
AMARA HOLDINGS LIMITED

*Annual Report 2015*

# CONTENTS


02 Amara Vision
03 Amara Brand
06 Our Business Portfolio
13 CEO's Message
17 Board of Directors
23 Operations and Financial Review
24 Hotel Investment and Management
26 Property Investment and Development
28 Specialty Restaurants and Food Services
30 Building Sustainable Growth
32 Awards and Accolades
35 Financial Highlights
36 Corporate Structure
37 Corporate Governance Report
47 Financial Statements
113 Corporate Data
114 Statistics of Shareholdings
116 Notice of Annual General Meeting
Proxy Form

# ANYTHING THAT IS GOOD, IS WORTH SHARING

THROUGH THE YEARS, WE HAVE BUILT OUR REPUTATION AROUND OUR EXCEPTIONAL SERVICE AND IMMACULATE ATTENTION TO DETAILS. TO SHARE THIS UNIQUE AMARA EXPERIENCE WITH MORE PEOPLE FAR AND WIDE, WE HAVE TAKEN BOLD STEPS IN RECENT YEARS TO DEVELOP NEW PROPERTIES AROUND THE REGION.

SOON, WE WILL CELEBRATE THE OPENING OF OUR FIRST SIGNATURE BRAND, AMARA SIGNATURE SHANGHAI AND WE ARE DELIGHTED TO SHARE THIS GREAT JOY WITH YOU.

# *Amara* VISION

Sharing a common vision and an identical set of values, we strive to deliver a brand experience unique to Amara in our three interrelated core businesses.

The Amara vision is to be recognised as a leading Asian integrated lifestyle group, with premium brands that exude the value, quality and style of our product offerings, and a warm and personalised service that goes beyond the expectations of our customers.

### OUR CORE VALUES

allow us to embody the innovative and creative spirit, daring to dream and constantly keeping up with trends. We are committed to providing a quality and superior integrated lifestyle product, delivered with the utmost professionalism and that special touch of Asian hospitality.

### OUR ULTIMATE GOAL

is to maintain excellence in all that we do, and offer long term benefits to our shareholders, our customers and our employees.

### OUR GREATEST ASSET

is our people. We value their contributions and are dedicated to training and bringing out the best in our people.

# *Amara* BRAND

A home-grown integrated lifestyle group principally engaged in three business areas, namely, hotel investment and management, property investment and development, and specialty restaurants and food services.

AMARA HOLDINGS LIMITED

## AMARA BRAND

### AMARA HOTELS & RESORTS

Amara presents the world with a fresh approach to luxury hotels and resorts. We promise to enrich, fulfill and inspire our guests with individual experiences that are cherished and memorable. We are the creator of special moments and unique memories.

Our Special Moments Make Memories.

### AMARA SIGNATURE

Amara Signature Hotels are stylish contemporary Asian luxury city hotels, offering a unique environment in which to relax or do business. Amara Signature Hotels bring together the best contemporary architecture and state-of-the-art facilities in a prominent city location, where guests will find stylish interiors, world class service and an experience as individual as you.

### AMARA HOTELS

Amara Hotels are contemporary Asian business hotels offering a friendly environment in which to relax or do business. Amara Hotels offer the latest business hotel facilities in a convenient city location, where guests will find stylish interiors, world class service and an experience as individual as you.

### AMARA SANCTUARY

Amara Sanctuary Resorts are contemporary Asian luxury resort hotels in exotic locations offering a unique environment to relax and rejuvenate.

Amara Sanctuary Resorts blend tradition with modernity and offer sensory experiences in an intimate setting. Spaces are surprising, the service is world class and the experience is as individual as you.

### THANYING

At Thanying Restaurant, we offer you a unique taste of rich, exquisite and Royal Thai cuisine. Within a uniquely Thai ambience, and distinctly Thai service, Thanying Restaurant relives the culinary past when only the most exquisite morsels were prepared and presented with the pomp and richness deserving of royalty.

### SILK ROAD

Experience first-hand the cuisine of the Silk Road where Marco Polo first discovered Asia and where the finest dishes from the orient are created by master chefs.

Showcasing the very best of provincial Chinese cuisine, our show kitchen allows you to be a part of the action – a truly individual experience.

*Our core values allow us to embody the innovative and creative spirit, daring to dream and constantly keeping up with trends. We are committed to providing a quality and superior integrated lifestyle product, delivered with the utmost professionalism and that special touch of Asian hospitality.*

*Amara Sanctuary Resort, Sentosa*

SINGAPORE • BANGKOK • SHANGHAI

# *Our* BUSINESS PORTFOLIO

## HOTEL INVESTMENT AND MANAGEMENT

### AMARA SINGAPORE

Our flagship city centre hotel, Amara Singapore, is conveniently located next to Tanjong Pagar MRT Station in the thriving Central Business District. Amara Singapore is easily accessible by major transportation modes and is within walking distance to the fascinating Chinatown, the Tanjong Pagar Conservation District, graded office buildings, foreign and local banks, post offices, shops, as well as dining and entertainment establishments.

The 388-room Amara Singapore showcases special touches which include a lobby with a minimalist theme, a contemporary Balinese-style resort pool and a collection of chic restaurants including our iconic Silk Road and Thanying Restaurants. Complemented by a host of specially designed rooms, facilities and a spa, our valued guests can enjoy luxurious inner-city living at Amara Singapore.

Furthermore, the Grand Ballroom with a 500 auditorium style seating capacity as well as four function rooms cater to events of all scales, from weddings and social functions to meetings and exhibitions.

### Element and Element on Tras Street

This 163-seater restaurant and 18-seater bar was refurbished with a new concept in December 2013 and it has since garnered rave reviews to date for its chic interiors and integrated Food and Beverage experience comprising Amara Group's signature restaurant offerings from Silk Road, Thanying and Cafe Oriental as well as Spanish cuisines. A semi-private dining area creates a niche for private gatherings and events. With music and a creative bar concept, Element on Tras Street allows urbanites to chill and unwind with a wide selection of wine, novel cocktails, boutique beer and artisanal coffee blends.

### AMARA SANCTUARY RESORT, SENTOSA

Amara Sanctuary Resort, Sentosa, our very first boutique resort, provides the ultimate modern luxury in the quiet seclusion of an exotic tropical garden setting. Specially crafted for discerning individuals who appreciate a luxury retreat with a modern, yet natural twist, the resort offers a well appointed respite from the urban hustle, one imbued with the unique Amara touch. Set amidst lush tropical greenery overlooking the South China Sea and near the white sands of Palawan beach at Sentosa Island, Amara Sanctuary Resort, Sentosa offers a unique combination of contemporary design and luxurious hotel facilities. Spacious and well-equipped, the resort promises an unadulterated charm that is all its own.

Amara Sanctuary Resort, Sentosa is nestled beautifully on a hilltop, surrounded by 3.8 hectares of gardens and natural tropical rainforest. Its unique character is derived from an exotic blend of colonial architecture and modern design concepts, as well as comprehensive luxurious hotel facilities that come together to shape an ideal and individual resort experience for both business and leisure stay.

The resort's 140 beautifully designed guest rooms, Courtyard and Verandah suites, Larkhill Terrace suites as well as villas offer the ultimate in comfort, luxury living and state-of-the-art facilities. Each villa has a tropical fruit garden. Guests may also choose to stay in the privacy and tranquillity of the Courtyard and Verandah suites for a taste of contemporary colonial style. To complement the existing colonial architecture, the deluxe guest rooms are situated in a stylishly designed building that offers contemporary accommodation with superb views of the surrounding tropical landscape.

*Amara Signature Shanghai*

### AMARA BANGKOK

Amara Bangkok marks our first entry into the "Land of Smiles". Located on Surawong Road, parallel to Silom and Sathorn Roads, Amara Bangkok is situated in one of the most vibrant areas in Bangkok, an area known for its rich and colourful local entertainment and shopping activities as well as the financial district of Bangkok.

This 250-room hotel in Bangkok is designed as an exciting business and leisure hotel. Guests can enjoy Amara's signature cuisines in the chic Element restaurant, a tranquil sunset bar by the rooftop pool, a lobby bar and comprehensive MICE facilities, as well as a 24-hour gymnasium with a view.

With Amara Bangkok's strategic location, there is easy access to and from Suvarnabhumi International Airport, bringing convenience to tourists and business travellers alike. Amara Bangkok commenced operations in 2015.

### AMARA SIGNATURE SHANGHAI

Located at the junction of Jiaozhou Road and Changshou Road in Puxi, Shanghai, Amara Signature Shanghai is a mixed-use development that will comprise a 343-room hotel, retail centre and office building. Currently under construction, Amara Signature Shanghai is expected to benefit from its strategic location within the city centre and capitalise on Shanghai's renowned status as Asia's leading business and financial centre.

Through the mixed-use development, Amara will introduce refreshing extravagance and variety to the Puxi region. Business travellers will be rejuvenated by a luxurious stay at the hotel. The retail centre will feature popular brands in food and beverages, entertainment and lifestyle and bring a variety of choices to the executives working around the area. Built to Grade A office specifications, the office building will offer a conducive environment for business operations.

Amara Signature Shanghai is scheduled to open by the end of 2016.

## SPECIALTY RESTAURANTS AND FOOD SERVICES

### THANYING RESTAURANT

Since its inception in 1988, Thanying Restaurant has devotedly created culinary history by offering the most exquisite Royal Thai cuisine fit for royalties. Meticulous effort is put into the preparation and the presentation of each dish. Moreover, each Thai Chef has his/her own area of specialty, trained in the tradition of Thai court cuisine. To top it off, Thanying's most famous dessert buffet offers a grand finale after a sumptuous feast. It consists of delicious seasonal fruits that have been thoughtfully peeled and seeded, as well as traditional Thai sweets, all of which are beautifully presented at the counter decorated with delicately carved fruits skillfully executed by our Thai Chefs. The flagship Thanying Restaurant has a seating capacity of 164 and is located at Amara Singapore.

Opened in July 2007, the outlet at Amara Sanctuary Resort, Sentosa gives guests the option to dine indoors in the elegant dining room or alfresco at the large outdoor terrace set amidst a herb garden. The garden grows many herbs used in the restaurant's food preparation.

### SILK ROAD RESTAURANT

Established in November 2001 and located at Amara Singapore, the award-winning Silk Road Restaurant is a full service restaurant featuring selected cuisines that stretch along the historical Silk Road in China, namely, the provinces of Sichuan, Shaanxi, Liaoning and Beijing. A team of highly specialised and trained chefs ensure that the original unique flavour and taste of the dishes are maintained with the judicious use of specially imported spices and sauces. Whilst providing excellent service standards, the service staff are also knowledgeable about the culinary customs and history of the dishes served in the restaurant. Since its inception, the restaurant has won many accolades and rave reviews from discerning locals, tourists and Chinese expatriates alike, who are well-travelled in China and keen to enjoy authentic Chinese cuisine.

## PROPERTY INVESTMENT AND DEVELOPMENT

### 100 AM

100 AM is the only full-fledged shopping centre in the west end of the Central Business District and is well-positioned to benefit from the rejuvenation of the Tanjong Pagar district. This area is gradually being developed for inner-city living and displays much promise and growth with a cluster of high-end residential developments and hotel developments shaping up the vicinity.

100 AM opened in November 2012 to an overwhelming response from residents, office workers, professionals, business travellers and tourists in the precinct with its diverse and attractive retail mix. Anchor tenant FairPrice Finest offers shoppers a high standard of grocery shopping with a wide selection. Koufu Food Court as well as a line-up of restaurants and cafes, namely, Tsujiri Tea House, Imperial Treasure Noodle and Congee House, The Public Izakaya by Hachi, Pagi Sore Indonesian Restaurant, Starbucks, Toast Box, Ya Kun Kaya Toast and others provide more dining options. Well-known lifestyle brands such as Strip & Browhaus add a vibrant buzz to 100 AM while a bevy of fashion boutiques attract the fashionistas.

A 12-storey office building, also known as 100 AM, is strategically accessible from within the shopping centre. With its convenient location at 100 Tras Street, it is a stroll away from the Tanjong Pagar MRT Station, and is easily accessible by bus or car. The office building is also located close to diverse amenities such as major local and foreign banks and post offices.

### M5

Cradled in the heart of the city, M5 is surrounded by commercial hubs and hipster hotspots. Encircled by a dense transport network, M5 is a few minutes' drive to Orchard Road, Singapore's premier shopping belt. It is also a stone's throw away from many prestigious educational institutions and suburban malls.

M5, a 12-storey freehold boutique development at 5 Jalan Mutiara, is designed by award-winning architect Mr Yip Yuen Hong of ip:li. Inspired by a gem's geometry, the sparkling architecture is characterised by an iconic diamond tip design at the base and artistically-random window sizes.

The 33-unit M5 offers an exquisite collection of 1-and 2-bedroom apartments as well as penthouses at the edge of Orchard Road, making it an investment and an abode a cut above the rest.

M5 is developed by TTH Development Pte Ltd, a subsidiary of Amara Holdings Limited.

### KILLINEY 118

Situated in the prime residential enclave of District 9, Killiney 118 is a six-storey freehold boutique development which comprises 30 units of 1-and 2-bedroom apartments, and appeals to singles and couples seeking the tranquillity in their homes and proximity to Orchard Road.

Developed by Creslin Pte Ltd, a subsidiary of Amara Holdings Limited, Killiney 118 is designed by an award-winning team of ip:li architects firm and Atelier Ikebuchi firm. The property's interior is furbished with quality fittings, featuring signature brands such as Miele and Grohe.

This uniquely exclusive boutique development features a rooftop swimming pool and barbeque pits, a fitness centre and a landscaped environment to create a tranquil haven within the city.

Killiney 118 has won the 13th SIA Architecture Design Awards for Residential Projects in 2013 and Certificate of Appreciation Award for National Environment Agency's Skyrise Greenery Award 2013.

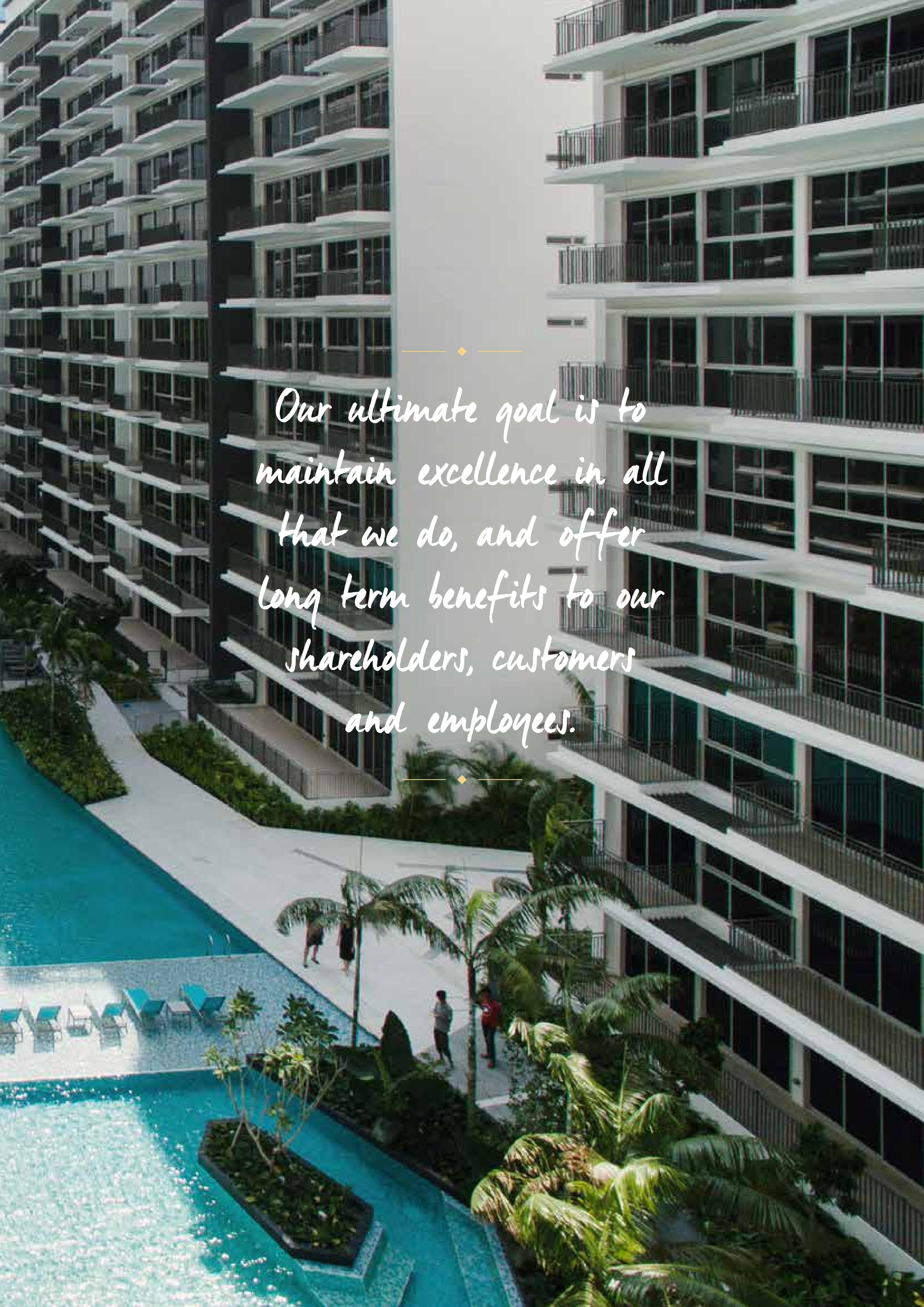
### CITYLIFE@TAMPINES

Singapore's first luxury hotel-inspired Executive Condominium has obtained TOP on February 3, 2016. Jointly developed by Tampines EC Pte Ltd – a consortium comprising Amara Holdings Limited, Kay Lim Holdings Pte Ltd and SingHaiyi Group Ltd, the 514-unit Executive Condominium project was launched in November 2012, to tremendous success.

Offering 2/3/4/5-bedroom, dual-key, Skysuite and Penthouse units, CityLife@Tampines boasts a host of luxury hotel-inspired design features and services, including the home concierge service, a 100-metre infinity pool, resort-style landscaping (Bamboo Boulevard, three Aromatherapy Gardens, and six Sky Gardens at various altitudes), and designer-brand fittings and appliances. CityLife@Tampines offers a number of unique unit designs, such as Skysuites, which are exclusive 4- and 5-bedroom units with living/dining room that open out to a wrap-around open terrace. There are also 3-and 4-bedroom dual-key unit options.

CityLife@Tampines was awarded the BCA Green Mark Awards (Gold Plus) in 2013.

CityLife@Tampines



Our ultimate goal is to maintain excellence in all that we do, and offer long term benefits to our shareholders, customers and employees.

CHIEF EXECUTIVE OFFICER

# CEO'S MESSAGE

*Albert Teo Hock Chuan*

FY2015 has been an exciting one – most notably, we have broadened our regional reach with the opening of our first hotel in Thailand – Amara Bangkok – in 2015. That said, the year was not without its challenges, with the collapse in oil prices, volatilities in the equities market and regional currencies, the US Federal Reserve rate hike, a first in almost a decade, amongst other macro-economic volatility and uncertainties. In Singapore, latest statistics by the Ministry of Trade and Industry showed that Singapore's economy expanded 2% in 2015, marking the weakest growth since the 2009 global financial crisis and a sharp decline from the 3.3% growth in 2014[1]. As for the hospitality industry, short-term challenges were seen during the year, with tourism receipts falling 6.8% year-on-year in 2015 to S$22 billion[2], short of earlier official forecasts of between S$23.5 to S$24.0 billion.

Notwithstanding these macro challenges, we have remained fairly resilient in FY2015. The Group reported a 9% growth in revenue in FY2015 to S$82.4 million, buoyed by stronger performance from our three business segments. Net profit took some impact from lower fair value gain in investment properties and higher overheads, necessarily incurred for our newly-opened Amara Bangkok hotel, and slid 59% to S$14.3 million in FY2015.

In FY2015, our net tangible assets per share grew by 2.7% from the previous corresponding year to 59.99 Singapore cents. With a healthy balance sheet, low gearing and a S$500 million Multicurrency Medium Term Note Programme in place, we will draw on our financial flexibility to prudently source for suitable projects both locally and in overseas markets to enhance shareholder value.

## HOTEL INVESTMENT AND MANAGEMENT

Although the tourism sector in Singapore is facing headwinds in the short-term, it is one of the key drivers of our economy, contributing 10.1% of our GDP in 2014, and is expected to contribute 4.7% more in 2015[3]. Singapore Tourism Board has launched several initiatives within the year to boost tourism in Singapore, including a S$20 million global marketing campaign[4] and a S$20 million partnership with Singapore Airlines and Changi Airport to strengthen our position as a leading leisure, business and MICE destination[5]. Coupled with Amara's strong brand and unique value propositions, we remain cautiously optimistic of the sector's outlook in the mid-to-long-term.

In Singapore, a bright spot is that international visitor arrivals increased marginally at 0.9% year-on-year, receiving a total of 15.2 million visitors during 2015[2]. This is in line with STB's earlier forecast of zero to 3% growth or a total of 15.1 million to 15.5 million visitor arrivals for the whole of 2015[6].

Our Hotel Investment and Management segment recorded growth amidst difficult conditions surrounding the hospitality industry. Both Amara Singapore and Amara Sanctuary experienced commendable occupancy rates during the period under review. With time-tested processes and good training in place, we are pleased to have seen improvements in our efficiency levels in both Amara Singapore and Amara Sanctuary. For Hotel Food and Beverage, following the relaunch of Element in end 2013, this trendy restaurant and bar, which offers contemporary integrated dining concepts to meet a variety of discerning palates, continues to receive warm responses.

1 *MTI maintains 2016 GDP growth forecast at 1.0 to 3.0 per cent – Ministry of Trade and Industry Singapore, February 24, 2016*

2 *Singapore tourism receipts drop 6.8% in 2015 to S$22b, The Business Times, February 29, 2016*

3 *Travel & Tourism Economic Impact 2015 Singapore – World Travel & Tourism Council*

4 *STB to launch S$20m global campaign to boost tourism numbers – Channel NewsAsia, April 7, 2015*

5 *SIA, CAG, STB in partnership to boost tourism – Channel NewsAsia, June 30, 2015*

6 *S'pore on target for 15m tourists despite slow start – TODAY, September 18, 2015*

*Club Lounge, Amara Signature Shanghai*

The rise in hotel revenue was also attributable to the newly-opened Amara Bangkok. We are delighted with the warm reception to our first hotel in Thailand – the chic new Amara Bangkok, which opened in 2015. After its opening, we have already seen high occupancy for this 250-room hotel, located in the vibrant neighbourhood of Surawong, which runs parallel to Silom and Sathorn Roads in Bangkok's Central Business District ("CBD"), in the heart of the city's most popular shopping and nightlife district. Amara Bangkok is now fully operational and has continued to experience high occupancy. Tourism in Bangkok, Thailand is still going strong, drawing a total of 15.7 million international visitors from January to October 2015 alone, compared to 15.5 million visitors for the whole of 2014[7]. We are confident that this will bode well for Amara Bangkok.

With the success of Amara Bangkok, we look forward to the opening of Amara Signature Shanghai by the end of 2016. Strategically located at the junction of Jiaozhou Road and Changshou Road, this mixed-use development comprising a 343-room hotel, retail centre and office building, will feature great brands in food and beverages and entertainment as well as lifestyle retailers. Shanghai, China, also saw a 7% year-on-year uptick in international visitors of 4.5 million in the first seven months of 2015.

Hotel demand is expected to be boosted with the opening of the National Exhibition and Convention Centre, Shanghai Disney and Shanghai Tower this year[8]. Amara Signature Shanghai is well poised to benefit from this positive industry outlook.

Overall, for our Hotel Investment and Management segment, we will continue to focus on cost control and ways to drive productivity growth, to navigate the market volatilities well. We will leverage on our extensive hotel management expertise to bring a high level of service and efficiency to our regional hotels. Through self-management, we are in good control of service quality, cost and most importantly, our corporate destiny.

## PROPERTY INVESTMENT AND DEVELOPMENT

Our Property Investment and Development segment's performance was buoyed by higher sales of development properties and rental income earned. With a diversified portfolio – from residential to commercial to retail properties, we have remained resilient during the year under review.

Given their strategic locations within close proximity to Orchard Road and River Valley Road, we continued to see encouraging sales from our boutique residential developments M5 at 5 Jalan Mutiara, as well as Killiney 118 at 118 Killiney Road. We are pleased to report that all residential units at Killiney 118 were fully sold in FY2015.

Subsequent to financial year-end, we are pleased that our 40% JV project, CityLife@Tampines, Singapore's first luxury hotel-inspired EC – achieved TOP on February 3, 2016. Together with our partners, Kay Lim Holdings Pte Ltd and SingHaiyi Group Ltd, the consortium has taken great care in materialising our vision of marrying luxury-hotel lifestyle to the cosy comforts of home, thereby creating an elevated experience for the residents of CityLife@Tampines.

CityLife@Tampines was a resounding success when it launched in November 2012 given its unique, large variety of hotel-inspired features and services, including the Home Concierge Service, a 100m Infinity Pool, resort-style landscaping (Bamboo Boulevard, three Aromatherapy Gardens, and six Sky Gardens at various altitudes), and curated designer-brand fittings and appliances.

Our commercial property, 100 AM in Tanjong Pagar, the only full-fledged shopping mall in this area, achieved 98% occupancy for the retail podium, continuing to contribute a steady recurring income stream to our Group. Our office tower, with its focus on healthcare services, achieved 91% occupancy. Asia is expected to remain a key player driving Singapore's medical tourism and we see potential for healthcare players to tap on our office tower's strategic location to set-up or expand their services. Overseas, Amara Signature Shanghai's office building, when completed, will also strengthen our recurring income stream with its Grade A office specifications and capitalise on Shanghai's position as one of Asia's leading business and financial centre.

To ride the soft property market well, we will continue to maintain a good balance of recurring income from our holdings in commercial developments while seeking locations with potential for residential development. For Property Development, apart from selecting well-located properties, we will also place a strong focus on innovative concepts that will appeal to sophisticated homebuyers. As for Property Investment, in addition to recurring income, our intention is to seek quality projects that offer promising capital gain. We will stay attuned to changing dynamics to fine tune our tenant mix to achieve higher yields. Overall, we will continue prudently to be on the lookout for acquisitions of suitable land banks or commercial buildings, in both Singapore and the region, to grow our business portfolio.

## SPECIALTY RESTAURANTS AND FOOD SERVICES

Our Specialty Restaurants and Food Services arm, which consists of two award-winning restaurant brands, Thanying Restaurant and Silk Road Restaurant, both of which offer heritage-rich cuisines, have largely maintained their performance.

We will continue to leverage on the expansion of our hotel network in both Singapore and the region to bring these unique dining experiences to all our guests.

