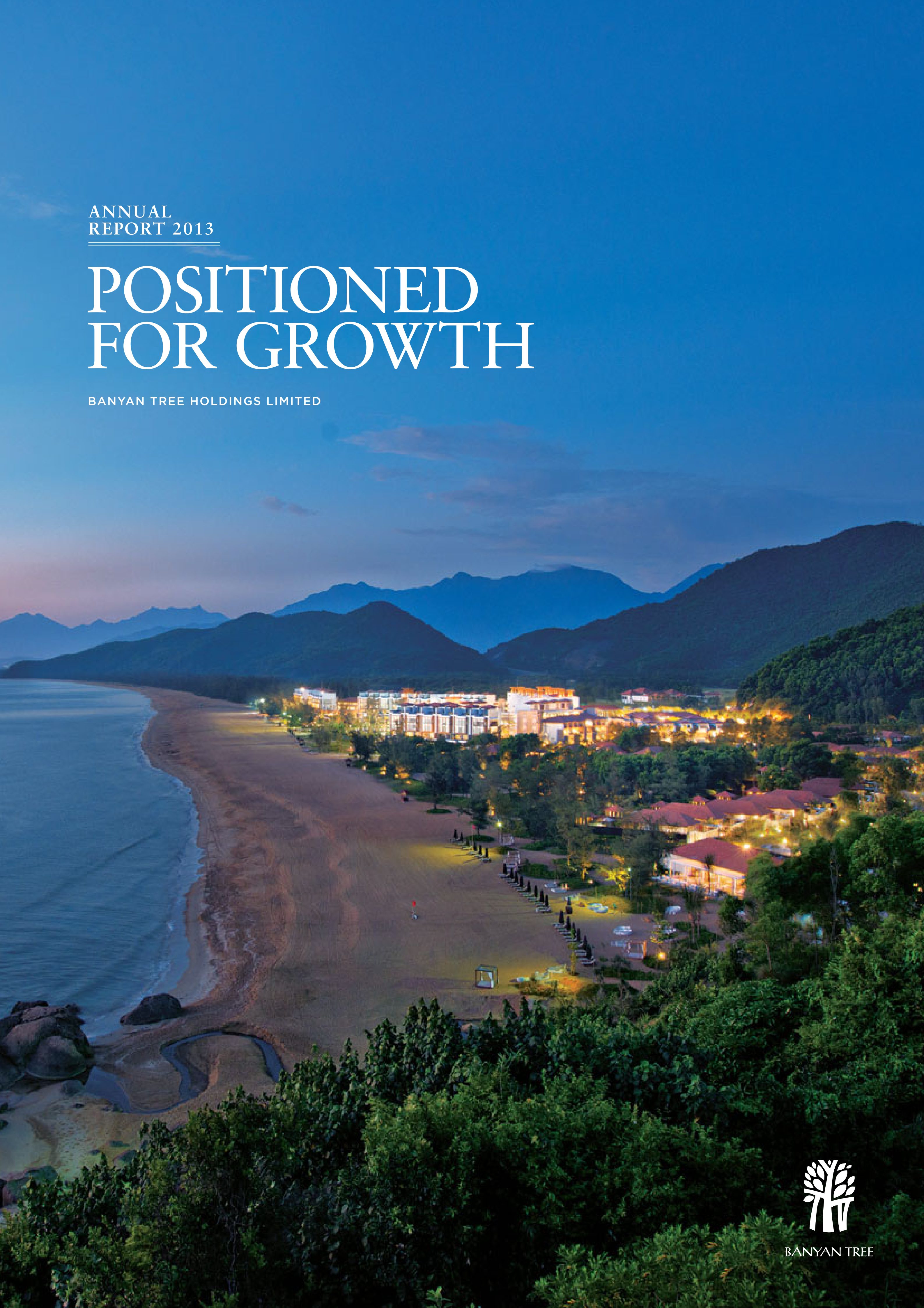
ANNUAL
REPORT 2013

POSITIONED FOR GROWTH

BANYAN TREE HOLDINGS LIMITED



BANYAN TREE

PERFECTLY POSITIONED

As we expand our global presence, extend our portfolio and explore new revenue streams and customer segments, we are focusing not only on today's performance but also tomorrow's possibilities. Each new property we open, each new market we enter, and every new venture we embark upon is designed to be a strategic foothold for future growth.

