.

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

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

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

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Group and the Company (comprising the statements of financial position and the result of business, consolidated statement of profit or loss and other comprehensive income, statements of changes in equity and consolidated statement of cash flows, together with their accompanying notes) as at 30 June 2014, to be false or misleading in any material respect.

On behalf of the Board

Mr Koh Wee Meng
Chairman

Mr Lim Chee Chong
Chief Executive Officer

30 July 2014

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