## PROPOSED DIVIDEND AND SHARE BUYBACK

To express our appreciation towards all loyal shareholders, the Board of Directors has recommended a tax exempt one-tier final dividend of 1.0 Singapore cent per ordinary share, representing a total dividend payout of S$5.8 million. The proposed dividends translate to a payout ratio of about 41% of Amara's FY2015 net profit.

We are also pleased to update all shareholders that with the approval to renew our Share Purchase Mandate at our AGM in 2015, our Group has bought back 890,500 shares bringing it to a total of 1,800,400 shares as at March 21, 2016, amounting to 0.3% of the total issued share capital base of 576,936,000 shares.

## WORDS OF APPRECIATION

I would like to take this opportunity to express my heartfelt gratitude to my fellow directors who have given me their invaluable counsel and guidance. We would like to welcome Mr Chia Kwok Ping, our Independent Director. Mr Chia's extensive experience in hospitality, both regionally and globally, will be invaluable as we expand our regional footprint.

To our management and staff, thank you for the hard work and dedication in shaping Amara Holdings. With your continued efforts, we can continue to steer our growth across geographical boundaries. At the same time, I would like to thank all our business partners and associates for their unwavering support through these years.

I look forward to your continued support as we sow our seeds for growth in the region, building on our strong heritage, foundation and that extra touch of warmth that is uniquely Amara.

**ALBERT TEO HOCK CHUAN**
*Chief Executive Officer*

March 24, 2016


*Amara Bangkok*

7 *Hotel Destinations Thailand – JLL Hotels & Hospitality Group, January 2016*

8 *Hotel Destinations Asia Pacific – JLL Hotels & Hospitality Group, October 2015*


01


02


03


04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06


07

**01 :**
*Albert Teo Hock Chuan*

**02 :**
*Susan Teo Geok Tin*

**03 :**
*Lawrence Mok Kwok Wah*

**04 :**
*Er. Chang Meng Teng*

**05 :**
*Richard Khoo Boo Yeong*

**06 :**
*Foo Ko Hing*

**07 :**
*Chia Kwok Ping*

AMARA HOLDINGS LIMITED

# *Board of* DIRECTORS

01

## ALBERT TEO HOCK CHUAN
**CHIEF EXECUTIVE OFFICER**

Mr Teo joined the Group as Non-Executive Director in 1970 and in 1982 as Executive Director responsible for the development of Amara Hotel, marking the Group's entry into the hotel industry. Currently he serves as the Chief Executive Officer and Chairman of the Board, as well as a member of the Nominating Committee. Mr Teo was last re-elected as Director of the Company in April 2015.

Mr Teo has been instrumental in spearheading the direction and development of the Group. He plays a pivotal role in the Group's diversification and expansion strategy, particularly in broadening Amara's earnings base through penetration within the Asian region.

As the Group's Chief Executive Officer, Mr Teo is passionately involved in the Group's corporate developments, including the transformation of Amara Singapore, as well as the Group's entry into the resort hotel business, Amara Sanctuary Resort, Sentosa. Under his leadership, the Group's recurring earnings have been further consolidated with the revamped and rebranded mall - 100 AM, located in the heart of the Tanjong Pagar district which was successfully opened in November 2012. Going forward, the Group's future earnings stream will be diversified from new projects including Amara Bangkok - a new business hotel development in Bangkok CBD, which opened in 2015 and Amara Signature Shanghai, a mixed-use development which comprises a hotel, office building and retail centre, target to open by the end of 2016. He is passionate and committed in building the Amara Brand as a home-grown Singapore brand competing alongside international hospitality players in its space.

Mr Teo brings with him a wealth of experience to the Group. His past experience includes working with PricewaterhouseCoopers, an international public accounting firm; with a large listed group involved in wholesaling, manufacturing and retailing; and rounding off with an international bank in Singapore.

Currently, Mr Teo serves as the President of the Singapore Hotel Association.

Mr Teo holds a Bachelor of Commerce degree from the University of Western Australia and is an Associate Member of the Institute of Chartered Accountants in Australia and the Institute of Chartered Secretaries and Administrators of London.

02

## SUSAN TEO GEOK TIN
**EXECUTIVE DIRECTOR/COMPANY SECRETARY**

Ms Teo has served as an Executive Director of the Company since 1995. In addition, she has held the position of Company Secretary since 1989. Ms Teo was last re-elected as Director of the Company in April 2013.

Ms Teo is overall responsible for the corporate affairs of the Group which includes finance, treasury, company secretarial matters, human resource and administration.

Ms Teo holds a Bachelor of Business (Distinction) degree from the Western Australian Institute of Technology and a Graduate Diploma in Computer Science from La Trobe University. She is an Associate Member of the Institute of Chartered Accountants in Australia and the Institute of Singapore Chartered Accountants.

03

## LAWRENCE MOK KWOK WAH

### NON-EXECUTIVE DIRECTOR

Mr Mok has been a Director of the Company since May 1995. He is also a member of the Audit Committee as well as the Remuneration Committee. Mr Mok was last re-elected as Director of the Company in April 2014.

Mr Mok has more than 35 years of experience in the IT and Engineering industries. His experience includes financial and management accounting, treasury management, corporate planning, change management, general business management, quality process management and customer service operations management.

Currently, Mr Mok is a consultant in business operations and risk management. He holds a Bachelor of Accountancy (Honours) degree from the University of Singapore and is a Fellow of the Institute of Singapore Chartered Accountants and CPA Australia.

04

## ER. CHANG MENG TENG

### NON-EXECUTIVE, LEAD INDEPENDENT DIRECTOR

Er. Chang was last re-appointed as Director of the Company in April 2015. Er. Chang had his early education in Singapore. He pursued his studies in Britain and was awarded the Bachelor of Science in Electrical Engineering with honours in 1967 by the University of Strathclyde, Glasgow. Er. Chang did his post graduate engineering training in Britain and France. He was elected a Fellow of the Singapore Academy of Engineering in 2012.

Er. Chang is the Executive Chairman of Squire Mech Pte Ltd, a mechanical and electrical consulting engineering practice with operations in Malaysia, Vietnam and major cities in China. He was a Director of the Energy Market Company. He is currently an Independent Director of the listed Amara Holdings Limited and a Director / Treasurer of the Ang Mo Kio-Thye Hua Kwan Hospital. Er. Chang was appointed a director of the Energy Market Authority in April 2013.

Er. Chang's professional and administrative experiences commenced with the Electricity Department, Public Utilities Board, Singapore in 1967. He has held several senior positions in the Public Utilities Board including Distribution and Construction Superintendent in the Electricity Department. He was awarded the Public Administration Medal (Silver) in 1975 by the President of the Republic of Singapore for his significant contribution to the development and expansion of the power distribution networks in Singapore. Er. Chang was promoted to the Office of the General Manager as Assistant Director, a direct report to the General Manager, with responsibility for the management of the System Studies, Transport, Properties, Chief Chemist and Chief Architect Divisions of the Public Utilities Board.

In Squire Mech, Er. Chang has directed many high profile successful projects including the 280 metres tall, 66-storey user friendly, intelligent CDL flagship building Republic Plaza, and many award winning, energy efficient buildings including the HDB Hub Complex in Toa Payoh. The Republic Plaza won several awards including the FIABCI Prix D'Excellence award for the Best of World Real Estate 1997, and the HDB Hub won several BCA awards from 2003 to 2007 including the BCA Green Mark Gold award.

Er. Chang had served on many government committees and statutory boards, including the Deputy Chair of the Public Transport Council and the Chair of the Electrical Engineering Advisory Committee of the Singapore Polytechnic. He was also a member of the Mechanical and Production Engineering Advisory Committee of the National University of Singapore. Er. Chang is active in both the engineering fraternity and the civic organizations. He was President, Institution of Engineers, Singapore from 1990 to 1992 and was the Honorary IT and M&E Advisor to the Real Estate Developers' Association for many years. He was conferred the Public Service Star (BBM) by the President of Singapore in 1987. Er. Chang was appointed a Justice of Peace of the Republic of Singapore in 1989. He is a Past President of the Society of Project Managers, Singapore. In 2012 Er. Chang was conferred the Public Service Star (Bar) by the President of the Republic of Singapore.

05

## RICHARD KHOO BOO YEONG

**NON-EXECUTIVE, INDEPENDENT DIRECTOR**

Mr Khoo, an Independent Director on the Board, has been an Audit Committee member since September 2002. He serves as Chairman of the Nominating and Remuneration Committees since his appointment in 2003. Mr Khoo was last re-appointed as Director of the Company in April 2015.

An accomplished business leader, Mr Khoo is a seasoned human resources practitioner with local and international experience in the service, air transport, and knowledge industries. Mr Khoo is currently Deputy Board Chairman of St Francis Methodist School Ltd, a company limited by guaranty. He was a Senior Fellow with The Idea Factory, Corporate Advisor and independent consultant with China Xpress Pte Ltd, Director of Finance, Administration & Programmes at The Methodist Church in Singapore, and CEO of St Francis Methodist School (Private).

Mr Khoo held various senior management posts in his 29 years with the Singapore Airlines Group (SIA) including country general manager for South-West USA, New Zealand and India, and Chief Executive of SATS Passenger Services. At SIA's corporate headquarters, he managed a broad spectrum of planning and operating functions including cargo, passenger marketing, line operations, and human resource.

At the invitation of Government ministries, Mr Khoo served in national committees such as Manpower 21, SME 21, Singapore Learning Festival 2000 Steering Committee and Review of Tourism 21: Manpower & Image Committee.

Mr Khoo holds a Bachelor of Science (2nd Class Upper Honours) degree from the University of Malaya.

06

## FOO KO HING

**NON-EXECUTIVE, INDEPENDENT DIRECTOR**

Mr Foo joined Amara Holdings Limited's Board in the second quarter of 2013 and was appointed as a member of Remuneration Committee in October 2013, and Audit Committee in January 2015. Mr Foo was last re-elected as Director of the Company in April 2014.

He has over 16 years of experience in investment origination, structuring, monitoring and strategic growth assistance, with emphasis on the venture debt/equity investment and capital markets. He has previously served on the boards of various companies in various sectors listed on the SGX.

After leaving Pricewaterhouse in 1986, he joined HSBC Group Singapore in the Trust and Fiduciary Business. He was later seconded to HSBC Bank Jersey C.I. in 1989 and was subsequently promoted to Executive Director, covering fiduciary activities, private banking, compliance and investment functions. He returned to Singapore in 1991, and resumed responsibilities with the HSBC Investment Bank Group for Private Banking and Trust Services as an Executive Director and Head of Business Development.

Mr Foo is a Singapore-based Co-Founder and Director of Cerealtech Pte Ltd, an advance manufacturing and food technology company specializing in enzyme application and micro ingredient development for the industrial baking and consumer sector. He currently sits on the Board of Gallant Venture Ltd, a company listed on the SGX Mainboard, and is a member of the audit, remuneration and nominating committees.

He holds an Honours Degree in Economics and Accounting from University of Newcastle Upon Tyne, UK.

07

## CHIA KWOK PING

**NON-EXECUTIVE, INDEPENDENT DIRECTOR**

Mr Chia was appointed to the Board of Amara Holdings Limited in the fourth quarter of 2015.

Mr Chia brings with him over 20 years of experience in the hospitality industry, and has held senior positions in various hospitality and property investment companies. He previously represented TCC Land Co., Ltd for all of its international property acquisitions and management via TCC Land International. The Thailand-based hospitality and property group has assets spanning across the United States, United Kingdom, Australia, China, Japan and South-East Asia.

Mr Chia has extensive hands-on experience in hospitality management, having taken on the roles of Resident Manager, General Manager, Owner Representative and Asset Manager during his career. He also sat on the Board of the Singapore Hotel Association from 2010 to 2014, and has been an Independent Director, Chairman of Nominating Committee and Member of Remuneration Committee of Heeton Holdings Limited, a company listed on the Mainboard of the Singapore Stock Exchange since 2012.

Mr Chia holds a Bachelors of Business Administration (Honours) degree from the National University of Singapore.

*Element, Amara Singapore*

Our greatest asset is our people. We value their contributions and are dedicated to training and bringing out the best in our people.

*Amara Bangkok*

SINGAPORE • BANGKOK • SHANGHAI

# OPERATIONS *and* FINANCIAL REVIEW

*Amara Bangkok*

*Despite macro-economic volatility and uncertainties, we are pleased to have remained resilient in FY2015.*

The Group reported a 9% growth in revenue in FY2015 to S$82.4 million from S$75.9 million in FY2014, lifted by stronger performance from the Hotel Investment and Management segment, more units of development property sold and higher rental income from the Property Investment and Development segment.

In line with the rise in sale of development property and stronger performance of the Hotel Investment and Management segment, cost of properties sold/ consumables used for FY2015 rose 67% to S$9.4 million in addition to a 5% increase in other expenses.

Fair value gain in investment properties decreased 71% to S$5.6 million in FY2015 from S$19.0 million in FY2014. Coupled with higher staff costs of 22% to S$23.9 million to support manpower requirements for the newly-opened Amara Bangkok hotel, the Group reported FY2015 earnings of S$14.3 million, a 59% decrease from S$35.3 million in FY2014.

The Group's statement of financial position as at December 31, 2015 remained healthy with cash and bank balances of S$13.5 million and a low gearing of 44.2%. Earnings per share and net tangible assets per share stood at 2.49 Singapore cents and 59.99 Singapore cents, respectively, as at December 31, 2015.

SINGAPORE ◆ REGIONAL HOTELS

# HOTEL INVESTMENT *and* MANAGEMENT

*The Hotel Investment and Management segment, which contributed 68.7% of the Group's FY2015 revenue, recorded a 6.2% improvement in segment revenue to S$56.6 million compared to S$53.3 million in the previous year.*

## SINGAPORE

Although the hospitality sector is facing headwinds in the short-term, the Group is optimistic on the resilience of the sector, given that international visitor arrivals have been on the upturn since May 2015, hitting 15.2 million in 2015, boosted by several new STB initiatives during the year to lift tourism.

Amara Singapore, our flagship hotel in the heart of Singapore's central business district ("CBD"), Tanjong Pagar, continues to be well-received by leisure and corporate travellers. With its exceptional location, contemporary designs and comprehensive suite of leisure and MICE facilities and services, supported by shopping and dining amenities in the adjacent lifestyle mall, 100 AM, Amara Singapore offers an unparalleled lifestyle experience and convenience to its guests. The multi-award winning Amara Sanctuary Resort Sentosa has over the years established itself as a choice oasis merely minutes from Singapore's CBD, featuring five-star resort facilities while retaining elements of its colonial architectural heritage.

To boost business activities at our hotels and resort, we have implemented several promotions, such as an exclusive promotion for Singaporeans and permanent residents to take a well-deserved weekend break.

Both hotels have also organised or participated in Singapore and overseas trade shows, as well as wedding shows to establish both hotels as the choice destination for events and weddings.

Our trendy hotel restaurant and bar, Element, and its extension, Element on Tras Street, appeal to the modern cosmopolitan, offering a unique multi-generational and multi-cultural dining experience. While Element continues to delight its guests with its popular international buffet, Element on Tras Street stays true to its ethos on serving the best of Spanish cuisine with a modern twist to keep things interesting.

In line with Amara's mission to promote Singaporean culture at our regional hotels, we have launched at the Element restaurant in Amara Bangkok a dinner buffet featuring Singaporean favourites and classics such as Hainanese Chicken Rice, Laksa, Bak Kut Teh and Ice Kacang – which has received warm reception amongst locals, Singaporeans and international guests.

Similarly, we look forward to bringing Singaporean food and culture to Amara Signature Shanghai when it opens by the end of 2016.

## REGIONAL HOTELS

According to the latest Mastercard Asia Pacific Destinations Index, Bangkok and Singapore were named the top two most popular destinations in Asia – both of which we have a presence in[1].

The latest addition to our hotel portfolio – Amara Bangkok, which opened in 2015 – is fully operational and has been well-received by guests, given its strategic location in Bangkok's central business district as well as efforts to pursue corporate partnerships for more consistent demand for rooms. We are also looking forward to the launch of our first hotel in Shanghai, China – Amara Signature Shanghai – in FY2016. A mixed-use development, Amara Signature Shanghai will comprise a 343-room hotel, retail centre and a Grade-A office building, catering to Shanghai's renowned status as Asia's leading business and financial centre. Amara Signature Shanghai is poised to benefit from an expected surge in tourism boosted by the impending launch of the Disney Resort[2] in 2016.

[1] *Singapore is 2nd most popular destination in Asia: MasterCard index – TODAY, January 28, 2016*

[2] *Magic fades for Hong Kong Disneyland ahead of new Shanghai park – Bloomberg, February 16, 2016*

*Amara Signature Shanghai*

*Amara Signature Shanghai*


*Amara Sanctuary Resort, Sentosa*

RESIDENTIAL • COMMERCIAL

# PROPERTY INVESTMENT *and* DEVELOPMENT

*CityLife@Tampines*

*The Property Investment and Development segment made up 28.2% or S$23.2 million of the Group's FY2015 revenue, a 17.0% improvement from S$19.9 million in FY2014, lifted by higher sales of development properties and rental income earned.*

## RESIDENTIAL

While the residential market in Singapore continues to be lukewarm due to impact from the government cooling measures, market prices seem to be gradually stabilising with the overall private residential property index declining 3.7% for the whole of 2015 compared to 4.0% in 2014[3]. Despite the lukewarm market, all residential units at Killiney 118 were fully sold in FY2015.

Experts however expect the residential market to remain tepid in 2016 especially since authorities have maintained that it may be too premature to lift the cooling measures and will make adjustments when necessary[4].

Conversely, the slower market presents a good opportunity for us to replenish our land bank at the right prices. We continue to be on the lookout for projects of unique positioning and good potential for yield.

Subsequent to the financial year end, our 40%-owned JV project and first executive condominium ("EC") development that was fully sold shortly after its launch, CityLife@Tampines – Singapore's first luxury hotel inspired EC – achieved TOP on February 3, 2016. We look forward to the progressive recognition of our share of profits from first quarter of 2016.

## COMMERCIAL

On the commercial front, rental prices and occupancy are expected to decline going forward as supply within the central business district increases, while tenants cut back on real estate footprint[5].

Statistics from the Urban Redevelopment Authority also showed that retail vacancy rates rose to 7.2% at the end of the fourth quarter of 2015 from 7% in the third quarter, while prices dipped 0.1% in the fourth quarter compared to a decrease of 0.3% in the preceding quarter[6].

Despite the softening market conditions, our commercial property, 100 AM in Tanjong Pagar achieved 98% occupancy for the retail podium of 126,000 sq ft and 91% occupancy for 42,700 sq ft of Net Lettable Area for the office tower, continuing to contribute steady recurring income to our Group. The retail market is facing a challenge and this will impact on rental yield going forward.

Amara Signature Shanghai's office building will also strengthen our recurring income stream with its Grade A office specifications and capitalise on Shanghai's position as Asia's leading business and financial centre.


*100 AM*

[3] *Release of 4th Quarter 2015 real estate statistics – Urban Redevelopment Authority, January 22, 2016*

[4] *'Too early' to lift property curbs: Lawrence Wong – The Straits Times, December 31, 2015*

[5] *CBD leasing market set for tough times – The Business Times, February 22, 2016*

[6] *Release of 4th Quarter 2015 real estate statistics – Urban Redevelopment Authority, January 22, 2016*

THANYING • SILK ROAD

# SPECIALTY RESTAURANTS *and* FOOD SERVICES

*The Specialty Restaurants and Food Services segment contributed to the remaining 3.1% or S$2.5 million of our FY2015 revenue, continuing to be a stable source of income, and an integral part of our unique integrated lifestyle value proposition.*

Through our two award-winning restaurants, Thanying and Silk Road, Amara continues to maintain high quality dining, featuring delectable cuisines rich in flavour and heritage.

Since its inception in 1988, Thanying Restaurant has devotedly created culinary history by offering the most exquisite Royal Thai cuisine at the flagship Thanying Restaurant at Amara Singapore, which has a seating capacity of 164. With our second outlet at Amara Sanctuary Resort, which has a seating capacity of 130, this exquisite Royal Thai cuisine can also be experienced at Sentosa.

Silk Road Restaurant, established in 2001, is a full service restaurant located at Amara Singapore, which features signature provincial cuisines that stretch along the historical Silk Road in China, namely the provinces of Sichuan, Shaanxi, Liaoning and Beijing. A team of highly specialised and trained chefs ensure that the original unique flavour and taste of the dishes are maintained with the judicious use of specially imported spices and sauces.


*Element, Amara Singapore*


*Thanying Restaurant, Amara Singapore*


*Silk Road Restaurant, Amara Singapore*


*Thanying Restaurant, Amara Sanctuary Resort, Sentosa*

AMARA HOLDINGS LIMITED

# BUILDING *Sustainable* GROWTH


100 AM Mall, Shanghai

Armed with a portfolio of strong brands, complementary businesses allowing us to offer an integrated lifestyle experience, geographically-diversified portfolio of hospitality and real estate assets, Amara is well-positioned to remain resilient amidst a challenging operating environment.

In FY2016, we are focused on the launch of Amara Signature Shanghai, while aggressively pushing the sales of our remaining development units and providing the top-notch hospitality and specialty restaurants and food services that we are known for. In the meantime, we remain on the lookout for opportunities to expand our presence regionally and replenish our land bank for sustainable long-term growth to enhance shareholder value.


*Amara Signature Shanghai*

AMARA HOLDINGS LIMITED

# AWARDS *and* ACCOLADES

## HOTEL INVESTMENT AND MANAGEMENT

### AMARA SANCTUARY RESORT, SENTOSA

Singapore Service Class 2012 & 2015
*Awarded by SPRING Singapore*

Preferred Banquet Venues - Editor's Choice Award 2015
*Awarded by Blissful Brides*

### SHUTTERS

Singapore's Top Restaurants 2013-2015
*Awarded by Wine & Dine*

### TIER BAR

Singapore's Top Restaurants 2014-2015
*Awarded by Wine & Dine*

The Best Hotels – Resorts Award 2010-2014
*Awarded by Singapore Tatler*

Excellent Service Award 2013-2014
*Awarded by Singapore Hotel Association and SPRING Singapore*

Best Hotel Wedding Banquet
*The Wedding Accolade 2013*

Recommended by TripAdvisor 2012
*Awarded by TripAdvisor*

Hotel Security Award 2011-2012
*Jointly awarded by Singapore Hotel Association, Singapore Police and National Crime Prevention Council*

Excellent Service Awards 2011 (2 Star, 9 Gold & 17 Silver)
*Awarded by Singapore Hotel Association and SPRING Singapore*

Best Resort Award 2009
*Awarded by AsiaOne People's Choice*

URA Architectural Heritage Awards (Category A) 2007
*Awarded by the Urban Redevelopment Authority*

### AMARA SINGAPORE

Hotel Security Award 2011-2013 & 2015
Certificate of Excellence
*Jointly awarded by Singapore Hotel Association, Singapore Police and National Crime Prevention Council*

Excellent Service Award 2015
*Awarded by Singapore Hotel Association and SPRING Singapore*

Certificate of Recognition for Skills Future Earn and Learn Programme 2015
*Awarded by WDA*

Certificate of Excellence 2015
*Awarded by TripAdvisor*

Excellent Service Awards 2014
*Awarded by Singapore Hotel Association and SPRING Singapore*

Arts Supporter Award 2013
*Awarded by National Arts Council Patrons of the Arts Awards*

Singapore Service Class 2006-2013
*Awarded by SPRING Singapore*

Recommended by TripAdvisor 2010-2013
*Awarded by TripAdvisor*

Singapore National Kindness Award 2012 & 2014
*Awarded by Singapore Kindness Movement and Singapore Hotel Association*

Excellent Service Awards 2011 (7 Star, 18 Gold & 13 Silver)
*Awarded by Singapore Hotel Association and SPRING Singapore*

HAPA Service Excellence (Top 10) 2009-2011
*Awarded by Hospitality Asia Platinum Awards Singapore Series*

HAPA Best Deluxe Hotel (Top 5) 2009-2011
*Awarded by Hospitality Asia Platinum Awards Singapore Series*

HAPA Best Pastry Chef (Top 5) 2009-2011
*Awarded by Hospitality Asia Platinum Awards Singapore Series*

HAPA Executive Chef of the Year (Top 5) 2009-2011
*Awarded by Hospitality Asia Platinum Awards Singapore Series*

Hotel Security Award 2010 Certificate of Commendation
*Jointly awarded by Singapore Hotel Association, National Crime Prevention Council and F1 & Sports and Hospitality Singapore Tourism Board*

Signature Deluxe Hotel 2008-2010
*Awarded by Hospitality Asia Platinum Awards Regional Series*

Fire Safety Excellence Award 2009
*Awarded by National Fire And Civil Emergency Preparedness Council and Singapore Civil Defence Force*

Excellent Service Awards 2009 (8 Star, 38 Gold & 20 Silver)
*Awarded by Singapore Hotel Association and SPRING Singapore*

Excellent Service Awards 2008
*Awarded by SPRING Singapore*

SHA Courtesy Award 2008
*Awarded by Singapore Hotel Association*

Finalist for Award for Excellence 2006-2007
• Deluxe Hotel
• Best Housekeeping Department
*Awarded by Hospitality Asia Platinum Awards*

Award for Excellence 2004-2005 - Deluxe Hotel
*Awarded by Hospitality Asia Platinum Awards*

Finalist for Award for Excellence 2004-2005 Hospitality Personality
• Deluxe Property General Manager
• Best Western Cuisine Chef
*Awarded by Hospitality Asia Platinum Awards*

Excellent Service Award 2003-2006
*Awarded by Singapore Hotel Association and SPRING Singapore*

Service Gold National Courtesy Award 2003
*Awarded by Singapore Hotel Association*

### ELEMENT

Singapore's Top Restaurants 2004, 2007, 2012-2013
*Awarded by Wine & Dine*

The Singapore Women's Weekly gold plate awards 2011 – buffets galore
*Awarded by The Singapore Women's Weekly*

Singapore's Top Restaurants 2009 – Silver
*Awarded by Simply Dining*

### ALPHABET

HAPA Best Entertainment Experience (Top 5) 2009-2011
*Awarded by Hospitality Asia Platinum Awards Singapore Series*

Finalist for Award for Excellence in Hospitality 2004-2005
*Awarded by Hospitality Asia Platinum Awards*

## SPECIALTY RESTAURANTS AND FOOD SERVICES

### THANYING RESTAURANT

Singapore's Best Restaurants 1992-2015
*Awarded by Singapore Tatler*

Singapore's Top Restaurants 1997-2013
*Awarded by Wine & Dine*

Simply Her Editor's Rave on Roast Turkey December 2011
*Awarded by Simply Her*

Luxe Dining Singapore's Best Restaurant 2011
*Awarded by Singapore Tatler*

Best Eats 2010
*Awarded by CNNGo.com*

Luxe Dining Singapore's Best Restaurants 2010
*Awarded by Singapore Tatler*

Citibank-The Business Times Gourmet Choice Awards 2009
*Winner Thai/Vietnamese/Korean Category*