Our Mission

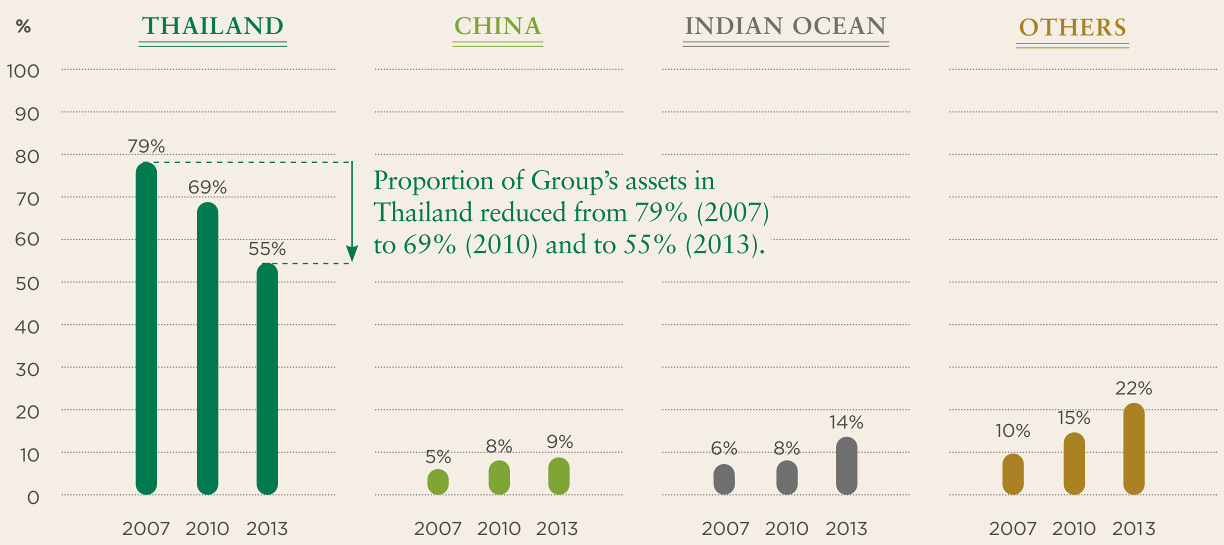
We want to build globally recognised brands which, by inspiring exceptional experiences among our guests, instilling pride and integrity in our associates and enhancing both the physical and human environment in which we operate, will deliver attractive returns to our shareholders.

DOUBLEPOOL VILLAS BY BANYAN TREE
PHUKET
THAILAND

CONTENTS

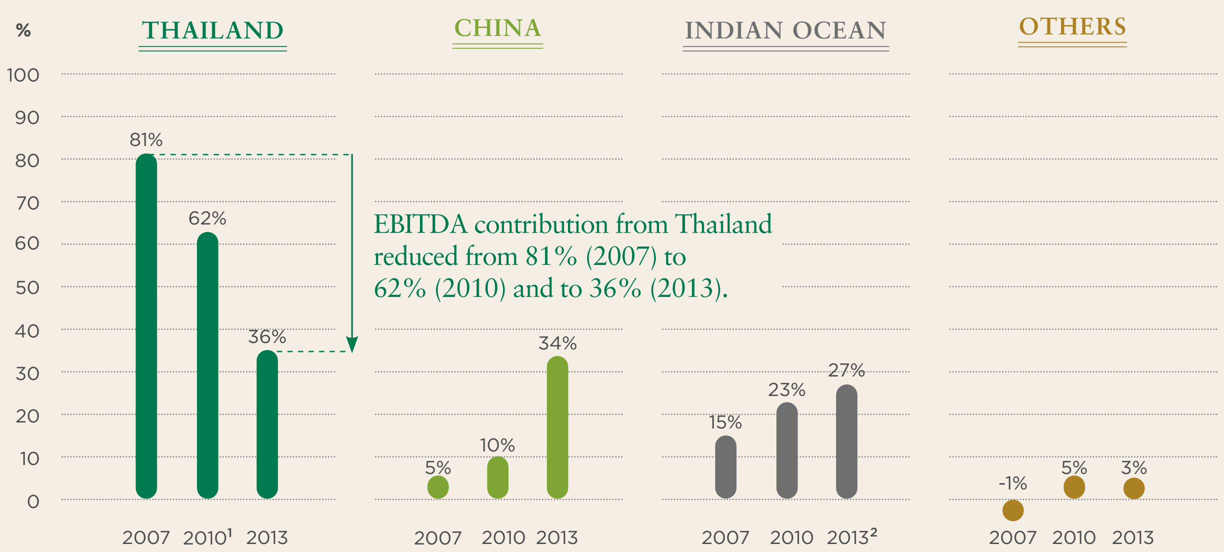
Diversifying For Sustainable Growth

Assets* By Geographical Region (2007 – 2013)



* Refers to total non-current revalued assets.

EBITDA By Geographical Region (2007 – 2013)



NOTES:

1 EBITDA from gain on sale of Dusit Laguna Phuket hotel excluded in 2010

2 EBITDA from gain on sale of Angsana Velavaru hotel excluded in 2013

LEGEND
- Thailand
- China
- Indian Ocean (Maldives & Seychelles)
- Others (Singapore/Hong Kong/Indochina/Others)

Key Figures

Full Year Figures

REVENUE
S$356.1M
+5%
From 2012: S$338.4m

PATMI
S$18.1M
+22%
From 2012: S$14.9m

EBITDA
S$74.1M
0%
From 2012: S$74.5m

CASH & CASH EQUIVALENTS
S$176.8M
+46%
From 2012: S$120.8m

Quarterly Figures

REVENUE (S$M)

1Q13	96.9
1Q12	83.0
2Q13	81.7
2Q12	79.3
3Q13	79.6
3Q12	78.6
4Q13	97.9
4Q12	97.5
FY13	356.1
FY12	338.4

EBITDA (S$M)

1Q13	33.2
1Q12	28.0
2Q13	13.1
2Q12	12.8
3Q13	9.1
3Q12	8.8
4Q13	18.7
4Q12	24.9
FY13	74.1
FY12	74.5

PATMI (S$M)

1Q13	14.2
1Q12	12.0
2Q13	1.7
2Q12	0.7
3Q13	-1.4
3Q12	-2.8
4Q13	3.6
4Q12	5.0
FY13	18.1
FY12	14.9

REVPAR (S$)