Singapore Service Star 2009-2010
*Awarded by Singapore Tourism Board*

Gold Plate Awards 2007
*Awarded by The Singapore Women's Weekly*

"THAI SELECT" Seal of Approval For Thai Cuisine
*Awarded by Ministry of Commerce Thailand*

Finalist for Award for Excellence Asian Cuisine Restaurant 2004-2005
*Awarded by Hospitality AsiaPlatinum Awards*

The Best Thai Restaurant 2004
*Awarded by The Straits Times – Life! eats*

Excellence in Service
Asian Restaurant 1993
*Awarded by Singapore Tourism Board*

Excellence in Service Asian
Restaurant (Merit) 1991
*Awarded by Singapore Tourism Board*

**SILK ROAD RESTAURANT**

Singapore's Best Restaurants
2003-2015
*Awarded by Singapore Tatler*

Singapore's Top Restaurants
2003-2013
*Awarded by Wine & Dine*

Singapore Service Class 2006-2012
*Awarded by SPRING Singapore*

Epicurean Star Awards 2012
Top 5 Chinese Restaurants
*Nominated by Restaurant Association of Singapore*

Excellent Service Awards 2011
(1 Star, 5 Gold & 1 Silver)
*Awarded by Singapore Hotel Association and SPRING Singapore*

The Best of Singapore
Service Star 2010-2011
*Awarded by Singapore Tourism Board*

Luxe Dining Singapore's
Best Restaurants 2010 - 2011
*Awarded by Singapore Tatler*

The Definitive Guide to Singapore's
Top Restaurants 2010-2011
*Awarded by Simply Dining*

Healthier Restaurant Award
2009-2011
*Awarded by Health Promotion Board*

Excellent Award 2010 (4 Gold & 7 Silver)
*Restaurant Association of Singapore and SPRING Singapore*

Singapore Service Star 2009-2010
*Awarded by Singapore Tourism Board*

15th Excellent Service Award 2009
(2 Gold & 9 Silver)
*Awarded by Restaurant Association of Singapore and SPRING Singapore*

SuperStar Finalist Excellent
Service Award 2008
*Awarded by SPRING Singapore*

Excellent Service Award 2008
(4 Star & 3 Silver)
*Awarded by SPRING Singapore*

Excellent Service Awards 2007
(6 Gold)
*Awarded by SPRING Singapore*

Top Sichuan Restaurant in Singapore
*The Straits Times – Lifestyle*
*August 2006 Top 50 Restaurants*

Finalist for Award for Excellence
Chinese Cuisine Restaurant 2004-2005
*Awarded by Hospitality Asia Platinum Awards*

A Great Table of Singapore 2003-2005
*Awarded by Tables*

Service Gold National Courtesy
Award 2003 & 2004
*Awarded by Singapore Hotel Association*

National Model for Work Redesign 2002
*Awarded by SPRING Singapore*

Editor's Choice
*IS Magazine*

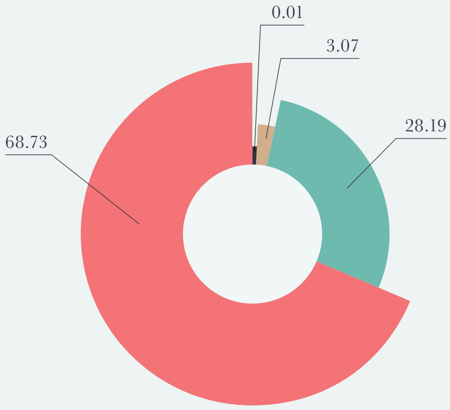
# FINANCIAL *Highlights*

FINANCIAL YEAR ENDED 31 DECEMBER 2015

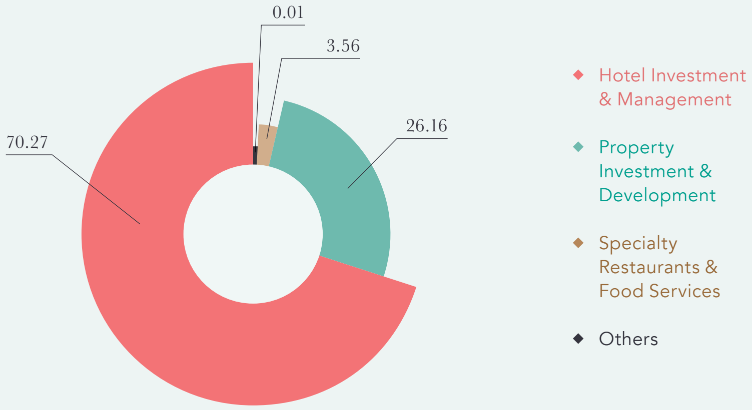
| Income Statement | FY 2015 $'000 | FY 2014 $'000 |
|---|---|---|
| Revenue | 82,425 | 75,900 |
| Profit before tax | 18,182 | 38,109 |
| Income tax expense | (3,876) | (2,811) |
| Non-controlling interests | 26 | 1 |
| Profit attributable to shareholders | 14,332 | 35,299 |
| **Financial Ratios** | % | % |
| Profit attributable to shareholders as percentage of revenue | 17.39 | 46.51 |
| Gearing ratio | 44.17 | 42.16 |
| **Per Share Unit** | Cents | Cents |
| Earnings per share | 2.49 | 6.12 |
| Net tangible assets per share | 59.99 | 58.44 |
| Net asset value per share | 60.22 | 58.64 |
| **Revenue By Country (%)** | % | % |
| Singapore | 96.42 | 100.00 |
| Thailand | 3.58 | – |
| | 100.00 | 100.00 |
| **Revenue By Activity (%)** | % | % |
| Hotel Investment & Management | 68.73 | 70.27 |
| Property Investment & Development | 28.19 | 26.16 |
| Specialty Restaurants & Food Services | 3.07 | 3.56 |
| Others | 0.01 | 0.01 |
| | 100.00 | 100.00 |

## REVENUE BY ACTIVITY

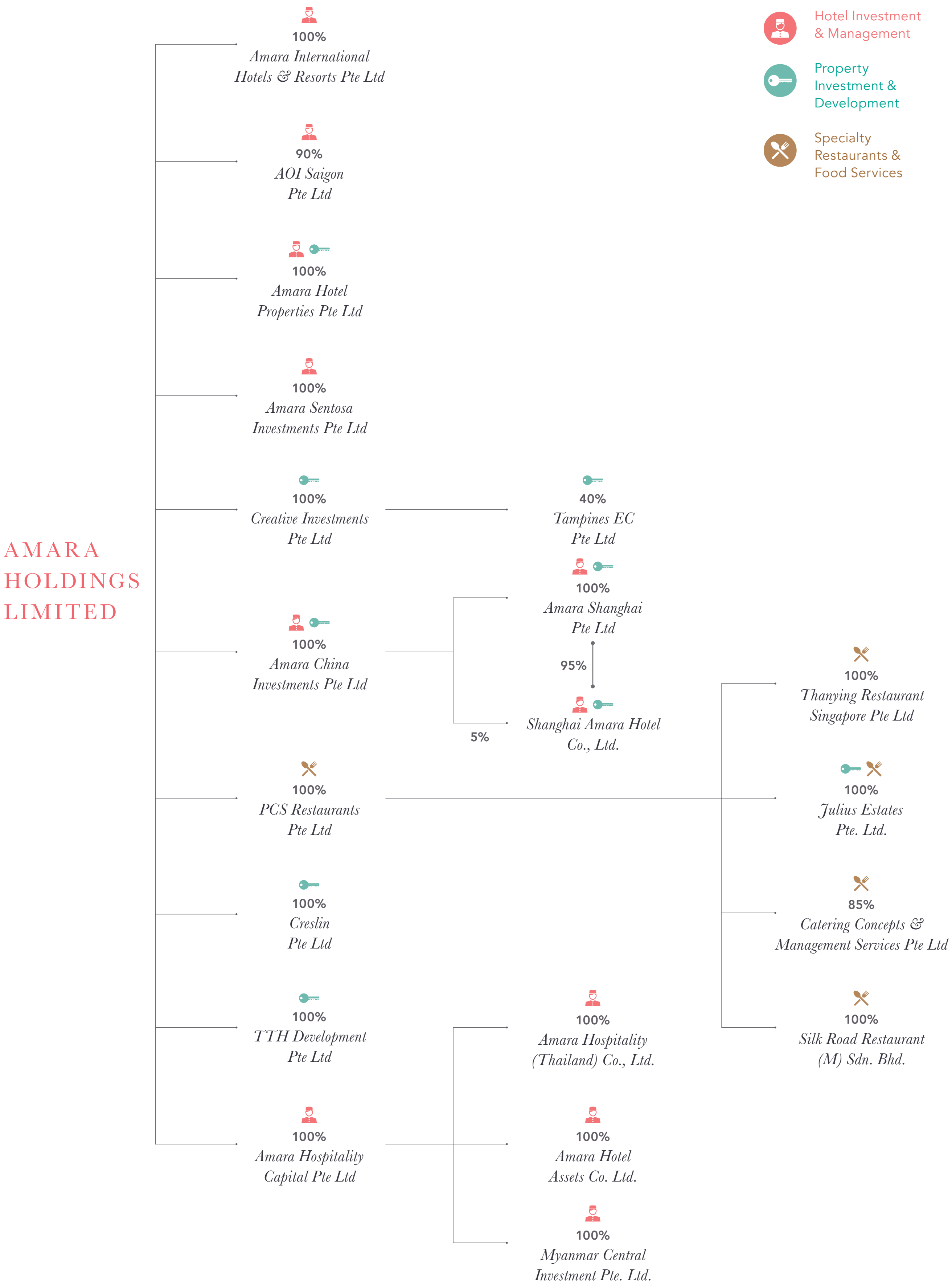
**2015**




**2014**



# CORPORATE *Structure*



# CORPORATE GOVERNANCE REPORT

# CORPORATE GOVERNANCE REPORT

The Board of Directors ("the Board") is committed to high standards of corporate governance as a fundamental part of discharging its responsibilities to protect and to enhance long-term shareholders' value whilst taking into account the interests of other stakeholders.

This report describes the corporate governance framework and practices of the Company with specific reference made to each of the principles of the Code of Corporate Governance 2012 (the "Code"). There are other sections of this annual report that contain information required by the Code and these should be read together with this report.

## THE BOARD'S CONDUCT OF 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 the Management remains accountable to the Board.**

The principal functions of the Board, apart from its statutory responsibilities, are:

a) setting overall strategies and supervision of the Group's business and affairs to achieve the vision and mission of the Group;
b) approving the Group's corporate policies and internal guidelines for material transactions;
c) approving key operational issues and major investment and funding;
d) reviewing the financial performance of the Group;
e) approving the appointment of Board directors and appointments to the various Board committees; and
f) assuming responsibility for corporate governance.

The Board has identified areas for which the Board has direct responsibility for decision-making.

Matters which are specifically reserved to the Board for approval include:

a) annual budgets and financial plans of the Group;
b) quarterly and annual financial reports;
c) material acquisitions, divestments, investments and funding proposals;
d) issuance of shares, dividend distributions and other returns to shareholders;
e) interested person transaction (as defined under Chapter 9 of the Listing Manual); and
f) matters involving a conflict of interest for a substantial shareholder or a director.

The Board comprises a majority of non-executive directors, with relevant and diverse experiences necessary to contribute effectively and objectively to the Group. The Board meets at least four times a year and as warranted by circumstances, as deemed appropriate by the Board members. The Company's Constitution provides for telephone and other electronic means of meetings of the Board as encouraged by the Code. This facilitates the attendance and participation of directors at Board meetings, even though they may not be in Singapore.

In carrying out and discharging its duties, the Board is assisted by the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"). These Committees are made up of wholly or predominantly non-executive directors and chaired by independent directors. These Committees function within clearly defined terms of references which set out their authority and duties. The effectiveness of each Committee is also constantly being reviewed by the Board. Other committees may be formed from time to time to look into specific areas as and when required.

# CORPORATE GOVERNANCE REPORT

## THE BOARD'S CONDUCT OF AFFAIRS (CONTINUED)

The number of Board and Committees meetings held and attendance of the directors at these meetings during the year are as follows:

| | Board | Audit Committee | Remuneration Committee | Nominating Committee |
|---|---|---|---|---|
| **Number of meetings held** | 4 | 4 | 4 | 1 |
| **Name of Directors** | **Number of meetings attended** | | | |
| Albert Teo Hock Chuan | 4 | 4* | 3* | 1 |
| Susan Teo Geok Tin | 4 | 4* | 2* | 1* |
| Lawrence Mok Kwok Wah | 4 | 4 | 2 | - |
| Chang Meng Teng | 4 | 4 | 3 | - |
| Richard Khoo Boo Yeong | 4 | 4 | 4 | 1 |
| Foo Ko Hing | 4 | 4 | 4 | - |
| Chia Kwok Ping[1] | - | 1* | - | - |

* By invitation
[1] Appointed as a Director on 2 November 2015

Senior management staffs are invited to attend Board and Committees meetings whenever necessary and there is timely communication of information between the Board, the Management and the Committees.

**Orientation, Briefings, Updates and Trainings Provided for Directors**

The Company has in place an orientation program for new directors. Each new incoming director is issued a formal letter of appointment setting out his duties and obligations.

Newly appointed directors are briefed by the Board to familiarise them with the Group's business and its strategic directions. The Company will arrange an incoming director to meet up with the senior management and the Company Secretary to familiarise himself with his roles, the organisation structure and business practices of the Group. This will enable him to get acquainted with senior management and the Company Secretary thereby facilitating board interaction and independent access to senior management and the Company Secretary. The newly appointed director for FY2015, Mr Chia Kwok Ping, was briefed by the executive directors on the Group's businesses and met up with senior management and the Company Secretary. Mr Chia attended Audit Committee and budget meetings, all of which gave him valuable insights into the regulatory and commercial environment in which the Group operates in, and the various operations and processes of the Group.

The NC is charged with reviewing the training and professional development of Directors. All Directors are provided with regular updates on the latest governance and listing policies. The NC will recommend appropriate courses and seminars and arrange for updates by professionals as it deems relevant to improving the performance of the individual Directors and the whole Board.

Briefings and updates provided for Directors in FY2015 included the following:

- The external auditors briefed the AC members on developments in accounting and governance standards.
- The CEO updates the Board at each Board meeting on the Group's business and strategic developments.
- The senior management highlights the salient operational and risk management issues to the Board.
- The Company Secretary briefed the Board on the Companies Act amendments.

The Directors had also attended appropriate courses, conferences and seminars. They also have unrestricted access to professionals for consultation on laws, regulations and commercial risks as and when necessary at the expense of the Group.

# 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 and 10% shareholders (as defined in the Code). No individual or small group of individuals should be allowed to dominate the Board's decision making.**

The Board consists of seven directors, of whom four are independent and non-executive directors and one is a non-independent and non-executive director. Accordingly, more than half of the Board is made up of independent directors. The executive directors are Mr Albert Teo Hock Chuan and Ms Susan Teo Geok Tin. The non-independent and non-executive director is Mr Lawrence Mok Kwok Wah. The independent directors are Mr Chang Meng Teng, Mr Richard Khoo Boo Yeong, Mr Foo Ko Hing and Mr Chia Kwok Ping. The independence of each director is reviewed annually by the NC. The Board is of the view that the current Board members comprise persons whose diverse skills, experience and attributes provide effective direction for the Group. The Board will constantly examine its size with a view to determining its impact upon its effectiveness.

Non-executive directors contribute, especially in their areas of specialty, to proposals and strategies of the Group. They also review performance of management in achieving goals and objectives set.

Each of the independent directors has declared his independence in accordance with the guidelines of the Code.

Mr Chang Meng Teng and Mr Richard Khoo Boo Yeong have served more than nine years on the Board. The Board (without the participation of Mr Chang and Mr Khoo) noted that Mr Chang and Mr Khoo have none of the relationships which make them non-independent. The Board was of the view that they have engaged the Board in constructive discussion, their contributions are relevant and reasoned, and they have exercised independent character and judgement without dominating the discussion. The Board further recognised that they have over the years develop significant insights into the Group's business and operations, and can continue to provide invaluable contribution objectively to the Board as a whole. Therefore, Mr Chang and Mr Khoo are considered independent by the Board.

Particulars of interests of directors who held office at the end of the financial year in shares, debentures and share options in the Company and in related corporations are set out in the Directors' Statement on pages 48 to 51 of this 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.**

Mr Chang Meng Teng, a member of the NC, is the Company's Lead Independent Director. Mr Albert Teo Hock Chuan is both the Chairman of the Board and the Chief Executive Officer ("CEO") of the Group. The Board believes that there is no need for the role of Chairman of the Board and the CEO to be separated as there is good balance of power and authority with all critical committees chaired by independent directors.

The CEO together with the other executive director have full executive responsibilities over the business directions and operational decisions of the Group. Assisting them are the Director, Property Division, the Group Quality and Systems Manager, the Group Administration Manager and the Group Financial Controller. The CEO is responsible to the Board for all corporate governance procedures to be implemented by the Group and ensures that management conforms to such practices. Directors are given board papers in advance of meetings for them to be adequately prepared for the meeting and senior management staffs (who are not executive directors) are in attendance at Board and Committees meetings whenever necessary.

# CORPORATE GOVERNANCE REPORT

## BOARD MEMBERSHIP

**Principle 4: There should be a formal and transparent process for the appointment and reappointment of directors to the Board.**

The NC comprises:

- Richard Khoo Boo Yeong (Chairman)
- Albert Teo Hock Chuan
- Chang Meng Teng

The NC carried out their duties in accordance with the terms of reference which include the following:

a) Identifying and selecting members of the Board for the purpose of recommending such nomination to the Board for its approval on board appointments;
b) Assessing the effectiveness of the Board as a whole and contribution by each director;
c) Assessing the independence of each director annually;
d) Reviewing succession plans for directors; and
e) Reviewing training and professional development of directors.

For the selection and appointment of a new director, the NC will determine the desired competencies to complement the skills and competencies of the existing directors. Potential candidates are sourced from a network of contacts and identified based on the established criteria. Recommendations from directors and management are the usual source for potential candidates. Where applicable, search through external consultants can be considered.

The NC will interview shortlisted candidates to assess their suitability and to verify that the candidates are aware of the expectations and the level of commitment required. Finally, the NC will make recommendations on the appointment to the Board for approval. Adopting the foregoing selection process, Mr Chia Kwok Ping was appointed by the Board during 2015 to hold office until the forthcoming Annual General Meeting ("AGM") and is eligible for re-election.

The Company's Constitution provides that one third of the directors for the time being or if their number is not a multiple of three, then the number nearest to one-third shall retire from office at the AGM. Accordingly, the directors will submit themselves for re-nomination and re-election at regular intervals of at least once every three years. The Committee is charged with the responsibility of re-nomination having regard to the director's contribution and performance, including, if applicable, as an independent director.

The Board has determined the maximum number of board appointments in listed companies that a director can hold, which shall not be more than six so as to ensure that the directors are able to commit their time to effectively discharge their responsibilities. All the directors currently do not hold more than six listed company board representations. The NC is satisfied that each individual director has allocated sufficient time and resources to the affairs of the Company. The NC has recommended the re-election of Mr Chia Kwok Ping and Ms Susan Teo Geok Tin, and the re-appointment of Mr Chang Meng Teng and Mr Richard Khoo Boo Yeong, at the forthcoming AGM. Mr Chang Meng Teng and Mr Richard Khoo Boo Yeong has each abstained from the NC's deliberation on his re-appointment.

As mentioned above, the NC is charged with determining annually whether a director is independent. The NC has reviewed and determined that the independent directors are independent. Mr Chang Meng Teng and Mr Richard Khoo Boo Yeong has each abstained from such NC's review.

Key information regarding the directors is set out in the 'Board of Directors' section of this annual report.

## BOARD PERFORMANCE

**Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its committees and the contribution by each director to the effectiveness of the Board.**

The NC is of the view that the Board's current size is satisfactory and that it is appropriate for effective decision making, taking into account the nature, size and scope of the Group's operations.

# CORPORATE GOVERNANCE REPORT

## BOARD PERFORMANCE (CONTINUED)

The NC has established a formal evaluation process to assess the effectiveness of the Board as a whole, taking into consideration the attendance record at the meetings of the Board and Board Committees and also the contributions of each director to the effectiveness of the Board. The NC, along with the participation of the executive directors, carried out an evaluation and discussed the results of the evaluation of Board performance. The NC also reviewed and discussed each director's performance and contribution to the effectiveness of the Board. The NC is satisfied that the Board has been effective in the conduct of its duties and the directors have each contributed to the effectiveness of the Board.

## 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.**

Directors receive periodic financial and operational reports, budgets, forecasts and other disclosure documents on the Group's businesses prior to Board meetings. Senior management staffs are invited where appropriate to provide further inputs during Board and Committees meetings. The Board has separate and independent access to the Company Secretaries and key executives.

At least one of the Company Secretaries is present at all formal Board meetings to respond to the queries of any director and to assist in ensuring that Board procedures as well as applicable rules and regulations are followed.

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

Where decisions to be taken by the Board require specialised knowledge or expert opinion, the Board has adopted a policy to seek independent professional advice.

## REMUNERATION MATTERS

**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:

- Richard Khoo Boo Yeong (Chairman)
- Chang Meng Teng
- Lawrence Mok Kwok Wah
- Foo Ko Hing

The RC carried out its duties in accordance with the terms of reference which include the following:

a) recommend to the Board, a framework of remuneration for the Board and key executives, and to determine specific remuneration packages for each executive director; and
b) review senior executive remuneration and non-executive directors' fees annually.

All members of this Committee (including the Chairman) are independent non-executive directors, except for Mr Lawrence Mok Kwok Wah who is a non-independent and non-executive director.

All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, ex-gratia payments, options and benefits-in-kind will be reviewed by the RC. No member of the RC or any director is involved in the deliberations in respect of any remuneration, compensation, options or any form of benefits to be granted to him.

The RC is provided with access to expert professional advice on remuneration matters as and when necessary. The expenses of such services shall be borne by the Company.

# CORPORATE GOVERNANCE REPORT

## 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.**

## DISCLOSURE ON REMUNERATION

**Principle 9: Every company should provide clear disclosure of its remuneration policy, 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.**

In setting the remuneration packages for the executive directors, the Company makes a comparative study of the remuneration packages in comparable industries and takes into account the performance of the Group and that of the executive directors. The performance related elements of remuneration is designed to align interests of the executive directors with those of shareholders.

The service agreements of the executive directors are of a fixed appointment period. The service agreements cover the terms of employment, salaries and other benefits.

For the current year, the Board has recommended a fee for non-executive directors which is subject to approval at the AGM. Directors' fees are set in accordance with a remuneration framework comprising a basic fee as a director and an additional fee for serving on Board Committees, taking into consideration contribution of each of the non-executive directors.

For competitive reasons, the Company is not disclosing each individual director's remuneration. Instead disclosures are made under the broad brand of remuneration as follows:

| | No. of Directors | |
|---|---|---|
| **Remuneration Band** | **2015** | **2014** |
| S$750,000 to below S$1,000,000 | 1 | 1 |
| S$500,000 to below S$750,000 | 1 | 1 |
| S$250,000 to below S$500,000 | - | - |
| Below S$250,000 | 5 | 5 |
| Total | 7 | 7 |

The Group currently adopts a remuneration policy for staff comprising a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of variable bonus that is linked to the Group and individual performance. Due to the highly competitive industry condition the Group operates in, it is not disclosing the remuneration of its key executives.

There are three employees who are immediate family members of Mr Albert Teo Hock Chuan, Director and CEO and whose remuneration exceeded $50,000 during the year.

The Company believes that it is not in the best interests of the Group to disclose the details as required under Guidelines 9.3 and 9.4 of the Code because of the highly competitive industry conditions and also because it wishes to maintain confidentiality for more harmonious and effective human resource management within the Group.

**Amara Performance Share Plan ("Plan")**

The Plan was approved by the shareholders on 29 April 2014. The Plan is administered by the RC comprising Mr Richard Khoo Boo Yeong, Mr Chang Meng Teng, Mr Lawrence Mok Kwok Wah and Mr Foo Ko Hing.

The Plan is a share incentive scheme under which performance-based or time-based awards may be granted. The Plan is in place on the basis that it is important to retain employees whose contributions are important to the well-being and prosperity of the Group and to recognise outstanding employees of the Group who have contributed to the growth of the Group. The Plan gives participants an opportunity to have a personal equity interest in the Company and by granting such an opportunity, the Plan aims to foster a strong and lasting ownership culture within the Group which aligns the interests of its employees with the interests of shareholders.

# CORPORATE GOVERNANCE REPORT

## LEVEL AND MIX OF REMUNERATION (CONTINUED)
## DISCLOSURE ON REMUNERATION (CONTINUED)

Full-time employees (including executive directors) who are confirmed in their employment with the Company and/or any subsidiary shall be eligible to participate in the Plan. Controlling shareholders and their associates within the aforesaid category are eligible to participate in the Plan.

The aggregate number of shares which may be available pursuant to awards granted under the Plan on any date, when added to the number of new shares issued and issuable in respect of (a) all awards granted under the Plan and (b) options or awards granted under any other option scheme or share plan which the Company may implement from time to time, shall not exceed fifteen percent (15%) of the total number of issued shares (excluding treasury shares) on the day preceding the relevant award date.

The aggregate number of shares available to eligible controlling shareholders and their associates under the Plan shall not exceed twenty five per cent (25%) of the shares available under the Plan. In addition, the number of shares available to each controlling shareholder or his associate shall not exceed ten per cent (10%) of the shares available under the Plan.

There were no shares awarded under the Plan at the end of the financial year.

## ACCOUNTABILITY AND AUDIT

**Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.**

In presenting the annual financial statements and quarterly announcements to shareholders, the directors aim to present a balanced and understandable assessment of the Group's position and prospects.

## RISK MANAGEMENT AND INTERNAL CONTROLS

**Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard 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.**

## AUDIT COMMITTEE

**Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.**

## INTERNAL AUDIT

**Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.**

The AC comprises four non-executive directors, three of whom, including the Chairman are independent. They are Mr Chang Meng Teng (Chairman of the AC), Mr Richard Khoo Boo Yeong, Mr Foo Ko Hing and Mr Lawrence Mok Kwok Wah. The AC had four meetings during the financial year. Key information regarding the AC members is given in the 'Board of Directors' section of the annual report.

The AC members have kept abreast of changes in accounting standards and issues which impact the financial statements from briefings by auditors during the quarterly AC meetings.

The AC carries out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50, and the Code, including the following:

- reviews with the external auditors, the audit plan, the evaluation of the internal accounting controls, audit reports and any matters which the external auditors wish to discuss (in the absence of management, where necessary);
- reviews with the internal auditors, the scope and the results of internal audit procedures and their evaluation of the overall internal control systems;

# CORPORATE GOVERNANCE REPORT

**RISK MANAGEMENT AND INTERNAL CONTROLS (CONTINUED)**
**AUDIT COMMITTEE (CONTINUED)**
**INTERNAL AUDIT (CONTINUED)**

- reviews any significant findings of internal investigations and management's response;
- makes recommendations to the Board on the appointment of external auditors, the audit fee and any questions of their resignation or dismissal;
- reviews and approves the appointment, replacement, reassignment or the dismissal of the internal auditors;
- monitors interested person transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of action that raises questions of management integrity; and
- reviews quarterly reporting to SGX-ST and year-end financial statements of the Group before submission to the Board, focusing on
  - going concern assumption;
  - compliance with financial reporting standards and regulatory requirements;
  - any changes in accounting policies and practices;
  - significant issues arising from the audit;
  - major judgmental areas; and
  - any other functions which may be agreed by the AC and the Board.

The AC has met with the external and internal auditors without the presence of the Company's management annually and reviewed the non-audit services provided by the external auditors and is satisfied that the nature and extent of the services would not affect their independence and objectivity. The AC has recommended to the Board that the external auditors be re-appointed.

In appointing the audit firms for the Group, the AC is satisfied that the Company has complied with Rules 712 and 715 of the Listing Manual.

The AC ensures that a review of the effectiveness of the Group's material internal controls, including financial, operational and compliance controls, and risk management, is conducted at least annually. The AC has free and independent access to the external auditors and the internal auditors, and other senior management staff for information that it may require. It has full discretion to invite any director and executive officer to attend its meetings. The AC is satisfied with the assistance given by the Group's officers to the audit functions. The AC also has expressed power to investigate any matter brought to its attention, within its terms of reference, with the power to seek professional advice at the Company's expense.

The Group has outsourced the internal audit function.

Key business risks identified in the course of audit and plans to address these risks are communicated to the management accordingly and tabled for discussion at AC meetings with updates by the management on the status of these action plans.

For the financial year ended 31 December 2015, the Board has received letters of assurance from the CEO and the Group Financial Controller that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and on the effectiveness of the Group's risk management and internal controls system. The AC has reviewed the Group's material internal controls, including financial, operational, information technology and compliance controls, and risk management policies and is satisfied that there are adequate internal controls in place. The Board, with the concurrence of the AC, is satisfied with the adequacy and effectiveness of the internal controls to provide reasonable assurance in addressing financial, operational, information technology and compliance risks.

The Company has in place a whistleblowing policy and the AC has the authority to conduct independent investigations into any complaints.

Staff of the Group has access to senior management employees whom they are free to bring their concerns or complaints to. All such concerns or complaints received shall be investigated thoroughly by the AC or the whistleblowing committee, as the case may be, and all investigations shall be conducted without bias. The Group will treat all information received confidentially and protect the identities and the interests of all whistleblowers, so as to enable staff to voice their concerns or complaints without any fear of reprisal, retaliation, discrimination or harassment of any kind.

# CORPORATE GOVERNANCE REPORT

## SHAREHOLDER RIGHTS

**Principle 14: 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.**

## COMMUNICATION WITH SHAREHOLDERS

**Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.**

## CONDUCT OF SHAREHOLDER MEETINGS

**Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.**

The Company strives for timeliness and transparency in its disclosures to the shareholders and the public. In addition to the regular dissemination of information through SGXNET, the Company also responds to enquiries from investors, analysts, fund managers and the press. However, the Company does not practise selective disclosure as all price-sensitive information is released through SGXNET. The Company also maintains a website at www.amaraholdings.com, at which shareholders can access information on the Group such as corporate information, annual report and core businesses of the Group.

The Company has also retained the services of a Public Relations firm to assist in its communication with the shareholders. The Company's AGM is the principal forum for dialogues with shareholders. The whole Board together with the management and the external auditors are normally present at the AGM to address shareholders' queries, if any. The Constitution of the Company permits a shareholder (other than a relevant intermediary as defined in Section 181 of the Singapore Companies Act, Cap. 50) to appoint one or two proxies to attend AGM and vote in his stead. The Singapore Companies Act, Cap. 50 allows relevant intermediaries to appoint more than two proxies. This will enable indirect investors, including CPF investors, to be appointed as proxies to participate in the AGM.

At the AGM, shareholders are given the opportunity to express their views and ask the Board and the management questions about the Group. All resolutions at the forthcoming AGM would be put to vote by poll. This will allow greater transparency and more equitable participation by shareholders.

Shareholders are encouraged to attend the AGM and EGM (if any) to ensure high level of accountability and to stay apprised of the Group's strategy and goals. Notice of the meetings will be mailed to the shareholders, advertised in newspaper and announced on SGXNET.

## DIVIDENDS

The details of dividend payment, if any, would be disclosed via the release of announcements through SGXNET.

## INTERESTED PERSON TRANSACTIONS

The Group has adopted an internal policy in respect of any transactions with interested persons and requires all such transactions to be at arm's length and reviewed by the AC.

There were no interested person transactions conducted during the financial year pursuant to the Listing Manual.

The Board is satisfied with the Group's commitment to compliance with the Code.

## DEALINGS IN SECURITIES

In line with Listing Rule 1207(19) on Dealings in Securities, the Company has adopted the SGX-ST best practices on dealings in securities in its Internal Code of Dealings in Securities ("Internal Code") to prescribe the internal regulations pertaining to the securities of the Company. The Internal Code prohibits securities dealings by directors and employees while in possession of price-sensitive information. The directors and these employees are also prohibited from dealing in the securities of the Company on short-term considerations and during the period commencing two weeks before the announcement of the Group's quarterly results and one month before the announcement of the Group's annual results and ending on the date of announcement of the results.

## MATERIAL CONTRACTS

There were no material contracts of the Company involving the interests of the Chief Executive Officer, each director or controlling shareholder entered into since the end of the previous financial year.

# FINANCIAL STATEMENTS


48 Directors' Statement

52 Independent Auditor's Report to the Members of Amara Holdings Limited

53 Consolidated Statement of Comprehensive Income

54 Statements of Financial Position

55 Statements of Changes in Equity

58 Consolidated Statement of Cash Flows

60 Notes to the Financial Statements

113 Corporate Data

114 Statistics of Shareholdings

116 Notice of Annual General Meeting

Proxy Form

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2015.

In the opinion of the directors,

(a) 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 53 to 112 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 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## DIRECTORS

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

Albert Teo Hock Chuan
Chang Meng Teng
Susan Teo Geok Tin
Richard Khoo Boo Yeong
Lawrence Mok Kwok Wah
Foo Ko Hing
Chia Kwok Ping (appointed on 2 November 2015)

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the share capital or debentures of the Company and related companies, except as follows:

| | Holdings registered in name of director/nominee | | | Holdings in which a director is deemed to have an interest | | |
|---|---|---|---|---|---|---|
| | **At 21.1.2016** | **At 31.12.2015** | At 1.1.2015 | **At 21.1.2016** | **At 31.12.2015** | At 1.1.2015 |
| | Number of ordinary shares | | | | | |
| **The Company** | | | | | | |
| Albert Teo Hock Chuan | 14,799,619 | 14,738,419 | 1,000 | 234,468,917 | 234,468,917 | 308,156,010 |
| Chang Meng Teng | 10,000 | 10,000 | 10,000 | – | – | – |
| Susan Teo Geok Tin | 14,820,447 | 14,820,447 | 83,030 | 234,458,917 | 234,458,917 | 308,146,010 |
| Lawrence Mok Kwok Wah | 710,030 | 710,030 | 710,030 | *249,558,336 | *249,558,336 | *308,508,010 |

* Mr Lawrence Mok Kwok Wah is deemed to have an interest in 234,458,917 Amara Holdings Limited's shares held or controlled by Firstrust Equity Pte Ltd by reason of the interest of his spouse and her associates in that company. Further, his spouse holds 15,099,419 Amara Holdings Limited's shares personally.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONTINUED)

| | Holdings registered in name of director/nominee | | | Holdings in which a director is deemed to have an interest | | |
|---|---|---|---|---|---|---|
| | **At 21.1.2016** | **At 31.12.2015** | At 1.1.2015 | **At 21.1.2016** | **At 31.12.2015** | At 1.1.2015 |
| | Number of ordinary shares | | | | | |
| **Ultimate holding company** | | | | | | |
| **First Security Pte Ltd** | | | | | | |
| Albert Teo Hock Chuan and Susan Teo Geok Tin | 10,000,000 | 10,000,000 | 10,000,000 | – | – | – |
| **Immediate holding company** | | | | | | |
| **Firstrust Equity Pte Ltd** | | | | | | |
| Albert Teo Hock Chuan | – | – | – | 5,171,935 | 5,171,935 | 5,171,935 |
| Susan Teo Geok Tin | 674,600 | 674,600 | 674,600 | 5,171,935 | 5,171,935 | 5,171,935 |
| Lawrence Mok Kwok Wah | – | – | – | 1,349,200 | 1,349,200 | 1,349,200 |
| **Related company** | | | | | | |
| **Amara Ventures Pte Ltd** | | | | | | |
| Albert Teo Hock Chuan | 85 | 85 | 85 | 9,302 | 9,302 | 9,302 |
| Susan Teo Geok Tin | – | – | – | 9,302 | 9,302 | 9,302 |
| Lawrence Mok Kwok Wah | – | – | – | 9,302 | 9,302 | 9,302 |

(b) Mr Albert Teo Hock Chuan and Ms Susan Teo Geok Tin, by virtue of their being entitled to control the exercise of not less than 20% of the votes attached to voting shares in the Company as recorded in the register of directors' shareholdings, are each deemed to have an interest in the whole of the share capital of the Company's wholly owned subsidiary corporations and in shares held by the Company in the subsidiary corporations set out below. Mr Lawrence Mok Kwok Wah is deemed to have an interest in the whole of the share capital of the Company's wholly owned subsidiary corporations and in the shares held by the Company in the following subsidiary corporations by virtue of the interest of his spouse and her associates being entitled to exercise not less than 20% of the votes attached to voting shares in the Company.

| | Holdings registered in name of director/nominee | | | Holdings in which a director is deemed to have an interest | | |
|---|---|---|---|---|---|---|
| | **At 21.1.2016** | **At 31.12.2015** | At 1.1.2015 | **At 21.1.2016** | **At 31.12.2015** | At 1.1.2015 |
| | Number of ordinary shares | | | | | |
| **Subsidiary corporations** | | | | | | |
| **Catering Concepts & Management Services Pte Ltd** | | | | | | |
| Albert Teo Hock Chuan | – | – | – | 170,000 | 170,000 | 170,000 |
| Susan Teo Geok Tin | – | – | – | 170,000 | 170,000 | 170,000 |
| Lawrence Mok Kwok Wah | – | – | – | 170,000 | 170,000 | 170,000 |
| **AOI Saigon Pte Ltd** | | | | | | |
| Albert Teo Hock Chuan | – | – | – | 3,780,000 | 3,780,000 | 3,780,000 |
| Susan Teo Geok Tin | – | – | – | 3,780,000 | 3,780,000 | 3,780,000 |
| Lawrence Mok Kwok Wah | – | – | – | 3,780,000 | 3,780,000 | 3,780,000 |
| | Number of ordinary shares partially paid | | | | | |
| **AOI Saigon Pte Ltd** | | | | | | |
| Albert Teo Hock Chuan | – | – | – | 5,083,947 | 5,083,947 | 5,083,947 |
| Susan Teo Geok Tin | – | – | – | 5,083,947 | 5,083,947 | 5,083,947 |
| Lawrence Mok Kwok Wah | – | – | – | 5,083,947 | 5,083,947 | 5,083,947 |

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## SHARE OPTIONS

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

## AUDIT COMMITTEE

The members of the Audit Committee during the financial year and at the date of this statement are:

Chang Meng Teng (Chairman)
Richard Khoo Boo Yeong
Lawrence Mok Kwok Wah
Foo Ko Hing

This subcommittee of the Board had four meetings during the financial year. The meetings had been attended by the Chief Executive Officer, Executive Director for Finance and Administration and Group Financial Controller. When necessary, the presence of the external auditors had been requested during these meetings.

All members of this Committee are non-executive directors. Except for Mr Lawrence Mok Kwok Wah, all members are independent.

The Committee is authorised by the Board to investigate any activity within its terms of reference. It has an unrestricted access to any information pertaining to the Group, to both the internal and the external auditors, and to all employees of the Group. It is also authorised by the Board to obtain external legal or other independent professional advice as necessary and at the expense of the Company.

The Audit Committee carries out its functions in accordance with Section 201B(5) of the Singapore Companies Act, including the following:

- reviews with the external auditors, the audit plan, the evaluation of the internal accounting controls, audit reports and any matters which the external auditors wish to discuss (in the absence of management, where necessary);

- reviews with the internal auditors, the scope and the results of internal audit procedures and their evaluation of the overall internal control systems;

- reviews any significant findings of internal investigations and management's response;

- makes recommendations to the Board on the appointment of external auditors, the audit fee and any questions of their resignation or dismissal;

- reviews and approves the appointment, replacement, reassignment or the dismissal of the internal auditors;

- monitors interested person transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of action that raises questions of management integrity;

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## AUDIT COMMITTEE (CONTINUED)

- reviews quarterly reporting to Singapore Exchange Securities Trading Limited ("SGX-ST") and year end financial statements of the Group before submission to the Board, focusing on
  - going concern assumption;
  - compliance with financial reporting standards and regulatory requirements;
  - any changes in accounting policies and practices;
  - significant issues arising from the audit;
  - major judgmental areas; and

- any other functions which may be agreed by the Audit Committee and the Board.

The Audit Committee reviewed the following, where relevant, with the management, the internal auditors and/or the external auditors:

(i) the co-operation given by the Company's officers and whether the external auditors in the course of carrying out their duties, were obstructed or impeded by management;

(ii) the adequacy of the Group's internal accounting control system and its internal control procedures relating to interested person transactions;

(iii) compliance with legal and other regulatory requirements; and

(iv) any other matter which in the Audit Committee's opinion, should be brought to the attention of the Board.

The Audit Committee has nominated Baker Tilly TFW LLP for re-appointment as auditors of the Company at the forthcoming Annual General Meeting. The Audit Committee has conducted an annual review of the non-audit services rendered by the external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors before confirming their re-nomination.

## INDEPENDENT AUDITOR

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

**ALBERT TEO HOCK CHUAN**
Director

**CHANG MENG TENG**
Director

24 March 2016

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMARA HOLDINGS LIMITED

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Amara Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 53 to 112 which comprise the statements of financial position of the Group and the Company as at 31 December 2015, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and 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.

## 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.

## AUDITOR'S 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 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 judgment, 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 the Company as at 31 December 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.

## 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.

**Baker Tilly TFW LLP**
Public Accountants and
Chartered Accountants
Singapore

24 March 2016

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

| | | The Group | |
|---|---|---|---|
| | | **2015** | 2014 |
| | Notes | **$'000** | $'000 |
| **Revenue** | 3 | 82,425 | 75,900 |
| Other income | 4 | 7,030 | 20,410 |
| Changes in inventories of finished goods | | 92 | (24) |
| Cost of properties sold/consumables used | | (9,417) | (5,625) |
| Staff costs | 9 | (23,865) | (19,607) |
| Depreciation | 22 | (5,202) | (3,925) |
| Finance costs | 5 | (6,542) | (3,795) |
| Other expenses | 6 | (26,311) | (25,031) |
| Share of results of a jointly-controlled entity, net of tax | 19 | (28) | (194) |
| **Profit before tax** | 7 | 18,182 | 38,109 |
| Income tax expense | 10 | (3,876) | (2,811) |
| **Profit for the year** | | 14,306 | 35,298 |
| **Other comprehensive income/(loss) after tax:** | | | |
| *Items that are or may be reclassified subsequently to profit or loss:* | | | |
| Currency translation differences on translation of financial statements of foreign subsidiaries | | 1,625 | 1,663 |
| Fair value loss on available-for-sale financial assets reclassified to profit or loss | | 75 | 413 |
| Fair value loss on available-for-sale financial assets, net | | (136) | (14) |
| **Other comprehensive income for the year, net of tax** | | 1,564 | 2,062 |
| **Total comprehensive income for the year** | | 15,870 | 37,360 |
| **Profit attributable to:** | | | |
| Equity holders of the Company | | 14,332 | 35,299 |
| Non-controlling interests | | (26) | (1) |
| **Profit for the year** | | 14,306 | 35,298 |
| **Total comprehensive income attributable to:** | | | |
| Equity holders of the Company | | 15,896 | 37,361 |
| Non-controlling interests | | (26) | (1) |
| | | 15,870 | 37,360 |
| Earnings per ordinary share attributable to the equity holders of the Company | | | |
| Basic and diluted (cents) | 11 | 2.49 | 6.12 |

The accompanying notes form an integral part of these financial statements.
Independent Auditor's Report – Page 52

# STATEMENTS OF FINANCIAL POSITION

**AS AT 31 DECEMBER 2015**

| | | The Group | | The Company | |
|---|---|---|---|---|---|
| | | **2015** | 2014 | **2015** | 2014 |
| | Notes | **$'000** | $'000 | **$'000** | $'000 |
| **Current assets** | | | | | |
| Cash and cash equivalents | 12 | 13,455 | 12,813 | 64 | 65 |
| Trade and other receivables | 13 | 16,261 | 16,026 | 42,794 | 44,526 |
| Inventories | 14 | 407 | 315 | – | – |
| Development properties | 15 | 43,320 | 46,150 | – | – |
| Other current assets | 16 | 1,651 | 2,960 | 5 | 6 |
| | | 75,094 | 78,264 | 42,863 | 44,597 |
| **Non-current assets** | | | | | |
| Available-for-sale financial assets | 17 | 1,109 | 1,260 | 125 | 145 |
| Intangible assets | 18 | 409 | 357 | – | – |
| Investment in a jointly-controlled entity | 19 | 1,876 | 1,904 | – | – |
| Investment in subsidiaries | 20 | – | – | 40,937 | 40,937 |
| Investment properties | 21 | 338,485 | 299,000 | – | – |
| Property, plant and equipment | 22 | 207,363 | 205,584 | – | – |
| Land use rights | 23 | 7,055 | 9,866 | – | – |
| Goodwill | 24 | 789 | 789 | – | – |
| Other assets | 25 | 6,576 | 6,688 | – | – |
| Trade and other receivables | 13 | 31,292 | 30,880 | – | – |
| Deferred income tax assets | 26 | 315 | 402 | – | – |
| Other non-current assets | 16 | 215 | 283 | – | – |
| | | 595,484 | 557,013 | 41,062 | 41,082 |
| **Total assets** | | 670,578 | 635,277 | 83,925 | 85,679 |
| **Current liabilities** | | | | | |
| Trade and other payables | 27 | 22,512 | 23,728 | 327 | 251 |
| Tax payables | | 4,122 | 3,960 | – | – |
| Borrowings | 28 | 61,924 | 22,776 | – | – |
| | | 88,558 | 50,464 | 327 | 251 |
| **Non-current liabilities** | | | | | |
| Trade and other payables | 27 | 4,978 | 4,692 | – | – |
| Borrowings | 28 | 225,421 | 236,556 | – | – |
| Deferred income tax liabilities | 26 | 5,386 | 5,426 | – | – |
| | | 235,785 | 246,674 | – | – |
| **Total liabilities** | | 324,343 | 297,138 | 327 | 251 |
| **Net assets** | | 346,235 | 338,139 | 83,598 | 85,428 |
| **Capital and reserves attributable to equity holders of the Company** | | | | | |
| Share capital | 29 | 125,646 | 125,646 | 125,646 | 125,646 |
| Treasury shares | 29 | (913) | (51) | (913) | (51) |
| Reserves | | 221,633 | 212,649 | (41,135) | (40,167) |
| | | 346,366 | 338,244 | 83,598 | 85,428 |
| Non-controlling interests | | (131) | (105) | – | – |
| **Total equity** | | 346,235 | 338,139 | 83,598 | 85,428 |

The accompanying notes form an integral part of these financial statements.
Independent Auditor's Report – Page 52

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

| | Note | Share capital $'000 | Treasury shares $'000 | Asset revaluation reserve $'000 | Foreign currency translation reserve $'000 | Fair value reserve $'000 | Retained earnings and other reserves* $'000 | Total reserves $'000 | Total $'000 | Non - controlling interests $'000 | Total equity $'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Equity attributable to equity holders of the Company | | | | | | | | | |
| **The Group** | | | | | | | | | | | |
| Balance at 1 January 2015 | | 125,646 | (51) | 9,773 | 5,111 | 154 | 197,611 | 212,649 | 338,244 | (105) | 338,139 |
| Profit for the year | | – | – | – | – | – | 14,332 | 14,332 | 14,332 | (26) | 14,306 |
| **Other comprehensive income/(loss)** | | | | | | | | | | | |
| Currency translation differences on translation of financial statements of foreign subsidiaries | | – | – | – | 1,625 | – | – | 1,625 | 1,625 | – | 1,625 |
| Fair value loss on available-for-sale financial assets reclassified to profit or loss | | – | – | – | – | 75 | – | 75 | 75 | – | 75 |
| Fair value loss on available-for-sale financial assets, net | | – | – | – | – | (136) | – | (136) | (136) | – | (136) |
| Other comprehensive income/(loss) for the year, net of tax | | – | – | – | 1,625 | (61) | – | 1,564 | 1,564 | – | 1,564 |
| Total comprehensive income/(loss) for the year | | – | – | – | 1,625 | (61) | 14,332 | 15,896 | 15,896 | (26) | 15,870 |
| Purchase of treasury shares | | – | (862) | – | – | – | – | – | (862) | – | (862) |
| Dividend relating to 2014 | 30 | – | – | – | – | – | (6,912) | (6,912) | (6,912) | – | (6,912) |
| Balance at 31 December 2015 | | 125,646 | (913) | 9,773 | 6,736 | 93 | 205,031 | 221,633 | 346,366 | (131) | 346,235 |

* Includes other reserves of $112,000 as at 31 December 2015 (2014: $112,000)

# STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

| | | Equity attributable to equity holders of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Note | Share capital $'000 | Treasury shares $'000 | Asset revaluation reserve $'000 | Foreign currency translation reserve $'000 | Fair value reserve $'000 | Retained earnings and other reserves* $'000 | Total reserves $'000 | Total $'000 | Non - controlling interests $'000 | Total equity $'000 |
| **The Group** | | | | | | | | | | | |
| Balance at 1 January 2014 | | 125,646 | – | 9,773 | 3,448 | (245) | 168,081 | 181,057 | 306,703 | (104) | 306,599 |
| Profit for the year | | – | – | – | – | – | 35,299 | 35,299 | 35,299 | (1) | 35,298 |
| **Other comprehensive income** | | | | | | | | | | | |
| Currency translation differences on translation of financial statements of foreign subsidiaries | | – | – | – | 1,663 | – | – | 1,663 | 1,663 | – | 1,663 |
| Fair value loss on available-for-sale financial assets reclassified to profit or loss | | – | – | – | – | 413 | – | 413 | 413 | – | 413 |
| Fair value loss on available-for-sale financial assets, net | | – | – | – | – | (14) | – | (14) | (14) | – | (14) |
| Other comprehensive income for the year, net of tax | | – | – | – | 1,663 | 399 | – | 2,062 | 2,062 | – | 2,062 |
| Total comprehensive income/(loss) for the year | | – | – | – | 1,663 | 399 | 35,299 | 37,361 | 37,361 | (1) | 37,360 |
| Purchase of treasury shares | | – | (51) | – | – | – | – | – | (51) | – | (51) |
| Dividend relating to 2013 | 30 | – | – | – | – | – | (5,769) | (5,769) | (5,769) | – | (5,769) |
| Balance at 31 December 2014 | | 125,646 | (51) | 9,773 | 5,111 | 154 | 197,611 | 212,649 | 338,244 | (105) | 338,139 |

The accompanying notes form an integral part of these financial statements.
Independent Auditor's Report – Page 52

# STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

| | Notes | Share capital $'000 | Treasury shares $'000 | Accumulated losses $'000 | Fair value reserve $'000 | Other reserves $'000 | Total reserves $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| **The Company** | | | | | | | | |
| Balance at 1 January 2015 | | 125,646 | (51) | (41,118) | 25 | 926 | (40,167) | 85,428 |
| Profit for the year | | – | – | 5,970 | – | – | 5,970 | 5,970 |
| *Other comprehensive loss* | | | | | | | | |
| Fair value loss on available -for-sale financial assets, net | | – | – | – | (26) | – | (26) | (26) |
| Total comprehensive income/(loss) for the year | | – | – | 5,970 | (26) | – | 5,944 | 5,944 |
| Purchase of treasury shares | | – | (862) | – | – | – | – | (862) |
| Dividend relating to 2014 | 30 | – | – | (6,912) | – | – | (6,912) | (6,912) |
| Balance at 31 December 2015 | | 125,646 | (913) | (42,060) | (1) | 926 | (41,135) | 83,598 |
| Balance at 1 January 2014 | | 125,646 | – | (42,300) | 29 | 926 | (41,345) | 84,301 |
| Profit for the year | | – | – | 6,951 | – | – | 6,951 | 6,951 |
| *Other comprehensive loss* | | | | | | | | |
| Fair value loss on available -for-sale financial assets, net | | – | – | – | (4) | – | (4) | (4) |
| Total comprehensive income/(loss) for the year | | – | – | 6,951 | (4) | – | 6,947 | 6,947 |
| Purchase of treasury shares | | – | (51) | – | – | – | – | (51) |
| Dividend relating to 2013 | 30 | – | – | (5,769) | – | – | (5,769) | (5,769) |
| Balance at 31 December 2014 | | 125,646 | (51) | (41,118) | 25 | 926 | (40,167) | 85,428 |

The accompanying notes form an integral part of these financial statements.
Independent Auditor's Report – Page 52

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

| | | The Group | |
|---|---|---|---|
| | | **2015** | 2014 |
| | Note | **$'000** | $'000 |
| **Cash flows from operating activities** | | | |
| Profit before tax | | 18,182 | 38,109 |
| Adjustments for: | | | |
| Fair value gains (net) of investment properties | | (5,588) | (18,997) |
| Amortisation of other assets | | 112 | 112 |
| Depreciation of property, plant and equipment | | 5,202 | 3,925 |
| Property, plant and equipment written off | | 22 | 322 |
| Gain on disposal of property, plant and equipment | | (17) | – |
| Income from available-for-sale financial assets | | (72) | (41) |
| Gain on disposal of available-for-sale financial assets | | (2) | (83) |
| Fair value loss on available-for-sale financial assets reclassified to profit or loss | | 75 | 413 |
| Interest income | | (566) | (565) |
| Interest expense | | 6,542 | 3,795 |
| Share of results in a jointly-controlled entity, net of tax | | 28 | 194 |
| Exchange difference | | 787 | 88 |
| Operating cash flow before working capital changes | | 24,705 | 27,272 |
| Changes in operating assets and liabilities: | | | |
| Inventories | | (92) | 24 |
| Receivables | | 586 | (4,188) |
| Payables | | (930) | (1,805) |
| Development properties | | 2,830 | (1,106) |
| Cash generated from operations | | 27,099 | 20,197 |
| Income tax paid, net | | (3,667) | (5,670) |
| **Net cash generated from operating activities** | | **23,432** | **14,527** |
| **Cash flows from investing activities** | | | |
| Proceeds from sale of available-for-sale financial assets | | 24 | 134 |
| Purchase of available-for-sale financial assets | | (7) | (8) |
| Payments for property, plant and equipment (Note A) | | (37,500) | (41,484) |
| Proceeds from disposal of property, plant and equipment | | 17 | 1 |
| Additional costs incurred on investment properties | | – | (1,003) |
| Purchase of intangible assets | | (52) | – |
| Repayment from a third party | | 144 | 144 |
| Income received from quoted equity investments | | 72 | 41 |
| Interest received | | 566 | 565 |
| **Net cash used in investing activities** | | (36,736) | (41,610) |

The accompanying notes form an integral part of these financial statements.
Independent Auditor's Report – Page 52

# CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

| | | The Group | |
|---|---|---|---|
| | | **2015** | 2014 |
| | Note | **$'000** | $'000 |
| **Cash flows from financing activities** | | | |
| Interest paid | | (6,542) | (3,795) |
| Purchase of treasury shares | | (862) | (51) |
| Payment of dividends on ordinary shares | | (6,912) | (5,769) |
| Repayment of finance lease liabilities | | (172) | (129) |
| Repayment of bank borrowings | | (46,400) | (57,265) |
| Proceeds from bank borrowings | | 75,091 | 94,337 |
| **Net cash generated from financing activities** | | 14,203 | 27,328 |
| **Net increase in cash and cash equivalents held** | | 899 | 245 |
| Cash and cash equivalents at beginning of financial year | | 12,813 | 12,565 |
| Effects of exchange rate changes on cash and cash equivalents | | (257) | 3 |
| **Cash and cash equivalents at end of financial year** | 12 | 13,455 | 12,813 |

**Note A**

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $37,670,000 (2014: $41,484,000) of which $170,000 (2014: $Nil) was financed by means of finance lease. Cash payment of $37,500,000 (2014: $41,484,000) was made to purchase property, plant and equipment.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1. CORPORATE INFORMATION

Amara Holdings Limited (the "Company") (Co. Reg. No. 197000732N) is incorporated and domiciled in Singapore and is listed on the SGX-ST. The address of its registered office is 100 Tras Street #06-01, 100 AM, Singapore 079027.