1Q13	236
1Q12	217
2Q13	176
2Q12	169
3Q13	180
3Q12	170
4Q13	205
4Q12	210
FY13	199
FY12	191

NET TANGIBLE ASSETS (S$M)

1Q13	739.1
1Q12	698.0
2Q13	718.6
2Q12	689.5
3Q13	701.0
3Q12	676.5
4Q13	667.1
4Q12	685.5

NET ASSET VALUE PER SHARE (S$)

1Q13	0.77
1Q12	0.73
2Q13	0.76
2Q12	0.72
3Q13	0.74
3Q12	0.71
4Q13	0.72
4Q12	0.72

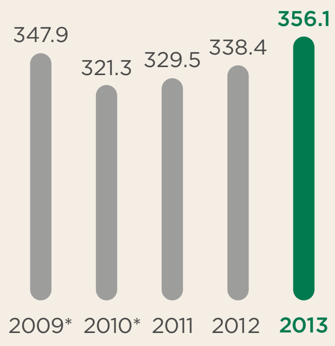
Five-Year Financial Highlights

	2009* Restated S$M	2010* Restated S$M	2011 S$M	2012 S$M	2013 S$M
Revenue	347.9	321.3	329.5	338.4	**356.1**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	88.1	109.6	49.4	74.5	**74.1**
Profit before tax (PBT)	33.3	61.0	2.5	24.7	**31.1**
Profit after tax (PAT)	18.3	35.9	3.0	15.4	**18.2**
Profit after tax & minority interests (PATMI)	14.7	19.5	1.6	14.9	**18.1**
EBITDA margin	25%	34%	15%	22%	**21%**
PATMI margin	4%	6%	0%	4%	**5%**
Per Share ($)					
Basic earnings	0.019	0.026	0.002	0.020	**0.024**
Diluted earnings	0.019	0.026	0.002	0.020	**0.024**
Net tangible assets (including MI)	0.874	0.929	0.897	0.902	**0.877**
Net tangible assets (excluding MI)	0.620	0.645	0.672	0.681	**0.684**
Net debt equity ratio	0.44	0.29	0.40	0.44	**0.40**

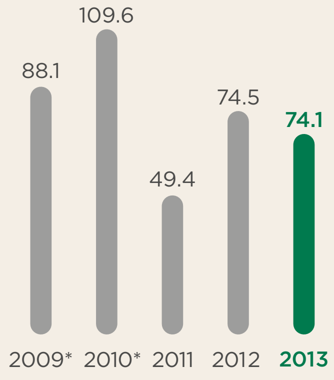
* Due to a change in the Group's accounting policy to be in line with the new INT FRS 115 – Agreements for the Construction of Real Estate, a retrospective application is required under FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors, and hence the audited financial statements for the year ended 2009 to 2010 for the Group have been restated as if the new accounting policy had always been applied.

BANYAN TREE LĂNG CÔ
VIETNAM

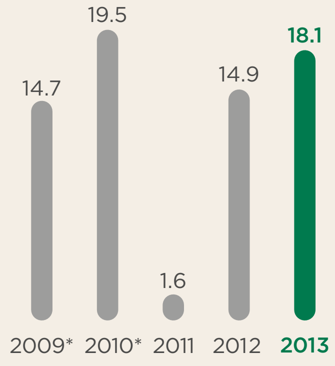
REVENUE (S$M)



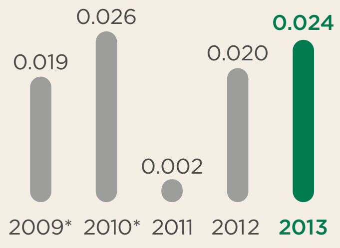
EBITDA (S$M)



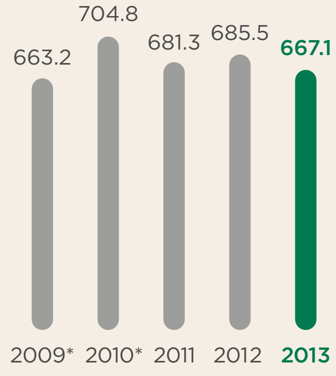
PATMI (S$M)



EARNINGS PER SHARE (S$)



NET TANGIBLE ASSETS (INCLUDING MI) (S$M)



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ANGSANA LĂNG CÔ
VIETNAM

STRATEGIC OVERVIEW

Executive Chairman's Statement

Positioned For Growth

In 2013, Thailand, China and the rest of the world each contributed about one-third of Group EBITDA, making us far less vulnerable to geographic risk.

2013 presented a mix of challenges and opportunities. Despite the slowdown in China's economy, both inbound and outbound tourism were buoyant. The number of Chinese visitors to our resorts and hotels continued to surpass visitors from traditional markets like Britain, Germany and France. Our resorts in the Maldives especially benefited from this trend.

Our hotels in Thailand had a good year until November, when renewed political protests in Bangkok sparked uncertainty and travel warnings. However, our deliberate strategy of rebalancing assets and diversifying geographically provided a cushion against these events. To illustrate: in 2007, Thailand accounted for 81% of Group EBITDA. In 2013, Thailand, China and the rest of the world each contributed about one-third of Group EBITDA, making us far less vulnerable to geographic risk.