The principal activity of the Company is that of an investment holding company. The principal activities of its subsidiaries are set out in Note 20 to the financial statements.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $), rounded to the nearest thousand dollars, unless otherwise stated.

The preparation of financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those 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. The areas involving a higher degree of judgment or complexity or areas where assumptions significant to the financial statements are disclosed in Note 2(b).

In the current financial year, the Group has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new and revised FRS and INT FRS did not have any material effect on the financial results or financial position of the Group and Company for the financial year.

New standards, amendments to standards and interpretations that have been issued at the statement of financial position date but are not yet effective for the financial year ended 31 December 2015 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company, except as disclosed as follows:

New or revised FRS and INT FRS issued at balance sheet date but not effective

<u>FRS 115 Revenue from Contracts with Customers</u>

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Basis of preparation (continued)

New or revised FRS and INT FRS issued at balance sheet date but not effective (continued)

FRS 115 Revenue from Contracts with Customers (continue)

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognition contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and does not plan to adopt the new standard early.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and does not plan to adopt the standard early.

### (b) Significant accounting estimates and judgments

The Group's accounting policies and use of estimates are integral to the reported results. Certain accounting estimates require exercise of management's judgment in determining the appropriate methodology for valuation of assets and liabilities. In addition, procedures are in place to ensure that methodologies are reviewed and revised as appropriate. The Group believes its estimates for determining the valuation of its assets and liabilities are appropriate.

*(1) 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.

i) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Goodwill is tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. The carrying amounts of the Group's investment in a jointly-controlled entity, property, plant and equipment and goodwill and the Company's investment in subsidiaries, net of impairment loss at the end of the reporting period are disclosed in Notes 19, 22, 24 and 20 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Significant accounting estimates and judgments (continued)

*(1) Key sources of estimation uncertainty (continued)*

ii) Investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged independent valuation specialists to determine the investment properties' fair values annually.

The valuation techniques and inputs used to determine the fair value of the investment properties are further explained in Note 37.

The carrying amounts of the Group's investment properties at the end of the reporting period are disclosed in Note 21 to the financial statements.

### (c) Revenue recognition

Revenue comprises the fair value for the sale of goods and rendering of services, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and related cost can be reliably measured.

*(1) Hotel and restaurant operations and other services rendered*

Revenue from hotel and restaurant operations are recognised when the services are rendered.

Revenue from rendering of services is recognised on the performance of services.

*(2) Rental income*

Rental income arising from operating leases on investment properties are recognised on a straight-line basis over the lease terms.

*(3) Revenue from sale of completed development property*

A development property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

*(4) Revenue from sale of development property under construction*

Where development property is under construction and agreement has been reached to sell such property when construction is complete, the Directors consider whether the contract comprises:

- A contract to construct a property; or
- A contract for the sale of completed property

a) Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage of completion method as construction progresses.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Revenue recognition (continued)

*(4) Revenue from sale of development property under construction (continued)*

b) Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer (i.e. revenue is recognised using the completed contract method).

i) If however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage of completion method of revenue recognition is applied and the revenue is recognised as work progresses.

ii) In Singapore's context, INT FRS 115 includes an accompanying note of the application of INT FRS 115 in Singapore which requires the percentage of completion method of revenue recognition to be applied to sale of private residential properties prior to completion of the properties that are regulated under the Singapore Housing Developers (Control and Licensing) Act (Chapter 130) and uses the standard form of sale and purchase agreements (SPAs) prescribed in the Housing Developers Rules. The accompanying note to INT FRS 115 does not address the accounting treatment for other SPAs, including SPAs with Deferred Payment Scheme feature in Singapore.

In the above situations (i) and (ii), the percentage of work completed is measured based on the costs incurred up till the end of the reporting period as a proportion of total costs expected to be incurred to completion.

*(5) Management fee*

Management fee income is recognised when services are rendered.

*(6) Dividend income*

Dividend income is recognised when the right to receive payment is established.

*(7) Interest income*

Interest income is recognised on a time proportion basis using the effective interest method.

### (d) Basis of consolidation and business combinations

*(1) Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of the investments, the difference between disposal proceeds and the carrying amount of the investments are recognised in profit or loss.

*(2) Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

# NOTES TO THE FINANCIAL STATEMENTS



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Basis of consolidation and business combinations (continued)

*(2) Basis of consolidation (continued)*

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2(f). In instances where the latter amount exceeds the former amount and the measurement of all amounts have been reviewed, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if the subsidiary incurred losses and the losses allocated exceed the non-controlling interests in the subsidiary's equity.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the 'non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition date at fair value or, when applicable, on the basis specified in another standard.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amount of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the Company.

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill, non-controlling interest and other component of equity related to the subsidiary are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific FRS.

Any retained equity interest in the previous subsidiary is remeasured at fair value at the date that control is lost. The difference between the carrying amounts of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Basis of consolidation and business combinations (continued)

*(3) Jointly-controlled entity*

A jointly-controlled entity is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than right to its assets and obligations for its liabilities.

Investment in a jointly-controlled entity is accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses, if any.

Investment in a jointly-controlled entity is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Subsequent to initial recognition, the Group's share of a jointly-controlled entity's post-acquisition profits or losses is recognised in the profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received are adjusted against the carrying amount of the investment.

When the Group's share of losses in a jointly-controlled entity equals or exceeds its interest in the jointly-controlled entity, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the jointly-controlled entity.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the jointly-controlled entity recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately as income in the Group's profit or loss.

Where a group entity transacts with a jointly-controlled entity of the Group, profits and losses are eliminated to the extent of the Group's interest in the respective jointly-controlled entity.

Upon loss of significant influence over the jointly-controlled entity, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the jointly-controlled entity upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

If the Group's ownership interest in a jointly-controlled entity is reduced and the Group continues to apply the equity method, the Group shall reclassify to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Property, plant and equipment

All property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses, except for operating supplies and capital project in progress that are not subjected to depreciation. All property, plant and equipment are stated at cost except for an once-off revaluation of the long leasehold land and buildings in 1987 by an external independent valuer. The Group does not have a fixed policy on revaluation.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

*(1) Operating supplies*

Operating supplies comprising uniform, kitchen utensils, linen, crockery, cutlery, glassware, loose tools and catering utensils are dealt with on a replacement basis and subsequent purchases are charged directly to profit or loss.

*(2) Capital project in progress*

Expenditure relating to the construction of the leasehold land and buildings, including interest expenses, are capitalised when incurred, up to the completion of construction. The interest rate applied to the funds provided for the construction of the leasehold land and buildings is arrived at by reference to the actual rate payable on borrowings taken to finance the construction.

*(3) Depreciation*

No depreciation is provided on capital project in progress. Depreciation is calculated using a straight-line method to allocate the depreciable amounts of property, plant and equipment over their estimated useful lives. The annual rates used for this purpose are as follows:

| | % |
|---|---|
| Freehold property | 2 |
| Leasehold land and buildings | 1.1 - 5 |
| Plant and machinery, furniture, fixtures and equipment | 5 - 33$^1/_3$ |
| Motor vehicles | 20 |
| Renovations | 10 |
| Land use rights | 2.2 - 2.5 |

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

The depreciation charge of land use rights in relation to construction in progress of properties held for own use is capitalised in capital project in progress until completion of the construction.

*(4) Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

*(5) Disposal*

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss; any amount in revaluation reserve relating to that asset is transferred to retained earnings.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (f) Intangible assets

*(1) Goodwill*

Goodwill represents the excess of the cost of acquisition of subsidiaries over the fair value of the Group's share of their identifiable net assets and contingent liabilities at the date of acquisition.

Goodwill on acquisition of subsidiaries is recognised as intangible assets and is tested at least annually for impairment and carried at cost less accumulated impairment losses (Note 2(h)).

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

*(2) Club memberships*

Club memberships are held on a long-term basis and are stated at cost less accumulated impairment losses, if any.

### (g) Investment properties

Investment properties are properties held either to earn rental or for capital appreciation or both. Investment properties under development are properties being constructed or developed for future use as investment properties. Certain of the Group's investment properties acquired through interests in subsidiaries, are accounted for as acquisition of assets. Investment properties and investment properties under development are initially recognised at cost, including transaction costs, and subsequently at fair value with any change therein recognised in the profit or loss. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes costs of land use rights, and cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. The fair value is determined based on an independent professional valuation. Independent professional valuation is obtained annually.

When an investment property or investment property under development is disposed off, the resulting gain or loss recognised in the profit or loss is the difference between the net disposal proceed and the carrying amount of the property.

Transfer to, or from, investment properties are made only when there is a change in use, evidenced by:

- commencement of development with a view to sell, for a transfer from investment properties to development properties for sale;
- commencement of owner-occupation, for a transfer from investment property to property, plant and equipment (owner-occupied property);
- end of owner-occupation, for a transfer from property, plant and equipment (owner-occupied property) to investment properties; or
- commencement of an operating lease to another party for a transfer from development properties held for sale to investment property.

### (h) Impairment of assets

*(1) Goodwill*

Goodwill is tested annually for impairment, as well as when there is any indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies of the business combination.

An impairment loss is recognised in the profit or loss when the carrying amount of CGU, including the goodwill, exceeds the recoverable amount of the CGU. Recoverable amount of the CGU is the higher of the CGU's fair value less cost to sell and value in use.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (h) Impairment of assets (continued)

*(1) Goodwill (continued)*

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

Impairment loss on goodwill is not reversed in subsequent period.

*(2) Non-financial assets*

Non-financial assets are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs to.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the profit or loss unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

### (i) Financial assets

*(1) Classification*

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale, as appropriate. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at the end of each reporting period.

i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing more than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are classified within "trade and other receivables", "cash and cash equivalents" and "other current/non-current assets" (excluding prepayments) on the statement of financial position.

ii) Financial assets, available-for-sale

Financial assets, including equity and debt securities, available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose off the assets within 12 months after the end of the reporting period.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (i) Financial assets (continued)

*(2) Recognition and derecognition*

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the assets. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is taken to profit or loss. Any amount in the fair value reserve relating to that asset is transferred to profit or loss.

*(3) Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs.

*(4) Subsequent measurement*

Financial assets, available-for-sale are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method, less impairment.

Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in the fair value reserve. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in the fair value reserve, together with the related currency translation differences.

Interest and dividend income on financial assets, available-for-sale are recognised separately in profit or loss.

*(5) Determination of fair value*

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis refined to reflect the issuer's specific circumstances.

*(6) Impairment*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(i) Loans and receivables

Significant financial difficulties of the receivables, probability that the receivables will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivables are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount 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. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

If in subsequent periods, the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

# NOTES TO THE FINANCIAL STATEMENTS



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (i) Financial assets (continued)

*(6) Impairment (continued)*

(ii) Financial assets, available-for-sale

In the case of an equity security classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the security is impaired.

When there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that was recognised directly in the fair value reserve is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised.

Impairment losses on debt instruments classified as available-for-sale financial assets are reversed through profit or loss. However, impairment losses recognised in profit or loss on equity instruments classified as available-for-sale financial assets are not reversed through profit or loss.

### (j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis and includes all costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the costs of completion and selling expenses.

### (k) Development properties for sales and stocks

Development properties for sale and stocks are stated at the lower of cost plus, where appropriate, a portion of the attributable profit [note 2(c), 2(c)(4)], and estimated net realisable value, net of progress billings. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of properties under development comprises specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are also capitalised, on a specific identification basis, as part of the cost of the development property until completion of development.

### (l) Borrowings

Borrowings are recognised initially at fair value and net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is taken to profit or loss over the period of the borrowings using the effective interest method.

### (m) Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in the profit or loss using the effective interest method.

The amount of borrowing cost capitalised on that asset is the actual borrowing costs incurred during the period less any investment income on the temporary investment of those borrowings.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (n) Financial liabilities

Financial liabilities include trade and other payables and bank borrowings. Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and (except for financial guarantees) subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

### (o) Leases

*(1) When a group company is the lessee:*

*Finance leases*

Leases of assets in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is taken to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

*Operating leases*

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

*(2) When a group company is the lessor:*

*Operating leases*

Leases where the Group retains substantially all the risk and rewards incidental to ownership of the asset are classified as operating leases. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

### (p) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided using the liability method, on temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of transaction, affects neither the accounting nor taxable profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (p) Income taxes (continued)

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investment in subsidiaries and a jointly-controlled entity except where the timing of the reversal of temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the end of the reporting period.

Deferred income tax is measured based on the tax consequence that will follow the manner in which the Group expects, at the end of the reporting date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. The carrying amount of the investment properties measured at fair value is presumed to be recovered through sale.

Deferred taxes are charged or credited to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

### (q) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

### (r) Employee benefits

*(1) Employee leave entitlement*

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

*(2) Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund in Singapore, and will have no legal or constructive obligation to pay further contributions if any of the funds does not hold sufficient assets to pay all employee benefits relating to employee service in the current and preceding financial years. The Group's contributions to defined contribution plans are recognised in the financial year to which they relate.

### (s) Foreign currency translation

*(1) Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Singapore Dollars, which is the Company's functional currency.

# NOTES TO THE FINANCIAL STATEMENTS



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (s) Foreign currency translation (continued)

*(2) Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except for currency translation differences on net investment in foreign operations and borrowings qualifying as net investment hedges for foreign operations, which are included in the foreign currency translation reserve within equity in the consolidated financial statements.

Currency translation differences on non-monetary items, such as available-for-sale equity securities, are reported as part of the fair value gains or losses.

*(3) Translation of Group entities' financial statements*

The results and financial positions of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that reporting period;

ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

iii) All resulting exchange differences are taken to the foreign currency translation reserve within equity.

On consolidation, currency translation differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities) and borrowings and other currency instruments designated as hedges of such investments are taken to the foreign currency translation reserve. When a foreign operation is disposed of, such exchange differences are taken to profit or loss as part of the gain or loss on disposal.

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

### (t) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

### (u) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, demand deposits and unsecured fixed deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and excludes pledged deposits.

# NOTES TO THE FINANCIAL STATEMENTS



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (v) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match it on a systematic basis to the costs that it is intended to compensate.

### (w) Share capital

*Ordinary shares*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental cost directly attributable to the issuance of new ordinary shares are deducted against share capital account.

*Treasury shares*

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid including any directly attributable incremental cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of the capital of the Company, or against the retained earnings of the Company if the shares are purchased out of retained earnings of the Company.

When treasury shares are subsequently sold, the cost of treasury shares is reversed from the treasury shares account and the realised gain or loss on sale, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

### (x) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees, if any.

### (y) Dividend

Interim dividends are recorded during the financial year in which they are declared payable. Final and special dividends are recorded during the financial year in which the dividends are approved by the shareholders.

### (z) Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified receivable fails to make payment when due.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs. Financial guarantees are classified as financial liabilities.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. Financial guarantees contracts are amortised in profit or loss over the period of the guarantee.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (aa) Land use rights

Land use rights represent costs paid to use land in the People's Republic of China (the "PRC") with periods ranging from 40 to 45 years. Land use rights granted with consideration are recognised initially at acquisition cost and subsequently, classified and accounted for in accordance with the intended use of the properties erected on the related land.

## 3. REVENUE

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| Room, food and beverage and other revenue | 59,187 | 56,289 |
| Rental income from investment properties | 17,434 | 16,917 |
| Revenue recognised on development properties | 4,960 | 1,850 |
| Others | 844 | 844 |
| | 82,425 | 75,900 |

## 4. OTHER INCOME

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| Other income | | |
| - Amortisation of fair value adjustment on advances to a jointly-controlled entity | 551 | 541 |
| - Fair value gains (net) of investment properties | 5,588 | 18,997 |
| - Gain on disposal of available-for-sale financial assets | 2 | 83 |
| - Gain on disposal of property, plant and equipment | 17 | – |
| - Income from available-for-sale financial assets | 72 | 37 |
| - Net foreign exchange gain | 486 | 195 |
| - Others | 299 | 533 |
| | 7,015 | 20,386 |
| Interest income - fixed deposits | 15 | 24 |
| | 7,030 | 20,410 |

## 5. FINANCE COSTS

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| Interest expense | | |
| - Finance leases | 16 | 17 |
| - Bank loans and overdraft | 6,526 | 3,778 |
| | 6,542 | 3,795 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 6. OTHER EXPENSES

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| Advertising | 2,371 | 1,986 |
| Cleaning expenses | 3,035 | 2,812 |
| Commission charges | 1,964 | 1,653 |
| Property tax | 3,024 | 2,762 |
| Rental expenses - operating leases | 1,922 | 1,849 |
| Repair and maintenance | 2,535 | 1,953 |
| Utilities | 5,334 | 6,092 |
| Others | 6,126 | 5,924 |
| | 26,311 | 25,031 |

## 7. PROFIT BEFORE TAX

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| **Profit before tax is arrived at after:** | | |
| *Charging/(Crediting):* | | |
| Allowance for doubtful trade receivables | 13 | 22 |
| Allowance for doubtful non-trade receivables | 180 | 117 |
| Allowance for doubtful trade receivable written back | – | (2) |
| Amortisation of other assets (Note 25) | 112 | 112 |
| Audit fees payable/paid to the auditor of the Company | 119 | 116 |
| Audit fees payable/paid to the other auditors* | 17 | 11 |
| Bad debts written off (trade) | 34 | 42 |
| Bad debts written off (non-trade) | – | 10 |
| Directors' fees | 162 | 189 |
| Non-audit fees payable/paid to the auditor of the Company | 23 | 25 |
| Property, plant and equipment written off | 22 | 322 |
| Rental expense – operating leases | 1,922 | 1,849 |

* Includes independent member firms of the Baker Tilly International network.

## 8. REMUNERATION BANDS OF DIRECTORS OF THE COMPANY

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| Number of directors of the Company in remuneration bands: | | |
| $750,000 to below $1,000,000 | 1 | 1 |
| $500,000 to below $750,000 | 1 | 1 |
| $250,000 to below $500,000 | – | – |
| Below $250,000 | 5 | 5 |
| Total | 7 | 7 |

The depreciation charges relating to motor vehicles of the Group which were made available for the use of the directors were $111,637 (2014: $73,191). These amounts have been included in the remuneration of directors of the Company for the purpose of this Note.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 9. STAFF COSTS

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| Wages and salaries | 20,384 | 16,688 |
| Employer's contribution to the Central Provident Fund | 1,541 | 1,318 |
| Other benefits | 1,940 | 1,601 |
| | 23,865 | 19,607 |

## 10. INCOME TAX EXPENSE

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| Tax expense attributable to the results is made up of: | | |
| Current income tax | 3,791 | 3,629 |
| Deferred income tax (Note 26) | 47 | (807) |
| | 3,838 | 2,822 |
| Under/(over) provision in preceding financial years: | | |
| - Current income tax | 38 | 407 |
| - Deferred income tax (Note 26) | – | (418) |
| | 3,876 | 2,811 |

The tax expense on profit differs from the amount that would arise using the Singapore statutory rate of income tax due to the following:

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| Profit before tax | 18,182 | 38,109 |
| Share of results of a jointly-controlled entity, net of tax | 28 | 194 |
| Profit before tax and share of loss of a jointly-controlled entity | 18,210 | 38,303 |
| Tax calculated at a tax rate of 17% | 3,096 | 6,512 |
| Singapore statutory stepped income exemption | (101) | (117) |
| Effect of different tax rates in other countries | (77) | (121) |
| Expenses not deductible for tax purposes | 1,354 | 1,197 |
| Income not taxable | (1,399) | (3,377) |
| Utilisation of temporary differences previously not recognised | – | (2) |
| Corporate income tax rebate and tax incentives | (172) | (413) |
| Deferred tax assets not recognised | 973 | – |
| Change in tax assessed basis | – | (704) |
| Others | 164 | (153) |
| | 3,838 | 2,822 |

## 11. EARNINGS PER ORDINARY SHARE

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| Profit after tax attributable to the equity holders of Amara Holdings Limited ($'000) | 14,332 | 35,299 |
| Weighted average number of ordinary shares in issue, excluding own shares held, used for computing earnings per share ('000) | 575,707 | 576,933 |
| Basic and diluted earnings per ordinary share (cents) | 2.49 | 6.12 |

Basic and diluted earnings per ordinary share is calculated by dividing the profit attributable to members of Amara Holdings Limited by the weighted average number of ordinary shares in issue, including own shares held, during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS



## 12. CASH AND CASH EQUIVALENTS

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **$'000** | $'000 | **$'000** | $'000 |
| Cash at bank and on hand | 12,341 | 11,279 | 64 | 65 |
| Fixed deposits | 1,114 | 1,534 | – | – |
| | 13,455 | 12,813 | 64 | 65 |

Included in the above is an amount of $1,114,000 (2014: $1,411,000) held under the Housing Developers (Project Account) Rules (1997 Ed) where withdrawals from which are restricted to payments for project expenditure incurred.

The carrying amounts of cash and cash equivalents approximate their fair values.

The Group's fixed deposits with banks mature within 1 month (2014: 1 to 3 months) from the financial year end. The weighted average effective interest rate of these deposits as at 31 December 2015 was 0.61% (2014: 0.72%) per annum.

Cash and cash equivalents are denominated in the following currencies:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **$'000** | $'000 | **$'000** | $'000 |
| Singapore Dollar | 6,813 | 11,477 | 64 | 65 |
| United States Dollar | 5,582 | 70 | – | – |
| Renminbi | 113 | 789 | – | – |
| Thai Baht | 946 | 475 | – | – |
| Others | 1 | 2 | – | – |
| | 13,455 | 12,813 | 64 | 65 |

## 13. TRADE AND OTHER RECEIVABLES

### (a) Current

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **$'000** | $'000 | **$'000** | $'000 |
| Trade receivables | | | | |
| - Third parties | 5,956 | 5,621 | 5 | – |
| Less: Allowance for doubtful trade receivables | (40) | (45) | – | – |
| Trade receivables - net | 5,916 | 5,576 | 5 | – |
| Non-trade receivables | | | | |
| - Third parties | 13,102 | 13,101 | 2 | 2 |
| - Subsidiaries | – | – | 42,787 | 44,524 |
| | 13,102 | 13,101 | 42,789 | 44,526 |
| Less: Allowance for doubtful non-trade receivables | (2,757) | (2,651) | – | – |
| Non-trade receivables - net | 10,345 | 10,450 | 42,789 | 44,526 |
| | 16,261 | 16,026 | 42,794 | 44,526 |

# NOTES TO THE FINANCIAL STATEMENTS



## 13. TRADE AND OTHER RECEIVABLES (CONTINUED)

### (a) Current (continued)

Concentration of credit risks with respect to trade receivables are limited due to the Group's large number of customers, who are internationally dispersed. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's and Company's trade receivables.

The non-trade receivables of the Group and the Company are unsecured, interest-free and repayable on demand.

Included in the Group's non-trade receivable balance net of impairment is an amount due from a third party with a carrying amount of $2,796,329 (2014: $2,617,000) which is past due at the end of the reporting period.

The carrying amounts of current trade and other receivables approximate their fair values.

### (b) Non-current

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| Advances to a jointly-controlled entity | 31,160 | 30,604 |
| Advances to a third party | 132 | 276 |
| | 31,292 | 30,880 |

The advances to a jointly-controlled entity and a third party are unsecured, interest-free and repayments are not expected within the next 12 months from the end of the reporting period.

The fair values of non-current other receivables at the end of the reporting period are as follows:

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| Advances to a jointly-controlled entity | 29,840 | 29,668 |
| Advances to a third party | 126 | 268 |
| | 29,966 | 29,936 |

The fair value of the above advances are computed based on cash flows discounted at market borrowing rate of 2.91% (2014: 2.09%) per annum at the end of the reporting period.