REVENUE

S$356.1M

+5% From 2012: S$338.4m

PATMI

S$18.1M

+22% From 2012: S$14.9m

A REVIEW OF 2013

Group revenue increased by 5% to S$356.1 million in 2013. This was due to the favourable performance of our hotel investments, offset by a lower contribution from property sales.

While EBITDA held steady at S$74.1 million, PATMI grew by a healthy 22% to S$18.1 million because of lower depreciation and interest expenses as a result of the asset rebalancing that we began in 2010.

HOTEL INVESTMENTS

Group-owned hotels posted revenue of S$221.1 million, an increase of S$33.4 million or 18% from 2012. This was mainly attributable to hotels in Thailand, Maldives and Seychelles. In line with revenue growth, EBITDA rose by 22% to S$44.8 million.

As part of our asset rebalancing, we sold Angsana Velavaru to CDL Hospitality Trusts in January 2013 and leased it back. This allowed us to free up funds and deploy them in high-growth areas, without relinquishing an important presence in the Maldives.

PROPERTY SALES

Revenue from property sales was S$33.2 million. The 22% decrease was due to lower contribution from property sales units based on revenue recognition upon completion. EBITDA for this segment accordingly fell by 62%.

During the year, we made progress towards launching our third brand of holiday homes. Priced more affordably without stinting on quality, the brand will occupy its own niche, and will not cannibalise our existing Banyan Tree and Angsana brands. The first project, Laguna Shores in Phuket, has been selling well, and we will extend this model to Bintan, Lijiang and Sri Lanka. With those developments in place, we will have a portfolio with which to launch the brand officially in 2014.

FEE-BASED

Our fee-based businesses generated revenue of S$101.8 million, down 6% from a year earlier. This was mainly due to lower royalty fees from sales at Banyan Tree Signatures Pavilion, Kuala Lumpur, where royalty fees for close to 90% of the units had already been recognised previously. The dip in revenue was accompanied by a 21% decline in EBITDA.

LOOKING AHEAD

We are constantly scanning the horizon for growth opportunities. With signs that economic recovery is underway in Europe and America, we are looking to resume expansion in those locations. We are already securing new hotel management contracts and reviving projects that were on hold during the global financial crisis.

BANYAN TREE
UNGASAN
INDONESIA

Three-quarters of our new resort openings in the next four years will be in China, putting us in a prime position to capitalise on increasing domestic tourism and international arrivals alike.

BANYAN TREE
SANYA
CHINA

Besides enjoying the knock-on effects of an upturn in Europe and America, our markets in Asia should benefit from macroeconomic trends within the region, such as the growth in tourism and consumption. While the Thai political crisis is expected to unfold in the coming months, we expect the Maldives to maintain its strong performance, which will mitigate the slowdown in Thai operations. The outlook for domestic consumption in China remains positive, which bodes well for our hotels there. Three-quarters of our new resort openings in the next four years will be in China, putting us in a prime position to capitalise on increasing domestic tourism and international arrivals alike.

Over the next few years we intend to grow our fee-based business further. This includes hotel, fund and club management, spa and gallery operations, design and other services. We have developed this segment to a point where it now has a momentum of its own. Based on contracts signed to date, we expect to be managing more than 9,000 keys in 2017, as compared with 4,103 in 2013. We also plan to open 34 new spas by 2017.

We will continue exploring various options to monetise our portfolio of assets, including those held by our two private equity funds. In addition, we will seek out opportunities to extend our successful Fund model into other areas.

In terms of property sales, we have begun to target mid-range investors. Next, we will develop a complete suite of products, from condominiums to detached houses, aimed at different price points and driven by design and lifestyle. We expect this to provide a sustainable and increasing profit contribution, based on the success of our launches in 2013. Unrecognised revenue from sales as at end 2013 was almost triple that of the year before, and will contribute to profits mainly in 2015.

BANYAN TREE
VABBINFARU
MALDIVES

The Group earned another 201 awards and accolades in 2013. The total number of wins has now crossed the 1,000 mark. Such recognition reflects well on our associates, whose ideas, energy and drive are behind Banyan Tree's accomplishments.

ANGSANA
LAGUNA PHUKET
THAILAND

GROWING SUSTAINABLY

Every new resort is an opportunity to make a positive impact on our triple bottom line of economic, social and environmental success. Banyan Tree remains committed to sustainable development, and for this purpose we are quick to harness synergies between our different businesses. For example, our commercialised development arm, GPS Development Services, has used its expertise to help three of our resorts to achieve the internationally recognised EarthCheck green standards for planning and design.

Meanwhile, we are progressing with tree planting efforts that make our resorts literally greener. Since 2007, we have planted more than 277,000 trees, of which 57,133 were added in 2013.

OUR APPRECIATION

Social responsibility and the pursuit of perfection have been hallmarks of Banyan Tree from the beginning, and I am pleased to report that the Group earned another 201 awards and accolades in 2013. The total number of wins has now crossed the 1,000 mark. Such recognition reflects well on our associates, whose ideas, energy and drive are behind Banyan Tree's accomplishments. I would like to thank them, as well as our stakeholders, business partners and guests, for their support.

With Banyan Tree positioned for growth, I am confident that we will achieve even greater success together.