Trade and other receivables are denominated in the following currencies:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **$'000** | $'000 | **$'000** | $'000 |
| Singapore Dollar | 41,512 | 41,778 | 42,794 | 44,526 |
| United States Dollar | 2,757 | 2,577 | – | – |
| Others | 3,284 | 2,551 | – | – |
| | 47,553 | 46,906 | 42,794 | 44,526 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 14. INVENTORIES

| | The Group 2015 $'000 | The Group 2014 $'000 |
|---|---|---|
| Food and beverage, at cost | 190 | 192 |
| Other hotel and catering supplies, at cost | 217 | 123 |
| | 407 | 315 |

## 15. DEVELOPMENT PROPERTIES

| | The Group 2015 $'000 | The Group 2014 $'000 |
|---|---|---|
| Properties under development | 40,993 | 40,386 |
| Completed properties held for sale | 2,327 | 5,764 |
| | 43,320 | 46,150 |

**Properties under development**

| | The Group 2015 $'000 | The Group 2014 $'000 |
|---|---|---|
| Land, development and other related costs<br>- unsold development properties | 40,993 | 40,386 |

The Group's development properties as at 31 December 2015 are set out below:

| | Address | Title | Stage of development/ Estimated date of completion | Actual/ Proposed gross floor area (sq m) | Description | Interest % |
|---|---|---|---|---|---|---|
| (i) | 9 Devonshire Road, Singapore | Freehold | Completed | 234 | Residential apartment | 100 |
| (ii) | Nos. 118 to 128 (even nos.) at Killiney Road, Singapore | Freehold | Completed | 2,604 | Block of 6-storey apartments with 1 level basement carparks and swimming pool | 100 |
| (iii) | 5 Jalan Mutiara, Singapore* | Freehold | Under development/ 2018 | 2,355 | Proposed residential development of 1 block of about 11 storey apartments | 100 |
| (iv) | 29 Newton Road, Singapore | Freehold | Under development/ 2020 | 1,994 | Proposed residential development | 100 |

* The land under development with carrying amount of $24,013,000 (2014: $20,765,000) is pledged as security for banking facilities granted to a subsidiary which has yet to be utilised as at year end.

## 16. OTHER CURRENT/NON-CURRENT ASSETS

### (a) Current

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **$'000** | $'000 | **$'000** | $'000 |
| Deposits | 510 | 1,950 | – | – |
| Prepayments | 1,134 | 998 | 5 | 4 |
| Staff advances | 7 | 12 | – | – |
| Other receivables | – | – | – | 2 |
| | 1,651 | 2,960 | 5 | 6 |

The carrying amounts of other current assets (excluding prepayments) approximate their fair values.

### (b) Non-current

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| Deposits | 22 | 23 |
| Prepayments | 193 | 260 |
| | 215 | 283 |

The fair values of other non-current assets (excluding prepayments) at the end of the reporting period are as follows:

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| Deposits | 22 | 22 |

Other current/non-current assets (excluding prepayments) are denominated in the following currencies:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **$'000** | $'000 | **$'000** | $'000 |
| Singapore Dollar | 387 | 352 | – | 2 |
| United States Dollar | – | 468 | – | – |
| Renminbi | 103 | 52 | – | – |
| Thai Baht | 49 | 1,113 | – | – |
| | 539 | 1,985 | – | 2 |

## 17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **$'000** | $'000 | **$'000** | $'000 |
| Quoted investments, equity shares in corporations at fair value | 1,109 | 1,260 | 125 | 145 |

The fair values of quoted investments are determined by reference to quoted bid prices at the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 18. INTANGIBLE ASSETS

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| Club memberships | 532 | 532 |
| Addition | 52 | – |
| Less: Impairment loss | (175) | (175) |
| | 409 | 357 |

## 19. INVESTMENT IN A JOINTLY-CONTROLLED ENTITY

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| Unquoted equity shares, at cost | 400 | 400 |
| Fair value adjustment | 2,139 | 2,139 |
| Share of accumulated losses, net of tax | (663) | (635) |
| | 1,876 | 1,904 |

The investment in unquoted equity shares represents 40% equity interest in a jointly-controlled entity that is engaged in real estate development. There is no active market for the unquoted equity investment.

The fair value adjustment arose from advances granted to a jointly-controlled entity in financial year 2012. The fair value is computed based on cash flows discounted at market borrowing rate of 1.8% (2014: 1.8%) per annum. Repayments are not expected within the next 12 months from the end of the reporting period.

Investment in a jointly-controlled entity was reclassified from investment in an associate as a result of reassessment performed during the financial year. There is no impact to the financial statements of the Group.

The summarised financial information of the Group's jointly-controlled entity, which is not adjusted for the percentage of ownership interest held by the Group, are as follows:

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| **Summarised statement of financial position** | | |
| Non-current assets | 306 | 306 |
| Current-assets (a) | 448,716 | 401,333 |
| Non-current liabilities (b) | – | (179,978) |
| Current liabilities (c) | (449,546) | (222,130) |
| Total equity attributable to the equity holders of the jointly-controlled entity | (524) | (469) |
| Included in the summarised statement of financial position of the jointly controlled entity are the following: | | |
| (a) Cash and cash equivalents | 9,123 | 13,138 |
| (b) Non-current financial liabilities (excluding trade and other payables and provisions) | – | (179,978) |
| (c) Current financial liabilities (excluding trade and other payables and provisions) | (177,911) | (12,085) |
| **Summarised statement of comprehensive income** | | |
| Revenue | – | – |
| Interest income | – | 4 |
| Loss after tax and total comprehensive income | (56) | (485) |
| Group's interest in net assets of jointly-controlled entity at beginning of the year | 1,904 | 2,098 |
| Share of total comprehensive loss | (28) | (194) |
| | 1,876 | 1,904 |

# NOTES TO THE FINANCIAL STATEMENTS



## 19. INVESTMENT IN A JOINTLY-CONTROLLED ENTITY (CONTINUED)

Details of the jointly-controlled entity are as follows:

| Name of jointly-controlled entity | Principal activity | Country of incorporation and business | Group's proportion of ownership interest | |
|---|---|---|---|---|
| | | | **2015** | 2014 |
| | | | **%** | % |
| **Held by Creative Investments Pte Ltd** | | | | |
| Tampines EC Pte Ltd* | Real estate development | Singapore | 40 | 40 |

* Unaudited management accounts for the financial year ended 31 December 2015 were used in the preparation of the Group's financial statements.

## 20. INVESTMENT IN SUBSIDIARIES

| | The Company | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| Unquoted equity investment, at costs | 50,766 | 50,766 |
| Less: Impairment loss | (9,829) | (9,829) |
| | 40,937 | 40,937 |

Allowance for impairment loss balance is as follows:

| | The Company | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| At 1 January and 31 December | 9,829 | 9,829 |

The subsidiaries of Amara Holdings Limited, which are directly or indirectly owned by the Company are as follows:

| Name of subsidiary | Principal activities | Country of incorporation and business | Proportion of ownership interest | | Cost of investment | |
|---|---|---|---|---|---|---|
| | | | **2015** | 2014 | **2015** | 2014 |
| | | | **%** | % | **$'000** | $'000 |
| **Held by the Company** | | | | | | |
| Amara Hotel Properties Pte Ltd | Hotelier, restaurateur, investment holding and provision of general management and administrative services | Singapore | 100 | 100 | 20,000 | 20,000 |
| TTH Development Pte Ltd | Share trading and investment, property development and provision of construction services | Singapore | 100 | 100 | 1,000 | 1,000 |
| Creative Investments Pte Ltd | Investment holding, property development and provision of construction services | Singapore | 100 | 100 | 6,704 | 6,704 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 20. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The subsidiaries of Amara Holdings Limited, which are directly or indirectly owned by the Company are as follows: (continued)

| Name of subsidiary | Principal activities | Country of incorporation and business | Proportion of ownership interest | | Cost of investment | |
|---|---|---|---|---|---|---|
| | | | **2015** | 2014 | **2015** | 2014 |
| | | | **%** | % | **$'000** | $'000 |
| **Held by the Company** | | | | | | |
| Creslin Pte Ltd | Property development and provision of construction services | Singapore | 100 | 100 | 1,000 | 1,000 |
| PCS Restaurants Pte Ltd | Investment holding | Singapore | 100 | 100 | 1,673 | 1,673 |
| Amara China Investments Pte Ltd | Investment holding | Singapore | 100 | 100 | –** | –** |
| Amara International Hotels & Resorts Pte Ltd | Management and technical advisory services for the management and development of hotels and resorts | Singapore | 100 | 100 | –** | –** |
| AOI Saigon Pte Ltd * | Dormant | Singapore | 90 | 90 | 4,773 | 4,773 |
| Amara Hospitality Capital Pte Ltd | Investment holding | Singapore | 100 | 100 | 7,616 | 7,616 |
| Amara Sentosa Investments Pte Ltd | Hotelier, restaurateur and investment holding | Singapore | 100 | 100 | 8,000 | 8,000 |
| | | | | | 50,766 | 50,766 |

| Name of subsidiary | Principal activities | Country of incorporation and business | Proportion of ownership interest | |
|---|---|---|---|---|
| | | | **2015** | 2014 |
| | | | **%** | % |
| **Held by PCS Restaurants Pte Ltd** | | | | |
| Catering Concepts & Management Services Pte Ltd ### | Dormant | Singapore | 85 | 85 |
| Julius Estates Pte Ltd | Property investment and franchisor | Singapore | 100 | 100 |
| Thanying Restaurant Singapore Pte Ltd | Restaurateur | Singapore | 100 | 100 |
| Silk Road Restaurant (M) Sdn Bhd **** | Dormant | Malaysia | 100 | 100 |

# NOTES TO THE FINANCIAL STATEMENTS



## 20. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The subsidiaries of Amara Holdings Limited, which are directly or indirectly owned by the Company are as follows: (continued)

| Name of subsidiary | Principal activities | Country of incorporation and business | Proportion of ownership interest | |
|---|---|---|---|---|
| | | | **2015** | 2014 |
| | | | **%** | % |
| **Held by Amara Hospitality Capital Pte Ltd** | | | | |
| Amara Hospitality (Thailand) Co., Ltd # | Hotel development and ownership | Thailand | 100 | 100 |
| Amara Hotel Assets Co., Ltd *** | Dormant | Jersey | 100 | 100 |
| Myanmar Central Investment Pte. Ltd. ### | Dormant | Singapore | 100 | 100 |
| **Held by Amara China Investments Pte Ltd** | | | | |
| Amara Shanghai Pte Ltd * | Investment holding | Singapore | 100 | 100 |
| Shanghai Amara Hotel Co., Ltd. ## | Hotel development and ownership | The People's Republic of China | 5 | 5 |
| **Held by Amara Shanghai Pte Ltd** | | | | |
| Shanghai Amara Hotel Co.,Ltd. ## | Hotel development and ownership | The People's Republic of China | 95 | 95 |

* 1 ordinary share in each of AOI Saigon Pte Ltd and Amara Shanghai Pte Ltd is held by another fellow subsidiary in the Group.
** Cost of investment less than $1,000.
*** Not required to be audited under the laws of the country of incorporation.
**** In process of striking off during the financial year.

# Audited by independent overseas member firm of Baker Tilly International in Thailand.
## Audited by Shanghai Certified Public Accountants, The People's Republic of China.
### No audit required as dormant.

Subsidiaries incorporated and operating their businesses in Singapore are audited by Baker Tilly TFW LLP.

## 21. INVESTMENT PROPERTIES

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| At beginning of year | 299,000 | 279,000 |
| Additions | – | 1,003 |
| Reclassification from property, plant and equipment (Note 22) | 30,911 | – |
| Reclassification from land use rights (Note 23) | 3,198 | – |
| Fair value adjustment | 5,588 | 18,997 |
| Exchange rate adjustment | (212) | – |
| At end of year | 338,485 | 299,000 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 21. INVESTMENT PROPERTIES (CONTINUED)

(a) The valuation techniques and inputs used in the valuation to determine the fair values of the investment properties are disclosed in Note 37.

(b) At the end of the reporting period, 100 AM with aggregate carrying amount of $288,000,000 (2014: $284,000,000) were mortgaged as security to banks for bank loans and bank facilities for the Group (Note 28).

(c) The Group's investment properties as at 31 December 2015 are set out below:

| Address | Held by | Title | Net lettable area (sq ft) | Description |
|---|---|---|---|---|
| 100 Tras Street, Singapore | Amara Hotel Properties Pte Ltd | Leasehold 99 years commencing 17 August 1979 | 126,504 | 100 AM, shopping centre with 3 levels of basement carpark |
| 100 Tras Street, Singapore | Amara Hotel Properties Pte Ltd | Leasehold 99 years commencing 17 August 1979 | 43,796 | 100 AM, 12-storey office building |
| 118 Killiney Road, #01-01, Singapore | Julius Estates Pte Ltd | Freehold | 3,980 | 1st floor commercial space within a 6-storey apartment |
| 582 and 600 Changshou Road, Shanghai, The People's Republic of China | Shanghai Amara Hotel Co., Ltd. | Land use rights of 45 years and 40 years commencing from May 1997 and July 2004 respectively | 46,911 | Proposed development of a shopping centre with 3 levels of basement carpark |
| 582 and 600 Changshou Road, Shanghai, The People's Republic of China | Shanghai Amara Hotel Co., Ltd. | Land use rights of 45 years and 40 years commencing from May 1997 and July 2004 respectively | 49,456 | Proposed development of a 11-storey office building |

(d) In the consolidated statement of comprehensive income, rental income of $17,434,000 (2014: $16,917,000) was generated from investment properties, and direct operating expenses include $4,682,000 (2014: $5,870,000) relating to investment properties that generated rental income during the year.

(e) Investment properties of the Group are held mainly for use by tenants under operating leases. Minimum lease payments receivable under non-cancellable operating leases of investment properties and not recognised in the financial statements are as follows:

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| Lease payments receivable: | | |
| Not later than one financial year | 13,045 | 14,790 |
| Later than one financial year but not later than five financial years | 22,439 | 9,919 |
| Later than five financial years | 348 | – |
| | 35,832 | 24,709 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 22. PROPERTY, PLANT AND EQUIPMENT

### The Group

| | Freehold property $'000 | Leasehold land and buildings $'000 | Plant and machinery, furniture, fixtures and equipment $'000 | Motor vehicles $'000 | Renovations $'000 | Operating supplies $'000 | Capital project in progress $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| **Cost or valuation** | | | | | | | | |
| At 1 January 2015 | | | | | | | | |
| - Cost | 491 | 88,320 | 20,378 | 1,394 | 6,464 | 2,900 | 91,888 | 211,835 |
| - Valuation | – | 52,200 | – | – | – | – | – | 52,200 |
| | 491 | 140,520 | 20,378 | 1,394 | 6,464 | 2,900 | 91,888 | 264,035 |
| Exchange rate adjustment | – | (546) | (76) | (3) | (2) | (16) | 1,019 | 376 |
| Additions, at cost | – | 169 | 2,043 | 446 | 129 | 728 | 34,155 | 37,670 |
| Transfers, at cost | – | 41,573 | 1,628 | – | – | – | (43,201) | – |
| Transfer from land use rights (Note 23) | – | – | – | – | – | – | (156) | (156) |
| Reclass to investment properties (Note 21) | – | (5,290) | – | – | – | – | (25,621) | (30,911) |
| Disposals/write off | – | (4) | (125) | (180) | – | (3) | – | (312) |
| At 31 December 2015 | 491 | 176,422 | 23,848 | 1,657 | 6,591 | 3,609 | 58,084 | 270,702 |
| Representing: | | | | | | | | |
| - Cost | 491 | 124,222 | 23,848 | 1,657 | 6,591 | 3,609 | 58,084 | 218,502 |
| - Valuation | – | 52,200 | – | – | – | – | – | 52,200 |
| | 491 | 176,422 | 23,848 | 1,657 | 6,591 | 3,609 | 58,084 | 270,702 |
| **Accumulated depreciation and impairment** | | | | | | | | |
| At 1 January 2015 | 178 | 38,687 | 15,608 | 1,185 | 2,793 | – | – | 58,451 |
| Exchange rate adjustment | – | (17) | (11) | (1) | – | – | – | (29) |
| Depreciation | 10 | 2,682 | 1,777 | 149 | 584 | – | – | 5,202 |
| Disposals/write off | – | (1) | (104) | (180) | – | – | – | (285) |
| At 31 December 2015 | 188 | 41,351 | 17,270 | 1,153 | 3,377 | – | – | 63,339 |
| **Net carrying amount** | | | | | | | | |
| At 31 December 2015 | 303 | 135,071 | 6,578 | 504 | 3,214 | 3,609 | 58,084 | 207,363 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 22. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### The Group

| | Freehold property $'000 | Leasehold land and buildings $'000 | Plant and machinery, furniture, fixtures and equipment $'000 | Motor vehicles $'000 | Renovations $'000 | Operating supplies $'000 | Capital project in progress $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| **Cost or valuation** | | | | | | | | |
| At 1 January 2014 | | | | | | | | |
| - Cost | 491 | 86,743 | 19,245 | 1,394 | 6,700 | 2,907 | 47,211 | 164,691 |
| - Valuation | – | 52,200 | – | – | – | – | – | 52,200 |
| | 491 | 138,943 | 19,245 | 1,394 | 6,700 | 2,907 | 47,211 | 216,891 |
| Exchange rate adjustment | – | 179 | 6 | – | 2 | – | 1,938 | 2,125 |
| Additions, at cost | – | 1,758 | 988 | – | 63 | 92 | 38,583 | 41,484 |
| Transfers, at cost | – | – | 518 | – | (301) | (3) | (214) | – |
| Adjustments | – | (26) | – | – | – | – | 4,370* | 4,344 |
| Disposals/write off | – | (334) | (379) | – | – | (96) | – | (809) |
| At 31 December 2014 | 491 | 140,520 | 20,378 | 1,394 | 6,464 | 2,900 | 91,888 | 264,035 |
| Representing: | | | | | | | | |
| - Cost | 491 | 88,320 | 20,378 | 1,394 | 6,464 | 2,900 | 91,888 | 211,835 |
| - Valuation | – | 52,200 | – | – | – | – | – | 52,200 |
| | 491 | 140,520 | 20,378 | 1,394 | 6,464 | 2,900 | 91,888 | 264,035 |
| **Accumulated depreciation and impairment** | | | | | | | | |
| At 1 January 2014 | 168 | 36,810 | 14,752 | 1,058 | 2,222 | – | – | 55,010 |
| Exchange rate adjustment | – | (1) | 2 | – | 1 | – | – | 2 |
| Depreciation | 10 | 2,006 | 1,212 | 127 | 570 | – | – | 3,925 |
| Disposals/write off | – | (128) | (358) | – | – | – | – | (486) |
| At 31 December 2014 | 178 | 38,687 | 15,608 | 1,185 | 2,793 | – | – | 58,451 |
| **Net carrying amount** | | | | | | | | |
| At 31 December 2014 | 313 | 101,833 | 4,770 | 209 | 3,671 | 2,900 | 91,888 | 205,584 |

* This amount relates to capitalisation of land use right amortisation, in connection with capital project in progress.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 22. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) The Group has property, plant and equipment under finance lease agreements with the following net carrying amount:

| | **2015 $'000** | 2014 $'000 |
|---|---|---|
| Plant and machinery, furniture, fixtures and equipment | 74 | 398 |
| Motor vehicles | 375 | 212 |
| | 449 | 610 |

(b) At the end of the reporting period, the net carrying amount of certain freehold property, leasehold land and buildings and renovations of the Group amounted to $86,336,000 (2014: $84,842,000) and were mortgaged as security to banks for borrowings (Note 28).

(c) During the financial year, the borrowing costs capitalised as cost of property, plant and equipment amounted to $172,899 (2014: $490,019). The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation was between 2.43% to 2.97% (2014: between 2.97% to 3.41%), which is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the financial year.

(d) One of the Group's leasehold land and buildings, known as Amara Hotel, located at Tanjong Pagar Road, Singapore which has a lease period of 99 years commencing from 1979 is stated at valuation at 31 December 1987 based on an independent professional valuation carried out by Knight Frank Pte Ltd, a firm of property consultants, on 8 March 1988 on the basis of open market value for existing use. The revaluation surplus was transferred to the asset revaluation reserve.

If the leasehold land and buildings stated at valuation had been included in the financial statements at cost less depreciation, the net carrying amount would have been $20,071,000 (2014: $20,395,000).

A full valuation on Amara Hotel was carried out by an external and independent valuer on 31 December 2015 on the highest-and-best-use basis (2014: highest-and-best-use basis). The surplus on revaluation of the leasehold land and buildings based on this valuation amounting to $317,793,000 (2014: $311,191,000) has not been incorporated in the financial statements of the subsidiary nor in the consolidated financial statements.

A full valuation (2014: desktop valuation) on the Group's land use rights and capital project in progress for land located at 582 and 600 Changshou Road, Shanghai was carried out by an external and independent valuer on 31 December 2015 on the open market value basis (2014: open market value basis). The surplus on revaluation of the land use rights and capital project in progress based on this valuation amounting to $36,205,000 (2014: $98,051,000) has not been incorporated in the financial statements of the subsidiary nor in the consolidated financial statements.

A full valuation on Amara Sanctuary Resort, Sentosa was carried out by an external and independent valuer on 31 December 2015 on the highest-and-best-use basis (2014: highest-and-best-use basis). The surplus on revaluation of the leasehold land and building based on this valuation amounting to $54,806,000 (2014: $60,470,000) has not been incorporated in the financial statements of the subsidiary nor in the consolidated financial statements.

These valuation measurements are categorised within Level 3 of the fair value hierarchy.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 22. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(e) The Group's properties as at 31 December 2015 are set out below:

| | Address | Held by | Title | Description |
|---|---|---|---|---|
| (i) | 165 Tanjong Pagar Road, Singapore | Amara Hotel Properties Pte Ltd | Leasehold 99 years commencing 17 August 1979 | Amara Singapore, a 388-guestroom hotel |
| (ii) | 12 Hoot Kiam Road, Singapore | Amara Hotel Properties Pte Ltd | Freehold | A 2-storey pre-war intermediate terrace house |
| (iii) | 582 and 600 Changshou Road, Shanghai, The People's Republic of China | Shanghai Amara Hotel Co., Ltd. | Land use rights of 45 years and 40 years commencing May 1997 and July 2004 respectively | Proposed hotel development comprising a 343-guestroom hotel |
| (iv) | 1 Larkhill Road, Sentosa, Singapore | Amara Sentosa Investments Pte Ltd | Leasehold 70 years commencing January 2005 | Amara Sanctuary Resort Sentosa, a resort hotel comprising 140 guestrooms, suites and villas |
| (v) | Land number 23, Surawong Road, Bangkok, Thailand | Amara Hospitality (Thailand) Co., Ltd | Leasehold 63 years commencing July 2010 | Amara Bangkok, a 250-guestroom hotel |

## 23. LAND USE RIGHTS

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| **Cost** | | |
| At beginning of year | 16,227 | 16,052 |
| Reclass to Investment properties (Note 21) | (5,180) | – |
| Exchange rate adjustments | 381 | 175 |
| At end of year | 11,428 | 16,227 |
| **Accumulated depreciation** | | |
| At beginning of year | 6,361 | 1,847 |
| Reclass to Investment properties (Note 21) | (1,982) | – |
| Transfer to Capital project in progress (Note 22) | (156) | 4,370 |
| Exchange rate adjustments | 150 | 144 |
| At end of year | 4,373 | 6,361 |
| **Net carrying amount** | 7,055 | 9,866 |
| **Amount to be depreciated** | | |
| Not later than one financial year | 288 | 409 |
| Later than one financial year but not later than five financial years | 1,152 | 1,636 |
| Later than five financial years | 5,615 | 7,821 |

## 24. GOODWILL

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| **Goodwill arising on consolidation** | | |
| **Cost** | | |
| At beginning of year | 871 | 889 |
| Disposal of a subsidiary | – | (18) |
| At end of year | 871 | 871 |
| **Accumulated impairment loss** | | |
| At beginning of year | 82 | 100 |
| Disposal of a subsidiary | – | (18) |
| At end of year | 82 | 82 |
| **Net carrying amount** | 789 | 789 |

*Impairment test for Goodwill*

Goodwill acquired in a business combination is allocated to the cash generating unit ("CGU") that is expected to benefit from that business combination. The carrying amount of the goodwill (net of impairment) relates to the hotel investment and management segment in the People's Republic of China.

The recoverable amount of the CGU is determined based on value in use calculation. The value in use calculation is a discounted cash flow model using cash flow projections based on the most recent budgets and forecasts approved by management covering five years. The discount rate and average forecasted growth rate applied is 6.5% (2014: 7%) and 6.4% (2014: 6.4%) respectively. The key assumptions are those relating to expected changes in average room rates and occupancy and direct costs.

The Group believes that any reasonable possible changes in the above key assumptions applied are not likely to materially cause the recoverable amount to be lower than its carrying amount.

## 25. OTHER ASSETS

Other assets comprise fees paid in respect of a lease arrangement entered into by the Group.

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| **Prepayment** | | |
| At beginning of year | 6,688 | 6,800 |
| Amortisation | (112) | (112) |
| At end of year | 6,576 | 6,688 |

The amortisation rate for the prepaid lease is 1.47% (2014: 1.47%) per annum.

## 26. DEFERRED INCOME TAXES

The movements in the Group's deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year are as follows:

*Deferred income tax assets*

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| **Tax losses:** | | |
| At beginning of year | (402) | (494) |
| Debited to profit or loss | 87 | 92 |
| At end of year | (315) | (402) |

*Deferred income tax liabilities*

**The Group**

| | Accelerated tax depreciation $'000 | Unremitted foreign sourced income $'000 | Asset revaluation reserve $'000 | Provisions $'000 | Total $'000 |
|---|---|---|---|---|---|
| **2015** | | | | | |
| At beginning of year | 4,077 | 63 | 2,002 | (716) | 5,426 |
| (Credited)/debited to profit or loss | (123) | 74 | – | 9 | (40) |
| At end of year | 3,954 | 137 | 2,002 | (707) | 5,386 |
| **2014** | | | | | |
| At beginning of year | 4,692 | 49 | 2,002 | – | 6,743 |
| (Credited)/debited to profit or loss | (615) | 14 | – | (716) | (1,317) |
| At end of year | 4,077 | 63 | 2,002 | (716) | 5,426 |

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| Deferred income tax assets | (315) | (402) |
| Deferred income tax liabilities | 5,386 | 5,426 |
| | 5,071 | 5,024 |

## 26. DEFERRED INCOME TAXES (CONTINUED)

The movements in the deferred income taxes account are as follows:

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| At beginning of year | 5,024 | 6,249 |
| Tax debited/(credited) to profit or loss | | |
| - current year | 47 | (807) |
| - prior year | – | (418) |
| At end of year | 5,071 | 5,024 |

The Group has unrecognised tax losses of $7,508,000 (2014: $406,000) which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies in their respective countries of incorporation. These tax losses have no expiry date. Deferred tax asset of $1,491,000 (2014: $69,000) is not recognised on these tax losses because it is not probable that further taxable profits will be sufficient to allow the related tax benefits to be realised.