HO KWONPING
EXECUTIVE CHAIRMAN

LAGUNA SHORES
PHUKET
THAILAND

INNOVATING FOR A GROWING CUSTOMER SEGMENT

Pre-empting demand for a different type of quality property

We have always stayed ahead of the competition by creating unique new offerings at the right time. In the current operating climate, younger, lifestyle-oriented consumers represent a significant opportunity for us. Our Laguna Shores project in Phuket spearheads what will be a new brand catering to this discerning yet price-conscious customer segment. With sales of S$35.8 million (61%) to date, our third brand will tap demand from the growing middle class across the region. We are planning future launches under this brand in other Asian destinations such as Bintan, Lijiang and Sri Lanka.

UNITS SOLD AT LAGUNA SHORES

61%

as of 31 January 2014

VALUE OF SALES AT LAGUNA SHORES

S$35.8M

as of 31 January 2014

ANGSANA VELAVARU
MALDIVES

SATISFYING WORLDWIDE DEMAND FOR OUR EXPERTISE

Leveraging our reputation to grow the fee-based segment

Our strong branding and track record in planning, designing and managing hotels and spas attract attention from industry players and developers around the world. As a result, our fee-based businesses continue to enjoy growing momentum. For example, based on contracts signed to date, the number of keys* we manage is expected to increase from 3,919 in 2013 to 8,974 in 2017, a compound annual growth rate of 23%. We also plan to open 34 new spas by 2017. Each new property in turn enlarges our global footprint and serves to build our brands.

* Banyan Tree and Angsana

HOTEL KEYS* UNDER MANAGEMENT

+129%

by 2017

SPA OUTLETS

+47%

by 2017

BANYAN TREE
HANGZHOU
CHINA

CAPTURING GROWTH IN AND FROM CHINA

Capitalising on synergies across geographies

Room revenue from Chinese nationals grew 35% in 2013, demonstrating the increasing importance of China as a market. Our existing hotels and resorts in China have established a strong following among domestic tourists. With 77% of the Group's new resorts in the next four years opening in China, we will also be well-placed to capture inbound demand as the country welcomes more international arrivals. Meanwhile, our marketing efforts in China are generating business overseas as well. In 2013, the number of room nights Chinese nationals spent at our properties outside China rose by 59%.

ROOM REVENUE FROM CHINESE NATIONALS

+35%

from 2012

ROOM NIGHTS BY CHINESE NATIONALS AT OUR RESORTS OUTSIDE CHINA

+59%

from 2012

Board of Directors

FROM TOP DOWN
Ho KwonPing
Executive Chairman

Ariel P Vera
Non-Executive and Non-Independent Director

Chia Chee Ming Timothy
Lead Independent Director

Fang Ai Lian
Independent Director

The founder of our Group, Mr Ho KwonPing is responsible for its overall management and operations. He has been a Director since 5 July 2000. He was designated Executive Chairman on 1 March 2004 and was last re-elected on 29 April 2013.

Mr Ho is also Chairman of Laguna Resorts & Hotels Public Company Limited, Thai Wah Food Products Public Company Limited, the Board of Trustees of Singapore Management University and the Advisory Committee of the School of Hotel and Tourism Management at The Hong Kong Polytechnic University. He is a non-executive Director of Diageo Plc. He is a member of the International Council and East Asia Council of INSEAD as well as the Global Advisory Board of Moelis & Company, and a Governor of the London Business School.

He previously served as Chairman of MediaCorp Pte. Ltd.

Mr Ho holds a Bachelor of Arts (Economics) from the University of Singapore and an Honorary Doctorate of Business Administration in Hospitality Management from Johnson & Wales University, USA.

Mr Ariel P Vera was appointed Director on 11 April 2000 and designated Group Managing Director on 1 March 2004. He retired as Group Managing Director on 31 December 2013 but remains as a Non-Executive and Non-Independent Director of the Company. He was last re-elected on 30 April 2012.

Mr Vera is a Director of Laguna Resorts & Hotels Public Company Limited, Thai Wah Food Products Public Company Limited and Thai Wah Starch Public Company Limited.

He was with the Group from 1995 to his retirement in 2013. Prior to joining the Group, he was Director of Finance and Administration of Asian Resorts Pte. Ltd. from 1992 to 1995, and Vice President, Finance, of Tropical Resorts Limited from 1995 to 1997. He has over 25 years of experience in the hotel industry.

A Certified Public Accountant in the Philippines, Mr Vera holds a Bachelor of Science in Business Administration from the University of the East, Philippines, as well as a Master of Business Administration from the National University of Singapore.

Mr Chia Chee Ming Timothy has been a Director since 8 June 2001 and became Lead Independent Director on 28 February 2007. Last re-elected on 29 April 2013, he is Chairman of the Nominating & Remuneration Committee and also a member of the Audit & Risk Committee.

Mr Chia is Chairman of Hup Soon Global Corporation Limited as well as Chairman – Asia for Coutts & Co Ltd, the private banking arm of the Royal Bank of Scotland Group. He sits on the boards of several other private and public companies, including Fraser and Neave, Limited, SP PowerAssets Limited and PowerGas Limited. He is a Trustee of the Singapore Management University and a Senior Advisor to EQT Funds Management Ltd and JM Financial Singapore Pte. Ltd.

From 1986 to 2004, he was a Director of PAMA Group where he was responsible for private equity investments and served as President from 1995 to 2004. He was previously a Director of Singapore Post Limited, SP Power Grid Limited and InnoTek Limited as well as Chairman – Asia for UBS Investment Bank.

Mr Chia holds a Bachelor of Science cum laude, majoring in Management, from the Fairleigh Dickinson University, USA.

Mrs Fang Ai Lian was appointed an Independent Director and Chairman of the Audit & Risk Committee on 1 May 2008 and was last re-elected on 30 April 2012. She is also a member of the Nominating & Remuneration Committee.

Mrs Fang is Chairman of Great Eastern Holdings Limited and its insurance subsidiaries in Singapore and Malaysia. She is also a Director of Singapore Telecommunications Limited, Metro Holdings Ltd, MediaCorp Pte. Ltd. and OCBC Bank. In addition, she is Chairman of the Tax Academy of Singapore, Charity Council and Board of Trustees of the Singapore Business Federation as well as Member of the Board of Trustees of the Singapore University of Technology and Design.

Mrs Fang was previously with Ernst & Young for over 30 years until her retirement in March 2008, her last position being Chairman of Ernst & Young Singapore. She qualified as a Chartered Accountant in England and is a Fellow of the Institute of Chartered Accountants in England and Wales, a Fellow of the Institute of Singapore Chartered Accountants and a Member of the Malaysian Association of Certified Public Accountants.

FROM TOP DOWN
Elizabeth Sam
Independent Director

Chan Heng Wing
Independent Director

Tham Kui Seng
Independent Director

Mrs Elizabeth Sam was appointed an Independent Director on 23 March 2004 and was last re-appointed on 29 April 2013. She is a member of both the Audit & Risk Committee and Nominating & Remuneration Committee.

Principally engaged in management consultancy, Mrs Sam is also a Director of SC Global Development Ltd, AV Jennings Ltd and The Straits Trading Company Limited. She is the Chairman and Director of Hon Sui Sen Endowment CLG Limited. She has over 40 years of experience in the financial sector, having held the positions of Executive Vice President and Deputy President of OCBC Bank from 1988 to 1998, Director of Mercantile House Holdings plc (a company listed on the London Stock Exchange) from 1981 to 1987 and Chief Manager of the Monetary Authority of Singapore from 1976 to 1981.

She was a Director of the Singapore International Monetary Exchange and served two three-year terms from 1987 to 1990 and 1993 to 1996 as its Chairman until its merger with the Stock Exchange of Singapore. She was also previously a Director of Kasikornbank Public Company Limited and Boardroom Limited.

Mrs Sam holds a Bachelor of Arts (Honours) degree in Economics from the University of Singapore.

Mr Chan Heng Wing joined the Board as an Independent Director on 1 June 2012 and was last re-elected on 29 April 2013. He is a member of both the Audit & Risk Committee and Nominating & Remuneration Committee.

Mr Chan is a Senior Adviser in the Ministry of Foreign Affairs and the Non-Resident High Commissioner to the People's Republic of Bangladesh. He is a Director of Shanda Games Ltd, Frasers Centrepoint Ltd, Precious Treasure Pte Ltd and Precious Quay Pte Ltd which own Fullerton Hotel and Fullerton Bay Hotel respectively. He is also Chairman of the Milken Institute Asia Center based in Singapore.

He was Press Secretary of Prime Minister Goh Chok Tong and Director of the Media Division in the Ministry of Information and the Arts. His Foreign Service career included assignments in New York at the Singapore Permanent Mission to the United Nations, as Consul General to Hong Kong, Ambassador to Thailand and Consul General to Shanghai. When he retired from the Foreign Service in 2008, he joined Temasek Holdings as its Chief Representative in China until 2010 and then the Managing Director for International Relations in Temasek International until 2011. Prior to his diplomatic career, he was a television journalist, producer and interviewer. He was a Non-Executive and Independent Director in Fraser and Neave, Limited until January 2014.

Mr Chan holds a Bachelor of Arts (Honours) and a Master of Arts from the University of Singapore as well as a Master of Science in Journalism from the Columbia Graduate School of Journalism in New York.

Mr Tham Kui Seng was appointed an Independent Director on 1 June 2012 and was last re-elected on 29 April 2013. He is a member of both the Audit & Risk Committee and Nominating & Remuneration Committee.