## 27. TRADE AND OTHER PAYABLES

### (a) Current

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **$'000** | $'000 | **$'000** | $'000 |
| Trade payables | 4,478 | 4,084 | – | – |
| Due to related party | 42 | 47 | – | – |
| Accrued operating expenses | 10,400 | 10,706 | 273 | 240 |
| Accrued construction costs | 3,782 | 2,627 | – | – |
| Sundry payables | 1,003 | 3,054 | 54 | 11 |
| Deposits received | 2,807 | 3,210 | – | – |
| | 22,512 | 23,728 | 327 | 251 |

*The Group*
The amounts due to related party are unsecured, interest-free and repayable on demand. Related party refers to a company which is controlled by the immediate holding corporation.

The carrying amounts of current trade and other payables approximate their fair values.

## 27. TRADE AND OTHER PAYABLES (CONTINUED)

### (b) Non-current

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| Retention sum payable to contractor | 892 | 1,695 |
| Deposits received | 4,086 | 2,997 |
| | 4,978 | 4,692 |

The fair values of non-current trade and other payables at the end of the reporting period are as follows:

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| Retention sum payable to contractor | 855 | 1,643 |
| Deposits received | 3,913 | 2,906 |
| | 4,768 | 4,549 |

The fair values were computed based on the present value of the cash flows using a discount rate of 2.91% (2014: 2.09%) per annum, which is the lending rate that the directors expect would be available to the Group at the end of the reporting period.

Trade and other payables are denominated in the following currencies:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **$'000** | $'000 | **$'000** | $'000 |
| Singapore Dollar | 24,450 | 24,277 | 327 | 251 |
| Renminbi | 90 | 218 | – | – |
| Thai Baht | 2,950 | 3,925 | – | – |
| | 27,490 | 28,420 | 327 | 251 |

## 28. BORROWINGS

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| **Current** | | |
| Bank loans, secured | 61,815 | 22,648 |
| Finance lease liabilities (Note 32) | 109 | 128 |
| | 61,924 | 22,776 |
| **Non-current** | | |
| Bank loans, secured | | |
| - Between 1 and 5 years | 225,235 | 236,387 |
| Finance lease liabilities (Note 32) | 186 | 169 |
| | 225,421 | 236,556 |
| Total borrowings | 287,345 | 259,332 |

## 28. BORROWINGS (CONTINUED)

**(a)** The Group's bank borrowings at 31 December 2015 comprise the following:

(i) a term loan of $35,200,000 (2014: $36,200,000), revolving credit advances of $50,000,000 (2014: $50,000,000) and a short-term advance of $51,600,000 (2014: $7,400,000) are secured by way of a legal mortgage on 100 AM and Amara Singapore as stated in Notes 21 and 22 to the financial statements and the assignment in escrow of interest in the lease and rental proceeds from the above properties and debenture over Amara Singapore and corporate guarantee from the Company.

These banking facilities mature in November 2019.

Each revolving credit advance is repayable in full upon maturity. However, as this facility is revolving, any amount repaid by the subsidiary to the said lending bank before November 2019 will remain available for reborrowing;

(ii) term loans of $94,645,000 (2014: $89,744,000) and revolving credit advances of $Nil (2014: $15,000,000) are secured by way of the first legal mortgage on 100 AM and Amara Singapore as stated in Notes 21 and 22 to the financial statements and the assignment of all rental proceeds from the above properties and debenture over Amara Singapore and corporate guarantee from the Company.

These banking facilities mature in November 2019;

(iii) a term loan of $26,930,000 (2014: $23,316,000) is secured by an assignment of lease and bank accounts of the project in Bangkok. This loan matures on the earlier of July 2026 or 123 months after the project completion date; and

(iv) a term loan of $14,875,000 (2014: $16,375,000) and revolving credit advances of $13,800,000 (2014: $21,000,000) are secured by way of a legal mortgage on Amara Sanctuary Resort, Sentosa as disclosed in Note 22 to the financial statements. These loans are further secured by an assignment of building contracts, insurance policies, a corporate guarantee from the Company and debenture over the hotel.

These banking facilities mature in March 2018.

**(b) Currency risk**

All borrowings are denominated in Singapore Dollar except for the term loan of $26,930,000 (2014: $23,316,000) which is denominated in Thai Baht.

**(c) Interest rate risks**

The weighted average effective interest rates of total borrowings at the end of the reporting period are as follows:

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| | **Per annum** | Per annum |
| Bank loans, secured | 2.91% | 2.09% |
| Finance lease liabilities | 5.88% | 4.66% |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 28. BORROWINGS (CONTINUED)

### (c) Interest rate risks (continued)

The exposure of borrowings of the Group to interest rate changes and the periods in which the borrowings reprice are as follows:

| | Less than 6 months $'000 | 6 to 12 months $'000 | 1 to 5 years $'000 | Total $'000 |
|---|---|---|---|---|
| **At 31 December 2015** | | | | |
| Total borrowings | 287,104 | 55 | 186 | 287,345 |
| At 31 December 2014 | | | | |
| Total borrowings | 259,099 | 64 | 169 | 259,332 |

To manage interest rate risk, the Group, where appropriate, uses interest rate swap.

### (d) Carrying amounts and fair values

The carrying amounts of these financial liabilities are reasonable approximation of fair values as they are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period.

## 29. SHARE CAPITAL AND TREASURY SHARES

### (a) Share capital

Issued and fully paid ordinary share capital of Amara Holdings Limited:

| | The Group and The Company | | | |
|---|---|---|---|---|
| | **2015 Number of shares issued '000** | 2014 Number of shares issued '000 | **2015 $'000** | 2014 $'000 |
| At 1 January and 31 December | 576,936 | 576,936 | 125,646 | 125,646 |

All issued ordinary shares are fully paid with no par value.

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

### (b) Treasury shares

| | The Group and The Company | | | |
|---|---|---|---|---|
| | **2015 Number of shares '000** | 2014 Number of shares '000 | **2015 $'000** | 2014 $'000 |
| At beginning of year | 100 | – | 51 | – |
| Acquired during the year | 1,700 | 100 | 862 | 51 |
| At end of year | 1,800 | 100 | 913 | 51 |

Treasury shares relate to ordinary shares of the Company that are held by the Company.

The Company acquired 1,700,400 (2014: 100,000) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $862,000 (2014: $51,000) and this was presented as a component within shareholders' equity.

## 30. DIVIDEND

| | The Group and The Company | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| Ordinary dividend paid | | |
| First and final tax exempt dividend of 1.2 cent per share (2014: 1 cent per share tax exempt) in respect of the previous financial year | 6,912 | 5,769 |

At the Annual General Meeting ("AGM") to be held on 27 April 2016, a final tax exempt dividend of 1 cent per share amounting to $5,751,356 will be recommended. These financial statements do not reflect these dividends, which will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2016, subject to shareholders' approval at the forthcoming AGM.

## 31. IMMEDIATE HOLDING AND ULTIMATE HOLDING COMPANIES

The Company's immediate holding company is Firstrust Equity Pte Ltd. The ultimate holding company is First Security Pte Ltd. All holding companies are incorporated in Singapore.

## 32. FINANCE LEASE LIABILITIES

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| Minimum lease payments due: | | |
| Not later than one financial year | 122 | 139 |
| Later than one financial year but not later than five financial years | 201 | 186 |
| | 323 | 325 |
| Less: Future finance charges | (28) | (28) |
| Present value of finance lease liabilities | 295 | 297 |
| Representing finance lease liabilities: | | |
| - Current (Note 28) | 109 | 128 |
| - Non-current (Note 28) | 186 | 169 |
| | 295 | 297 |

The net carrying amount of property, plant and equipment acquired under finance lease agreements are disclosed in Note 22(a).

## 33. INTRA-GROUP FINANCIAL GUARANTEES

*The Company*

Corporate guarantees issued by the Company to banks in respect of banking facilities utilised by certain subsidiaries at the end of the reporting period amounted to $260,119,000 (2014: $235,719,000). The directors have assessed the fair value of these financial guarantees to have no material financial impact on the financial position and results of the Company for the years ended 31 December 2015 and 31 December 2014.

## 34. COMMITMENTS

Commitments not provided for in the financial statements:

### (a) Capital commitments

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| Estimated expenditure contracted for: | | |
| - Property, plant and equipment | 36,053 | 56,020 |

### (b) Lease commitments - where the Group is a lessor

The Group leases units in the shopping centre, office premises and shop units to external parties under non-cancellable operating leases.

The future minimum lease amounts receivable under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as receivables are as follows:

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| Not later than one financial year | 13,072 | 14,790 |
| Later than one financial year but not later than five financial years | 22,439 | 9,919 |
| Later than five financial years | 348 | – |
| | 35,859 | 24,709 |

### (c) Lease commitments - where the Group is a lessee

The Group leases land, apartment and office premises from non-related parties under non-cancellable operating lease agreements. The leases have an average tenure of between 2 to 70 years, varying terms, escalation clauses and renewal options.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as liabilities are as follows:

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| Not later than one financial year | 1,537 | 1,564 |
| Later than one financial year but not later than five financial years | 5,627 | 5,650 |
| Later than five financial years | 86,335 | 87,946 |
| | 93,499 | 95,160 |

### (d) Interest rate swaps

At 31 December 2015, the Group entered into interest rate swaps at notional amounts of $20,000,000 (2014: $Nil).

The fair values of outstanding interest rate swaps (which are not accounted as hedging instruments) at the end of the reporting period is not material and hence are not taken up at the group level.

Interest rate swaps are valued using valuation technique models, which includes forward pricing and discounting method, and based on the bank's assessment of such factors as it considers relevant to the valuation.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 35. CATEGORIES OF FINANCIAL INSTRUMENTS

(a) A comparison by category of carrying amounts of all the Group's financial instruments that are carried in the financial statements is as follows:

| | Loans & receivables $'000 | Available-for-sale $'000 | Liabilities at amortised cost $'000 | Non-financial assets/ liabilities $'000 | Total $'000 |
|---|---|---|---|---|---|
| **2015** | | | | | |
| **The Group** | | | | | |
| **Assets** | | | | | |
| Available-for-sale financial assets | – | 1,109 | – | – | 1,109 |
| Intangible assets | – | – | – | 409 | 409 |
| Investment properties | – | – | – | 338,485 | 338,485 |
| Investment in a jointly-controlled entity | – | – | – | 1,876 | 1,876 |
| Property, plant & equipment | – | – | – | 207,363 | 207,363 |
| Land use rights | – | – | – | 7,055 | 7,055 |
| Goodwill | – | – | – | 789 | 789 |
| Other assets | – | – | – | 6,576 | 6,576 |
| Deferred income tax assets | – | – | – | 315 | 315 |
| Cash and cash equivalents | 13,455 | – | – | – | 13,455 |
| Trade and other receivables | 44,499 | – | – | 3,054 | 47,553 |
| Inventories | – | – | – | 407 | 407 |
| Development properties | – | – | – | 43,320 | 43,320 |
| Other current/ non-current assets | 539 | – | – | 1,327 | 1,866 |
| | 58,493 | 1,109 | – | 610,976 | 670,578 |
| **Liabilities** | | | | | |
| Trade and other payables | – | – | 25,844 | 1,646 | 27,490 |
| Tax payables | – | – | – | 4,122 | 4,122 |
| Borrowings | – | | 287,345 | – | 287,345 |
| Deferred income tax liabilities | – | – | – | 5,386 | 5,386 |
| | – | – | 313,189 | 11,154 | 324,343 |
| 2014 | | | | | |
| The Group | | | | | |
| Assets | | | | | |
| Available-for-sale financial assets | – | 1,260 | – | – | 1,260 |
| Intangible assets | – | – | – | 357 | 357 |
| Investment properties | – | – | – | 299,000 | 299,000 |
| Investment in a jointly-controlled entity | – | – | – | 1,904 | 1,904 |
| Property, plant & equipment | – | – | – | 205,584 | 205,584 |
| Land use rights | – | – | – | 9,866 | 9,866 |
| Goodwill | – | – | – | 789 | 789 |
| Other assets | – | – | – | 6,688 | 6,688 |
| Deferred income tax assets | – | – | – | 402 | 402 |
| Cash and cash equivalents | 12,813 | – | – | – | 12,813 |
| Trade and other receivables | 44,129 | – | – | 2,777 | 46,906 |
| Inventories | – | – | – | 315 | 315 |
| Development properties | – | – | – | 46,150 | 46,150 |
| Other current/ non-current assets | 1,985 | – | – | 1,258 | 3,243 |
| | 58,927 | 1,260 | – | 575,090 | 635,277 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 35. CATEGORIES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) A comparison by category of carrying amounts of all the Group's financial instruments that are carried in the financial statements is as follows: (continued)

| | Loans & receivables $'000 | Available-for-sale $'000 | Liabilities at amortised cost $'000 | Non-financial assets/ liabilities $'000 | Total $'000 |
|---|---|---|---|---|---|
| 2014 | | | | | |
| The Group (continued) | | | | | |
| Liabilities | | | | | |
| Trade and other payables | – | – | 26,902 | 1,518 | 28,420 |
| Tax payables | – | – | – | 3,960 | 3,960 |
| Borrowings | – | – | 259,332 | – | 259,332 |
| Deferred income tax liabilities | – | – | – | 5,426 | 5,426 |
| | – | – | 286,234 | 10,904 | 297,138 |
| **2015** | | | | | |
| **The Company** | | | | | |
| **Assets** | | | | | |
| Available-for-sale financial assets | – | 125 | – | – | 125 |
| Investment in subsidiaries | – | – | – | 40,937 | 40,937 |
| Cash and cash equivalents | 64 | – | – | – | 64 |
| Trade and other receivables | 42,789 | – | – | 5 | 42,794 |
| Other current/ non-current assets | – | – | – | 5 | 5 |
| | 42,853 | 125 | – | 40,947 | 83,925 |
| **Liabilities** | | | | | |
| Trade and other payables | – | – | 327 | – | 327 |
| 2014 | | | | | |
| The Company | | | | | |
| Assets | | | | | |
| Available-for-sale financial assets | – | 145 | – | – | 145 |
| Investment in subsidiaries | – | – | – | 40,937 | 40,937 |
| Cash and cash equivalents | 65 | – | – | – | 65 |
| Trade and other receivables | 44,524 | – | – | 2 | 44,526 |
| Other current/ non-current assets | 2 | – | – | 4 | 6 |
| | 44,591 | 145 | – | 40,943 | 85,679 |
| Liabilities | | | | | |
| Trade and other payables | – | – | 251 | – | 251 |

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, market price risk and foreign currency risk. The Board of Directors reviews and agrees on the policies and procedures in the management of these risks, which are executed by the Group Treasury. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty defaults on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and cash equivalents), the Group and the Company minimise credit risk by dealing with counterparties with appropriate credit history.

The Group's and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company trades only with recognised and creditworthy third parties. It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's and the Company's exposure to bad debts is minimised.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

(i) the carrying amount of each class of financial assets recognised in the statement of financial positions; and

(ii) corporate guarantees issued by the Company to banks in respect of banking facilities utilised by certain subsidiaries amounted to $260,119,000 (2014: $235,719,000).

At 31 December 2015, there was no significant concentration of credit risk for the Group other than the advances to a jointly-controlled entity (Note 13), while approximately all of the Company's receivables were balances with its subsidiaries (Note 13).

The aged analysis of receivables due from third parties and related party past due but not impaired are as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **$'000** | $'000 | **$'000** | $'000 |
| Past due 0 to 1 month | 1,170 | 665 | – | – |
| Past due 1 to 3 months | 727 | 943 | – | – |
| Past due over 3 months | 7,062 | 3,517 | 2 | 2 |
| | 8,959 | 5,125 | 2 | 2 |

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy receivables with good payment record with the Group and the Company. Cash and cash equivalents and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (a) Credit risk (continued)

Financial assets that are either past due or impaired

The carrying amount of third parties receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **$'000** | $'000 | **$'000** | $'000 |
| Gross amount | 5,554 | 5,357 | – | – |
| Less: Allowance for impairment | (2,797) | (2,696) | – | – |
| | 2,757 | 2,661 | – | – |
| At beginning of year | 2,696 | 2,954 | – | – |
| Allowance made | 175 | 139 | – | – |
| Allowance written off | (74) | (397) | – | – |
| At end of year | 2,797 | 2,696 | – | – |

The impaired receivables due from third parties arise mainly from potential uncollectible balances.

### (b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group adopts prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by keeping committed credit lines available.

At the end of the reporting period, approximately 21.6% (2014: 8.8%) of the Group's loans and borrowings (Note 28) will mature in less than one year based on the carrying amounts reflected in the financial statements.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted payments.

| | **2015** | | | 2014 | | |
|---|---|---|---|---|---|---|
| | **1 year or less** | **1 to 5 years** | **Total** | 1 year or less | 1 to 5 years | Total |
| | **$'000** | **$'000** | **$'000** | $'000 | $'000 | $'000 |
| **The Group** | | | | | | |
| Trade and other payables | 20,866 | 4,978 | 25,844 | 22,210 | 4,692 | 26,902 |
| Borrowings | 63,736 | 231,990 | 295,726 | 22,827 | 236,984 | 259,811 |
| | 84,602 | 236,968 | 321,570 | 45,037 | 241,676 | 286,713 |

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (b) Liquidity risk (continued)

| | One year or less | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| **The Company** | | |
| Trade and other payables | 327 | 251 |

The table below shows the maturity profile of the Company's financial guarantee contracts at the end of the reporting period based on contractual undiscounted repayment obligations. The maximum amounts of the financial guarantee contracts are allocated to the earliest period in which the guarantees could be called.

| | One year or less | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| Financial guarantee contracts | 260,119 | 235,719 |

### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Company obtains financing through bank loans and finance lease facilities. The Company's policy is to obtain the most favourable interest rates available without increasing its interest risk exposure.

To manage interest rate risk, the Group, where appropriate, uses interest rate swaps.

At the end of the reporting period, if SGD interest rates had been 25 (2014: 25) basis points lower/higher with all other variables held constant, the Group's profit would have been $604,000 (2014: $499,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate bank loans.

The Company

The financial assets and financial liabilities of the Company are non-interest bearing.

### (d) Market price risk

The Group has investments in quoted equity shares. The market value of these investments will fluctuate with market conditions.

Sensitivity analysis for market price risk is not disclosed as the effect on the fair value reserve in equity is considered not significant if equity prices had been 5% (2014: 5%) higher or lower with all other variables including tax rate being held constant.

### (e) Foreign currency risk

To minimise foreign currency exchange risk, the Group conducts the majority of both its purchase and sale transactions in the same currency.

The Group has foreign currency exposure arising from cash and cash equivalents, receivables and payables denominated in foreign currencies. These foreign currency denominated cash and cash equivalents, receivables and payables are mainly denominated in United States Dollar (USD). Approximately $6,041,000 (2014: $5,128,000) of receivables, $6,642,000 (2014: $1,336,000) of cash and cash equivalents and $3,040,000 (2014: $4,143,000) of payables are denominated in foreign currencies.

Sensitivity analysis for foreign currency risk is not disclosed as the effect on the profit or loss is considered not significant if USD changes against the SGD by 3% (2014: 3%) with all other variables including tax rate being held constant.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 37. FAIR VALUE OF ASSETS AND LIABILITIES

### (a) Fair value hierarchy

The fair value hierarchy levels are defined as follows:

a) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
b) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and
c) Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs)

### (b) Fair value measurements of assets and liabilities that are measured at fair value

The following table presents the levels of fair value hierarchy for each class of assets and liabilities measured at fair value in the statements of financial position at 31 December 2015.

| | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'000 |
|---|---|---|---|---|
| Recurring fair value measurements | | | | |
| **2015** | | | | |
| **The Group** | | | | |
| **Assets** | | | | |
| Available-for-sale financial assets | | | | |
| - Quoted equity investments | 1,109 | – | – | 1,109 |
| **Non-financial assets** | | | | |
| Investment properties | | | | |
| - Leasehold properties | – | – | 323,485 | 323,485 |
| - Freehold property | – | – | 15,000 | 15,000 |
| | – | – | 338,485 | 338,485 |
| **The Company** | | | | |
| **Assets** | | | | |
| Available-for-sale financial assets | | | | |
| - Quoted equity investments | 125 | – | – | 125 |
| 2014 | | | | |
| The Group | | | | |
| Assets | | | | |
| Available-for-sale financial assets | | | | |
| - Quoted equity investments | 1,260 | – | – | 1,260 |
| Non-financial assets | | | | |
| Investment properties | | | | |
| - Leasehold properties | – | – | 284,000 | 284,000 |
| - Freehold property | – | – | 15,000 | 15,000 |
| | – | – | 299,000 | 299,000 |
| The Company | | | | |
| Assets | | | | |
| Available-for-sale financial assets | | | | |
| - Quoted equity investments | 145 | – | – | 145 |

# NOTES TO THE FINANCIAL STATEMENTS



## 37. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

### (c) Assets and liabilities not carried at fair value but which fair values are disclosed

| | Carrying Amount $'000 | Fair value measurements at the end of reporting period Level 1 $'000 | Level 2 $'000 | Level 3 $'000 |
|---|---|---|---|---|
| **2015** | | | | |
| **The Group** | | | | |
| **Assets** | | | | |
| Property, plant and equipment and land use rights | 161,658 | – | – | 565,462 |
| Trade and other receivables | | | | |
| - Advances to a jointly-controlled entity (non-current) | 31,160 | – | – | 29,840 |
| - Advances to a third party (non-current) | 132 | – | – | 126 |
| - Deposits (non-current) | 22 | – | – | 22 |
| **Liabilities** | | | | |
| Finance lease liabilities | 186 | – | – | 186 |
| Trade and other payables | | | | |
| - Deposits received (non-current) | 892 | – | – | 855 |
| - Retention sum payable to contractor | 4,086 | – | – | 3,913 |
| 2014 | | | | |
| The Group | | | | |
| Assets | | | | |
| Property, plant and equipment and land use rights | 167,161 | – | – | 636,873 |
| Trade and other receivables | | | | |
| - Advances to a jointly-controlled entity (non-current) | 30,604 | – | – | 29,668 |
| - Advances to a third party (non-current) | 276 | – | – | 268 |
| - Deposits (non-current) | 23 | – | – | 22 |
| Liabilities | | | | |
| Finance lease liabilities | 169 | – | – | 169 |
| Trade and other payables | | | | |
| - Deposits received (non-current) | 2,997 | – | – | 2,906 |
| - Retention sum payable to contractor | 1,695 | – | – | 1,643 |

As mentioned in Note 28, the Group's borrowings are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period. Accordingly, the fair values of the borrowings, determined from discounted cash flow analysis using a discount rate of 2.91% (2014: 2.09%) which is the lending rate that the directors expect would be available to the Group at the end of the reporting period, would approximate their carrying amounts at the end of the reporting period. This fair value determination is classified in Level 3 of the fair value hierarchy.

The above does not include financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

## 37. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

### (d) Determination of fair values

*Available-for-sale*

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

*Investment properties*

Investment properties, which include those in the course of development are stated at fair value based on independent professional valuation. The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably and without compulsion. In determining the fair value, the valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation yield, terminal yield and discount rate. In relying on the valuation reports, management has exercised its judgment and is satisfied that the valuation methods and estimates are reflective of current market conditions.

The valuers have considered valuation techniques including the direct comparison approach, investment approach and residual approach in arriving at the open market value as at the balance sheet date. The direct comparison approach involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The investment approach capitalises an income stream into a present value using the revenue multipliers or single-year capitalisation rates. In the residual approach of valuation, the total gross development costs and developer's profit are deducted from the gross development value to arrive at the residual value of land. The gross development value is the estimated value of the property assuming satisfactory completion of the development as at the date of valuation. Details of valuation methods and key assumptions used to estimate the fair values of investment properties are set out in Note 37(f).

Investment property under construction is valued by estimating the fair value of the completed investment property and then deducting from that amount the estimated costs to complete the construction and a reasonable developer's profit on construction and development. The estimated cost to complete is determined based on the construction cost per square feet in the pertinent area.

(i) Leasehold properties

The fair values of the Group's leasehold properties were determined based on the properties' highest and best use valuations performed by external and independent valuer using a combination of the investment approach, residual approach and direct comparison approach at 31 December 2015 (2014: using the investment approach).

(ii) Freehold property

The fair value of the Group's freehold property was determined based on the property's highest and best use valuation performed by external and independent valuer using direct comparable approach which estimates the value of a property by comparing it to similar properties recently sold in the open market at 31 December 2015, taking into consideration their location, tenure, size, shape, age and condition of the buildings, date of transactions and the prevailing market conditions (2014: direct comparison approach using direct comparison with recent transactions of comparable properties within the vicinity and elsewhere, taking into consideration their location, tenure, age, size, condition, layout and design, amongst other features).

## 37. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

### (e) Movements in level 3 assets and liabilities measured at fair value

The following table presents the reconciliation for all assets and liabilities measured at fair value based on significant unobservable inputs (Level 3):

| | **Investment properties** | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| At beginning of year | 299,000 | 279,000 |
| Total gains or losses for the year: | | |
| - included in profit or loss | 5,588 | 18,997 |
| Purchases, issues, sales and settlements: | | |
| - additions and transfers | – | 1,003 |
| Reclassification from property, plant and equipment | 30,911 | – |
| Reclassification from land use rights | 3,198 | – |
| Exchange rate adjustments | (212) | – |
| At end of year | 338,485 | 299,000 |
| Total gains and losses for the year included in: | | |
| **Profit or loss** | | |
| Other income - net fair value gain of investment properties | 5,588 | 18,997 |

### (f) Valuation process applied by the Group

For all significant financial reporting valuations using valuation models and significant unobservable input, it is the Group's policy to engage external valuation experts to perform the valuation. The management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 fair value measurement guidance.

For valuation performed by external valuation experts, management reviews the appropriateness of the valuation methodologies and assumptions adopted, including the appropriateness and reliability of the inputs used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation, if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts are required, to the extent practicable, to use a minimum of two valuation approaches to allow for cross-checks.

## 37. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

### (f) Valuation process applied by the Group (continued)

The following table shows the valuation techniques used in measuring significant Level 3 fair values, as well as the significant unobservable inputs used.

| Type | Valuation method | Key unobservable inputs | Inter-relationship between key unobservable inputs and fair value measurement |
|---|---|---|---|
| *Investment properties* | | | |
| - Singapore | Investment approach | - Capitalisation rate: 5% (2014: 4.5% to 4.75%) | The estimated fair value varies inversely against the capitalisation rate. |
| | Direct comparison approach | - Transaction prices of comparable properties: $1,614 to $9,994 per sq ft (2014: $3,190 to $4,824 per sq ft) | The estimated fair value increases with higher comparable price. |
| *Investment properties under development* | | | |
| - The People's Republic of China | Residual approach | - Gross development value: $75.8 million<br>- Estimated construction cost to completion: $28.7 million,<br>- Developer's profit: 3% | The estimated fair value increases with higher gross development value, decreases with higher construction cost to completion, and decreases with higher developer's profit. |
| | Direct comparison approach | - Transaction prices of comparable properties: $587 to $647 per sq ft | The estimated fair value increases with higher comparable price. |

## 38. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to maintain an adequate and efficient capital structure so as to support its business and growth and enhance shareholders' value.