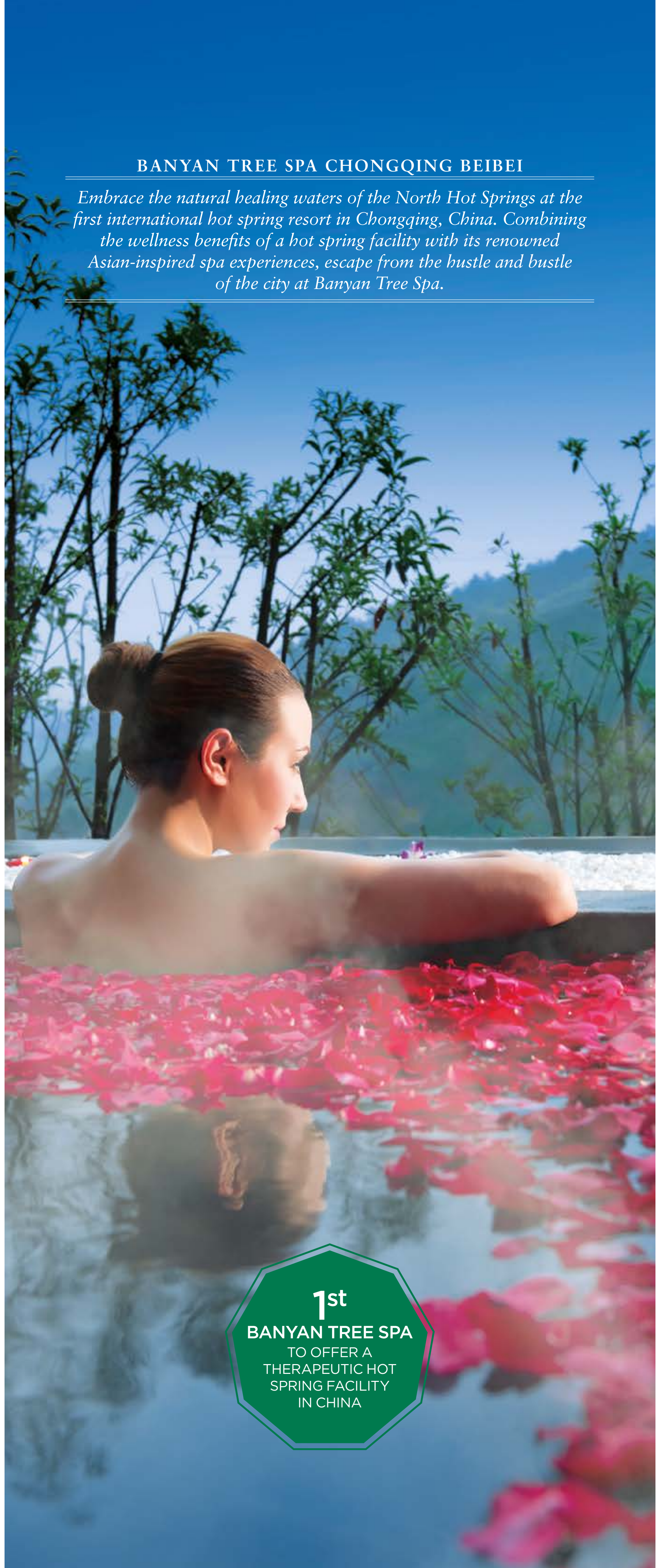
Mr Tham is a Director of Global Logistic Properties Limited, Sembcorp Industries Ltd, The Straits Trading Company Limited, Maxwell Chambers Pte Ltd and Straits Real Estate Pte Ltd. He is also a member of the Board of The Housing & Development Board and The Singapore Land Authority as well as a Corporate Advisor for Temasek International Advisors Pte Ltd.

He was the Chief Corporate Officer of CapitaLand Limited, overseeing the corporate services functions of the real estate group, from 2002 to 2008. He also previously served as a Director of Raffles Medical Group Ltd, CapitaLand China Holdings Pte Ltd and SPI (Australia) Assets Pty Ltd.

Mr Tham holds a Bachelor of Arts (First Class Honours) in Natural Science - Engineering Science from the University of Oxford, UK.

BANYAN TREE SPA CHONGQING BEIBEI

Embrace the natural healing waters of the North Hot Springs at the first international hot spring resort in Chongqing, China. Combining the wellness benefits of a hot spring facility with its renowned Asian-inspired spa experiences, escape from the hustle and bustle of the city at Banyan Tree Spa.



BANYAN TREE CHONGQING BEIBEI

China

Nestled in the foothills of Jinyun Mountain Natural Reserve and enveloped by lush greenery and bubbling streams, Banyan Tree Chongqing Beibei offers fine resort living in a stunning mountain setting.

Management Team

Claire Chiang
Senior Vice President, Banyan Tree Holdings;
Chairperson, China Business Development;
Managing Director, Retail Operations; and
Chairperson, Banyan Tree Global Foundation

A co-founder of Banyan Tree Hotels & Resorts, **Ms Chiang** pioneered the Group's retail business in 1996 and continues to oversee it. In addition, she is Chairperson for China Business Development, focusing on the acquisition of new management contracts, and Advisor to the Group on Human Capital Development. As the Chairperson of Banyan Tree Global Foundation, she directs and guides the Group's corporate social responsibility efforts in its mission to "Embrace the Environment, Empower the People". Ms Chiang is the Director and Non-Executive Chairperson of Wildlife Reserves Singapore, the holding company of Singapore Zoo, Night Safari, Jurong Bird Park and River Safari, as well as Chairperson of the Wildlife Reserves Singapore Conservation Fund.

She serves on numerous Boards in the public and private sectors, and has won national and international awards for her advocacy in social and community issues. She is both a member of the Tripartite Committee on Work-Life Strategy led by Singapore's Ministry of Manpower, and Chairperson of the Employer Alliance, a network committed to creating an enabling work environment to enhance work-life integration. Ms Chiang is married to the Executive Chairman, Mr Ho KwonPing. Together, they received the Hospitality Lifetime Achievement Award at the 2009 China Hotel Investment Summit.