The Group regularly reviews and manages its capital structure, comprising shareholders' equity and borrowings, to ensure optimal capital structure and shareholders' returns, taking into consideration operating cash flows, capital expenditures, investment opportunities, gearing ratio and prevailing market interest rates. No changes were made to the objectives, policies or processes of capital management during the financial years ended 31 December 2015 and 31 December 2014.

In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

## 38. CAPITAL MANAGEMENT (CONTINUED)

The Group monitors capital using gearing ratio, which is computed as net borrowings divided by the sum of total equity and net borrowings. Net borrowings are computed as borrowings less cash and cash equivalents.

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| Borrowings | 287,345 | 259,332 |
| Less: Cash and cash equivalents | (13,455) | (12,813) |
| Net borrowings | 273,890 | 246,519 |
| Total equity | 346,235 | 338,139 |
| | 620,125 | 584,658 |

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **%** | % |
| Gearing ratio | 44.17 | 42.16 |

The Group is in compliance with externally imposed capital requirements for the financial years ended 31 December 2015 and 31 December 2014.

## 39. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the financial statements, the following related party transactions took place between the Group and related parties during the year on terms agreed by the parties concerned:

**Key management's remuneration**

The key management's remuneration includes salary, bonus, commission, CPF contributions and other emoluments (including benefits-in-kind) computed based on the cost incurred by the Group and the Company, and where the Group or Company did not incur any costs, the value of the benefit. Key management's remuneration amounted to $2,732,000 (2014: $2,586,000) for the financial year ended 31 December 2015.

Included in the above is remuneration to directors of the Company amounting to $1,482,000 (2014: $1,404,000), excluding directors' fees which is disclosed in Note 7 to the financial statements.

## 40. SEGMENT INFORMATION

For management purposes, the Group is organised into business segments based on their products and services and the Group has three reportable operating segments as follows:

- Hotel investment and management
- Property investment and development
- Specialty restaurants and food services

Another area of the Group's business comprises investment holding which does not constitute a separate reportable segment.

Management monitors the operating results of its business segments separately for the purpose of making decisions about allocation of resources and assessment of performance of each segment.

# NOTES TO THE FINANCIAL STATEMENTS



## 40. SEGMENT INFORMATION (CONTINUED)

The segment information provided to Management for the reportable segments are as follows:

| | Hotel investment and management $'000 | Property investment and development $'000 | Specialty restaurants and food services $'000 | Others $'000 | Eliminations $'000 | The Group $'000 |
|---|---|---|---|---|---|---|
| **2015** | | | | | | |
| Segment revenue | | | | | | |
| Sales to external customers | 56,649 | 23,234 | 2,538 | 4 | – | 82,425 |
| Intersegment sales/income | 631 | 274 | – | 6,600 | (7,505) | – |
| Total revenue | 57,280 | 23,508 | 2,538 | 6,604 | (7,505) | 82,425 |
| Segment profit | 11,207 | 12,914 | 671 | (3) | – | 24,789 |
| Depreciation and amortisation | 5,233 | – | 81 | – | – | 5,314 |
| Other significant non-cash expenses | 206 | 43 | – | – | – | 249 |
| Segment assets | 573,984 | 94,224 | 715 | 224 | – | 669,147 |
| Unallocated assets | | | | | | 1,431 |
| Total assets | | | | | | 670,578 |
| Segment assets include: | | | | | | |
| Additions to | | | | | | |
| - Property, plant and equipment | 37,633 | – | 37 | – | – | 37,670 |
| Segment liabilities | (16,502) | (9,809) | (842) | (337) | – | (27,490) |
| Unallocated liabilities | | | | | | (296,853) |
| Total liabilities | | | | | | (324,343) |
| 2014 | | | | | | |
| Segment revenue | | | | | | |
| Sales to external customers | 53,333 | 19,854 | 2,709 | 4 | – | 75,900 |
| Intersegment sales/income | 391 | 125 | 159 | 7,300 | (7,975) | – |
| Total revenue | 53,724 | 19,979 | 2,868 | 7,304 | (7,975) | 75,900 |
| Segment profit | 13,318 | 27,907 | 630 | (175) | – | 41,680 |
| Depreciation and amortisation | 3,939 | 5 | 93 | – | – | 4,037 |
| Other significant non-cash expenses | 461 | 52 | – | – | – | 513 |
| Segment assets | 534,181 | 98,235 | 704 | 219 | – | 633,339 |
| Unallocated assets | | | | | | 1,938 |
| Total assets | | | | | | 635,277 |

# NOTES TO THE FINANCIAL STATEMENTS



## 40. SEGMENT INFORMATION (CONTINUED)

| | Hotel investment and management $'000 | Property investment and development $'000 | Specialty restaurants and food services $'000 | Others $'000 | Eliminations $'000 | The Group $'000 |
|---|---|---|---|---|---|---|
| 2014 | | | | | | |
| Segment assets include: | | | | | | |
| Additions to | | | | | | |
| - Investment properties | – | 1,003 | – | – | – | 1,003 |
| - Property, plant and equipment | 41,477 | – | 7 | – | – | 41,484 |
| Segment liabilities | (19,231) | (8,022) | (920) | (247) | – | (28,420) |
| Unallocated liabilities | | | | | | (268,718) |
| Total liabilities | | | | | | (297,138) |

Segment results

Performance of each segment is evaluated based on segment profit or loss which is measured differently from the net profit before tax in the consolidated financial statements. Interest income and finance expenses are not allocated to segments as financing is managed on a group basis.

A reconciliation of segment profit to the consolidated profit before tax is as follows:

| | The Group | |
|---|---|---|
| | **2015** | 2014 |
| | **$'000** | $'000 |
| Segment profit | 24,789 | 41,680 |
| Interest income | 566 | 565 |
| Interest expense on borrowings | (6,542) | (3,795) |
| Unallocated corporate expenses | (631) | (341) |
| Profit before tax | 18,182 | 38,109 |

Segment assets

The amounts provided to Management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments other than investments, deferred income tax assets, interest bearing receivables and fixed deposits which are classified as unallocated assets.

Segment liabilities

The amounts provided to Management with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments other than taxation, deferred income tax liabilities and certain corporate borrowings. These liabilities are classified as unallocated liabilities.

# NOTES TO THE FINANCIAL STATEMENTS



## 40. SEGMENT INFORMATION (CONTINUED)

**Geographical segments**

The Group operates in three main geographical areas, namely Singapore, the People's Republic of China ("PRC") and Thailand.

The main areas of operations undertaken by the Group in each country are as follows:

- Singapore – hotel investment and management, property investment and development, specialty restaurants and food services
- PRC – hotel investment and management
- Thailand – hotel investment and management

| | Revenue | | Non-current assets | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **$'000** | $'000 | **$'000** | $'000 |
| Singapore | 79,474 | 75,900 | 434,900 | 438,576 |
| PRC | – | – | 110,755 | 78,831 |
| Thailand | 2,951 | – | 48,405 | 37,944 |
| | 82,425 | 75,900 | 594,060 | 555,351 |

Revenue and non-current assets are shown by the geographical area in which the assets are located.

Non-current assets information presented above are non-current assets as presented on the statements of financial position excluding financial instruments and deferred income tax assets.

**Information about major customer**

There was no single external customer that had contributed more than 10 percent to the revenue of the Group.

## 41. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 18 March 2016, Creative Investments Pte Ltd, a wholly-owned subsidiary of the Company, has exercised an Option to Purchase 31 Newton Road at a purchase consideration of $18.8 million.

## 42. COMPARATIVE FIGURES

Certain comparative figures are reclassified to conform with current year's presentation.

## 43. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Amara Holdings Limited on 24 March 2016.

# CORPORATE DATA

## BOARD OF DIRECTORS

Albert Teo Hock Chuan
*Chief Executive Officer*

Chang Meng Teng
Susan Teo Geok Tin
Richard Khoo Boo Yeong
Lawrence Mok Kwok Wah
Foo Ko Hing
Chia Kwok Ping (Appointed on 2 November 2015)

## COMPANY SECRETARIES

Susan Teo Geok Tin
Foo Soon Soo

## AUDIT COMMITTEE

Chang Meng Teng
*Chairman*

Richard Khoo Boo Yeong
Lawrence Mok Kwok Wah
Foo Ko Hing

## NOMINATING COMMITTEE

Richard Khoo Boo Yeong
*Chairman*

Albert Teo Hock Chuan
Chang Meng Teng

## REMUNERATION COMMITTEE

Richard Khoo Boo Yeong
*Chairman*

Chang Meng Teng
Lawrence Mok Kwok Wah
Foo Ko Hing

## PRINCIPAL BANKERS

United Overseas Bank Limited
DBS Bank Ltd.
Australia & New Zealand Banking Group Limited, Singapore Branch

## SHARE REGISTRAR

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

## REGISTERED OFFICE

100 Tras Street #06-01 100 AM
Singapore 079027

t : (65) 6879 2515
f : (65) 6224 2660
e : corporate@amaraholdings.com
w : www.amaraholdings.com

## INVESTOR RELATIONS CONTACTS

Internal : ir@amaraholdings.com
External : Citigate Dewe Rogerson, i.MAGE

Dolores Phua
55 Market Street #02-01
Singapore 048941

t : (65) 6534 5122
f : (65) 6534 4171
e : dolores.phua@citigatedrimage.com

## AUDITORS

Baker Tilly TFW LLP
Chartered Accountants of Singapore
600 North Bridge Road
#05-01 Parkview Square
Singapore 188778

Tiang Yii
Partner-in-charge of the audit

# STATISTICS OF SHAREHOLDINGS

AS AT 14 MARCH 2016

| | | |
|---|---|---|
| Class of Shares | : | Ordinary shares each fully paid up |
| Voting Rights (excluding Treasury Shares) | : | 1 vote per share |
| No. of Holders | : | 5,611 |
| No. of Issued Shares | : | 576,936,000 |
| No. of Issued Shares (excluding Treasury Shares) | : | 575,135,600 |
| No. of Treasury Shares | : | 1,800,400 |
| Percentage of Treasury Shares against the total no. of Issued Shares (excluding Treasury Shares) | : | 0.31% |

## DISTRIBUTION OF SHAREHOLDINGS

| Size of Holdings | No. of Shareholders | % | No. of Shares (excluding Treasury Shares) | %[(1)] |
|---|---|---|---|---|
| 1 - 99 | - | - | - | - |
| 100 - 1,000 | 518 | 9.23 | 514,600 | 0.09 |
| 1,001 - 10,000 | 3,638 | 64.84 | 19,479,600 | 3.39 |
| 10,001 - 1,000,000 | 1,426 | 25.41 | 69,502,230 | 12.08 |
| 1,000,001 and above | 29 | 0.52 | 485,639,170 | 84.44 |
| Total | 5,611 | 100.00 | 575,135,600 | 100.00 |

Based on information available to the Company on 14 March 2016, approximately 27% of the Company's issued ordinary shares were held by the public and accordingly, Rule 723 of the Listing Manual of the SGX-ST has been compiled with.

## TWENTY LARGEST SHAREHOLDERS (as shown in the Register of Members and Depository Register)

| No. | Name | No. of Shares | %[(1)] |
|---|---|---|---|
| 1 | Firstrust Equity Pte Ltd | 184,458,917 | 32.07 |
| 2 | UOB Nominees (2006) Private Limited | 50,000,000 | 8.69 |
| 3 | Teo Chew Chuan | 42,578,500 | 7.40 |
| 4 | Teo Peng Chuan | 36,744,419 | 6.39 |
| 5 | Teo Hin Chuan | 32,580,997 | 5.67 |
| 6 | Teo Siew Bee | 15,099,419 | 2.63 |
| 7 | Teo Geok Tin | 14,790,447 | 2.57 |
| 8 | Teo Kwee Chuan | 14,757,449 | 2.57 |
| 9 | DBS Nominees (Private) Limited | 13,893,910 | 2.42 |
| 10 | Morph Investments Ltd | 11,346,000 | 1.97 |
| 11 | Teo Hock Chuan | 9,579,619 | 1.67 |
| 12 | United Overseas Bank Nominees (Private) Limited | 7,250,500 | 1.26 |
| 13 | Ong Kian Kok | 5,800,000 | 1.01 |
| 14 | Bank Of Singapore Nominees Pte. Ltd. | 5,292,000 | 0.92 |
| 15 | Teo Deng Jie (Zhang Deng Jie) | 5,000,000 | 0.87 |
| 16 | DBS Vickers Securities (Singapore) Pte Ltd | 4,620,000 | 0.80 |
| 17 | HSBC (Singapore) Nominees Pte Ltd | 4,338,000 | 0.75 |
| 18 | OCBC Nominees Singapore Private Limited | 4,225,000 | 0.73 |
| 19 | Teo Guan Hoon | 3,238,000 | 0.56 |
| 20 | Poh Lay Eng | 3,153,493 | 0.55 |
| | Total | 468,746,670 | 81.50 |

Note:

(1) The percentage of issued ordinary shares is calculated based on the total number of issued ordinary shares of the Company, excluding treasury shares.

# STATISTICS OF SHAREHOLDINGS

AS AT 14 MARCH 2016

## SUBSTANTIAL SHAREHOLDERS

(As shown in the Register of Substantial Shareholders)

| | Direct Interest | Deemed Interest | Total | %[3] |
|---|---|---|---|---|
| Albert Teo Hock Chuan | 14,799,619 | 234,458,917[1] | 249,258,536 | 43.34 |
| Susan Teo Geok Tin | 14,820,447 | 234,458,917[1] | 249,279,364 | 43.34 |
| Teo Kwee Chuan | 14,757,449 | 234,458,917[1] | 249,216,366 | 43.33 |
| Firstrust Equity Pte Ltd | 234,458,917 | - | 234,458,917 | 40.77 |
| Corinne Teo Siew Bee | 15,099,419 | 234,458,917[1] | 249,558,336 | 43.39 |
| First Security Pte Ltd | - | 234,458,917[1] | 234,458,917 | 40.77 |
| Teo Chew Chuan | 42,578,500 | 3,153,493[2] | 45,731,993 | 7.95 |
| Teo Peng Chuan | 36,744,419 | - | 36,744,419 | 6.39 |
| Teo Hin Chuan | 32,580,997 | - | 32,580,997 | 5.66 |

Notes:

(1) Albert Teo Hock Chuan, Susan Teo Geok Tin, Teo Kwee Chuan, Corinne Teo Siew Bee and First Security Pte Ltd are each deemed to have an interest in the 234,458,917 shares in which Firstrust Equity Pte Ltd is interested in as they are entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares of Firstrust Equity Pte Ltd.

(2) Teo Chew Chuan is deemed interested in 3,153,493 shares held by his spouse.

(3) The percentage of issued ordinary shares is calculated based on the total number of issued ordinary shares of the Company, excluding treasury shares.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Company will be held at Amara Ballroom 2, Level 3, Amara Singapore, 165 Tanjong Pagar Road, Singapore 088539 on Wednesday, 27 April 2016 at 10.30 a.m. to transact the following business:-

**AS ORDINARY BUSINESS**

1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2015 together with the Directors' Statement and Independent Auditor's Report thereon. **(Resolution 1)**

2. To declare a first and final tax exempt dividend of 1 cent per ordinary share for the year ended 31 December 2015. **(Resolution 2)**

3. To re-elect Mr Chia Kwok Ping as a Director retiring under Article 94 of the Constitution of the Company. **(Resolution 3)**

4. To re-elect Ms Susan Teo Geok Tin as a Director retiring under Article 87 of the Constitution of the Company. **(Resolution 4)**

5. To re-appoint Mr Chang Meng Teng, who was previously re-appointed in the last annual general meeting on 29 April 2015 to hold office until the next annual general meeting of the Company pursuant to Section 153(6) of the Companies Act, Cap. 50 which was repealed on 3 January 2016, as a Director of the Company. **(Resolution 5)**

   (See Explanatory Note 1)

   Mr Chang Meng Teng will, upon re-appointment as Director of the Company, remain as the Chairman of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"). He will also remain as the Lead Independent Director and a member of both the Remuneration Committee and the Nominating Committee.

6. To re-appoint Mr Richard Khoo Boo Yeong, who was previously re-appointed in the last annual general meeting on 29 April 2015 to hold office until the next annual general meeting of the Company pursuant to Section 153(6) of the Companies Act, Cap. 50 which was repealed on 3 January 2016, as a Director of the Company. **(Resolution 6)**

   (See Explanatory Note 1)

   Mr Richard Khoo Boo Yeong will, upon re-appointment as Director of the Company, remain as a member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. He will also remain as the Chairman of both the Remuneration Committee and the Nominating Committee.

7. To approve payment of Directors' Fees of $161,700 for the year ended 31 December 2015 (2014: $189,200). **(Resolution 7)**

8. To re-appoint Messrs Baker Tilly TFW LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

9. To transact any other business that may 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 amendments):

10. Authority to allot and issue shares

    (a) That, pursuant to Section 161 of the Companies Act, Cap. 50, and the listing rules of the SGX-ST, authority be and is hereby given to the Directors of the Company at any time upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit, to:

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

# NOTICE OF ANNUAL GENERAL MEETING

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

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

(b) notwithstanding the authority conferred by the shareholders may have ceased to be in force, issue shares in pursuance of any Instruments made or granted by the Directors while the authority was in force,

provided always that

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the Company's total number of issued shares excluding treasury shares, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares of the Company, and for the purpose of this resolution, the total number of issued shares excluding treasury shares shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for:

(aa) new shares arising from the conversion or exercise of convertible securities;

(bb) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

(cc) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. **(Resolution 9)**

(See Explanatory Note 2)

11. Authority to allot and issue shares under the Amara Performance Share Plan

That authority be and is hereby given to the Directors of the Company to grant awards in accordance with the provisions of the Amara Performance Share Plan (the "Plan"), and, pursuant to Section 161 of the Companies Act, Cap. 50, to allot and issue from time to time such number of shares in the capital of the Company as may be required to be allotted and/or issued pursuant to the vesting of awards under the Plan provided that the aggregate number of shares available under the Plan and any other share based schemes which the Company may implement from time to time, shall not exceed 15% of the total number of issued shares of the Company (excluding treasury shares) from time to time and that such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. **(Resolution 10)**

(See Explanatory Note 3)

12. Renewal of Share Purchase Mandate

That:

(a) For the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore ("Act"), the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("Shares") not exceeding in aggregate the Prescribed Limit (as defined below), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:

# NOTICE OF ANNUAL GENERAL MEETING

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

(ii) on-market purchases (each an "On-Market Share Purchase") on the SGX-ST, and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable,

be and is hereby authorised and approved generally and unconditionally ("Share Purchase Mandate").

(b) 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 Ordinary 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 or the Constitution of the Company to be held; or

(ii) the date on which the purchase of Shares by the Company pursuant to the Share Purchase Mandate is carried out to the full extent mandated.

(c) In this Ordinary Resolution:

"Prescribed Limit" means 10% of the total number of issued Shares as at the date of the passing of this Ordinary Resolution (excluding treasury shares); and

"Maximum Price" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:

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

(ii) in the case of an Off-Market Share Purchase, 120% of the Average Closing Price,

where:

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

"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 Share Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Share Purchase) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Share Purchase.

(d) The Directors and/or each and any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution. **(Resolution 11)**

(See Explanatory Note 4)

13. To transact any other business that may be transacted at an Annual General Meeting.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS ALSO HEREBY GIVEN** that subject to the approval of the shareholders at the Annual General Meeting, a first and final tax exempt dividend of 1 cent per ordinary share, in respect of the year ended 31 December 2015 will be paid on 23 June 2016 to shareholders whose names appear in the Register of Members on 9 June 2016.

Accordingly, the Transfer Books and the Register of Members of the Company will be closed from 9 June 2016 after 5.00 p.m. to 10 June 2016, for the purpose of determining shareholders' entitlements to the proposed first and final dividend.

Registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623, up to 5.00 p.m., on 9 June 2016 will be registered before entitlements to the first and final dividend are determined.

By Order of the Board

Susan Teo Geok Tin/Foo Soon Soo
Company Secretaries

Singapore
12 April 2016

**EXPLANATORY NOTE 1:**
In respect of the Ordinary Resolutions in items 5 and 6, Mr Chang Meng Teng and Mr Richard Khoo Boo Yeong were re-appointed as Directors in the last annual general meeting on 29 April 2015 to hold office until the next annual general meeting of the Company pursuant to Section 153(6) of the Companies Act, Cap. 50. Section 153(6) of the Companies Act, Cap. 50 was repealed when Phase 2 of the Companies (Amendment) Act 2014 came into effect on 3 January 2016. As their appointments will lapse at the Annual General Meeting of the Company to be held on 27 April 2016, Mr Chang and Mr Khoo will have to be re-appointed to continue in office. Upon their re-appointment at the conclusion of the Annual General Meeting on 27 April 2016, Mr Chang and Mr Khoo will then be subject to retirement by rotation under the Constitution of the Company.

**EXPLANATORY NOTE 2:**
The Ordinary Resolution in item 10 is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50% of the total number of issued shares excluding treasury shares of the Company of which the total number of shares and convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed 20% of the total number of issued shares excluding treasury shares of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. For determining the aggregate number of shares that may be issued, the percentage of issued shares will be calculated based on the total number of issued shares excluding treasury shares in the capital of the Company at the time this resolution is passed (after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this resolution is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares). This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

# NOTICE OF ANNUAL GENERAL MEETING

**EXPLANATORY NOTE 3:**
The Ordinary Resolution in item 11 is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to grant awards in accordance with the provisions of the Plan and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be allotted and/or issued pursuant to the vesting of the awards under the Plan provided that the aggregate number of shares available under the Plan and any other share based schemes which the Company may implement from time to time, shall not exceed 15% of the total number of issued shares of the Company (excluding treasury shares) from time to time.

**EXPLANATORY NOTE 4:**
In respect of the Ordinary Resolution in item 12, the Company intends to use internal sources of funds, external borrowings or a combination of internal sources of funds and external borrowings to finance purchases or acquisitions of the Shares. The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on, among other things, whether the Shares are purchased or acquired out of capital and/or profits of the Company, the aggregate number of Shares purchased or acquired, and the consideration paid at the relevant time. Purely for illustration purposes, the financial effects of Share Purchases on the audited financial statements of Amara Group and the Company for the financial year ended 31 December 2015, based on certain assumptions, are set out in the Appendix to the Notice of Annual General Meeting dated 12 April 2016 in relation to the proposed renewal of the Share Purchase Mandate.

**NOTES:**

1. A member of the Company (other than a member who is a relevant intermediary as defined in Section 181 of the Companies Act, Chapter 50) entitled to attend and vote at the above Meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. Where such member appoints more than one proxy, the proportion of his shareholding to be represented by each proxy shall be specified in the proxy form.

2. A member of the Company who is a relevant intermediary as defined in Section 181 of the Companies Act, Chapter 50 is entitled to appoint more than two proxies to attend, speak and vote at the above Meeting.

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

4. The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or notarially certified or office copy thereof must be lodged at the registered office of the Company at 100 Tras Street #06-01, 100 AM, Singapore 079027, not less than 24 hours before the time appointed for the above 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 ("AGM") 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 processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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"), and (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.

**AMARA HOLDINGS LIMITED**
Registration No. 197000732N
(Incorporated in the Republic of Singapore)

# PROXY FORM

## ANNUAL GENERAL MEETING

**IMPORTANT:**
1. Pursuant to Section 181 of the Companies Act, Chapter 50, members of the Company who are relevant intermediaries may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For investors who have used their CPF monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF Investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.

I/We ______________________________ (Name) ____________________ (NRIC/Passport/Co. Registration Number)

of ________________________________________________________________________________ (Address)

being a member/members of AMARA HOLDINGS LIMITED hereby appoint:

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

and/or (delete as appropriate)

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

as my/our proxy/proxies to attend and to vote for me/us and on my/our behalf at the Annual General Meeting ("AGM") of the Company to be held at Amara Ballroom 2, Level 3, Amara Singapore, 165 Tanjong Pagar Road, Singapore 088539 on Wednesday, 27 April 2016 at 10.30 a.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM.

| No. | Ordinary Resolutions | For* | Against* |
|---|---|---|---|
| 1. | To receive and adopt the Audited Financial Statements for the year ended 31 December 2015 together with the Directors' Statement and Independent Auditor's Report thereon. | | |
| 2. | To declare a first and final dividend of 1 cent per ordinary share for the year ended 31 December 2015. | | |
| 3. | To re-elect Mr Chia Kwok Ping as a Director retiring under Article 94 of the Constitution of the Company. | | |
| 4. | To re-elect Ms Susan Teo Geok Tin as a Director retiring under Article 87 of the Constitution of the Company. | | |
| 5. | To re-appoint Mr Chang Meng Teng as a Director. | | |
| 6. | To re-appoint Mr Richard Khoo Boo Yeong as a Director. | | |
| 7. | To approve payment of Directors' Fees of $161,700 for the year ended 31 December 2015 (2014: $189,200). | | |
| 8. | To re-appoint Messrs Baker Tilly TFW LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. | | |
| 9. | To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50. | | |
| 10. | To authorise Directors to issue shares under the Amara Performance Share Plan. | | |
| 11. | To approve the renewal of the Share Purchase Mandate. | | |

* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against", please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ____________ day of ______________ 2016

| Total number of Shares held |
|---|
| |

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

**IMPORTANT: PLEASE READ NOTES FOR PROXY FORM**

Please cut along dotted line

**Notes for Proxy Form**

1. A member of the Company (other than a member who is a relevant intermediary as defined in Section 181 of the Companies Act, Chapter 50) entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote on his behalf.

2. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no provision is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and the second named proxy as an alternate to the first named, or at the Company's option to treat this proxy form as invalid.

3. A member of the Company who is a relevant intermediary as defined in Section 181 of the Companies Act, Chapter 50 is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

4. A proxy or representative need not be a member of the Company.

5. A member should insert the total number of shares held. 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 registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number of shares is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

6. The instrument appointing a proxy or proxies for any member must be in writing and (in the case of an individual appointor) duly signed by the appointor or his attorney or, (if the appointor is a corporation) must be executed under its seal or signed by its attorney or duly authorised officer.

7. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office at 100 Tras Street #06-01, 100 AM, Singapore 079027, not less than 24 hours before the time set for the AGM, and in default the instrument of proxy shall be treated as invalid.

8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, 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 set out in the Notice of Annual General Meeting dated 12 April 2016.

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(Registration Number 197000732N)

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