Ho KwonCjan
Senior Vice President and
Group Chief Designer

Mr Ho is the Senior Designer involved in overseeing design and project teams in the architectural subsidiary of the Group. He has also been a Director of Laguna Resorts & Hotels Public Company Limited ("LRH") since 1 January 2012. Prior to March 2005, he was Joint Managing Director of LRH, a position he held from 1998. Mr Ho served as Vice Chairman of Thai Wah Public Company Limited in Thailand from 1997 to 2003. From 1996 to 1998, he was the Managing Director of Thai Wah Resorts Development Public Co., Ltd and from 1985 to 1992, the Project Manager of Thai Wah Resorts Development Public Co., Ltd. Before this, he worked at the architecture firm, Akitek Tenggara, in Singapore. Mr Ho holds a Bachelor of Architecture (Honours) from the National University of Singapore and is a recipient of the Singapore Institute of Architects Gold Medal. He has been registered with the Singapore Board of Architects since 1986. Mr Ho is the brother of the Executive Chairman, Mr Ho KwonPing.

Abid Butt
Senior Vice President and
Chief Executive Officer,
Banyan Tree Hotels & Resorts

Mr Butt assumed his role in April 2012, marking a return to the Group after first joining Banyan Tree over a decade ago as Area General Manager for Banyan Tree Phuket, followed by his appointment as the first Vice President of Operations. With more than 25 years of experience in the hospitality industry, he was most recently Vice President of Asset Management for Host Hotels & Resorts in the USA. He holds a Master of Science in Real Estate from Johns Hopkins University, a Master of Business Administration from the University of Phoenix, San Diego, and double Bachelor of Science degrees in Food Service Management and Hotel, Restaurant & Institutional Management from Johnson & Wales University.

Eddy See Hock Lye
Senior Vice President and
Group Chief Financial Officer

Mr See is the Group's Chief Financial Officer. He was also appointed to the Board of LRH in 2012. Before joining the Group in 2004, he was the Managing Director of Asia Business Forum from 2002 to 2004 and its Chief Financial Officer from 2001 to 2004. From 1996 to 2001, he was the Group Financial Controller of Amara Holdings Limited. He was also the General Director of Amara Hotel Saigon Company Ltd, which operated Amara Hotel in Ho Chi Minh City, from 1998 to 2001. Prior to that, he was with Ernst & Young for nearly a decade, spending his last four years there as Audit Manager. Mr See holds a Bachelor of Commerce from the University of Auckland and is an Associate Chartered Accountant, New Zealand.

Management Team

Shankar Chandran
Senior Vice President and Managing Director, LRH, Laguna Lăng Cô Vietnam and Spa Operations

Mr Chandran is the Managing Director responsible for the operations of LRH, Laguna Lăng Cô Integrated Resorts and Banyan Tree Spa. Through his leadership since 2005, Banyan Tree Spa has grown to more than 70 spas worldwide. As Managing Director of Laguna Lăng Cô, he oversaw the development and successful opening of the integrated resort in 2013, and is now responsible for its ongoing operations. Appointed to the Board of LRH in 2012, Mr Chandran officially became Managing Director of LRH in 2014. From 2001 to 2004, he served as Group Executive (Corporate) Director, and from 1997 to 2001 as Assistant Vice President, Finance. Prior to joining the Group, he was the Financial Controller and Deputy General Manager of Regent Plaza, London, and Regional Internal Auditor/Financial Controller of Hilton International Hotels, UK. He holds a Postgraduate Diploma in Management Studies from Kingston University (London) and a Higher National Diploma Finance from South West London College, UK.

Dharmali Kusumadi
Senior Vice President and Managing Director, Architrave

Mr Kusumadi is responsible for the design and planning operations, and business development in the architectural subsidiary of the Group. Prior to joining the Group in 1991, he was the Planning and Development Head of LG Group, Bali, where he was in charge of design and planning for projects. From 1985 to 1989, Mr Kusumadi was a part-time lecturer at the Architecture Department of Soegijapranata Catholic University, Semarang, Indonesia. From 1984 to 1989, he was Principal Architect of Kusumadi Associates. He has been a member of the Indonesian Institute of Architects since 1991 and holds a Master of Architecture from Parahyangan Catholic University, Bandung, Indonesia.

Steve Small
Senior Vice President and Managing Director, Banyan Tree Capital

Mr Small is responsible for leading and managing the Group's dedicated real estate fund management activities to fund its hotel, resort and private residence development programmes. He launched and manages the Group's funds for Indochina (US$283 million) and China (RMB1 billion). Prior to joining the Group in 2008, he spent more than 20 years in private equity investment and management in Asia. From 1991 to 2003, he was an Executive Director of Consolidated Resources Ltd, the Asian private equity investment vehicle of Anglo American plc and the De Beers Group. He was also engaged in private equity investment and consultancy services through a company he founded in Singapore in 1998. He has been a non-executive director of various regionally listed companies. Mr Small is a Fellow of the Institute of Chartered Accountants in England & Wales and has a Bachelor of Economics (Honours) from Durham University, UK.

Lim See Bee
Vice President and Managing Director, Group Project Services

Ms Lim oversees the development of all new projects by the Banyan Tree Group. She joined Banyan Tree in 1992 as Senior Manager, Projects. She has 29 years of experience in the design, construction and real estate industry, having practised in both the public and private sectors. Ms Lim is registered with the Board of Architects, Singapore, and is also a member of the Society of Project Managers and the Singapore Institute of Arbitrators. She holds a Bachelor of Arts and a Bachelor of Architecture from the National University of Singapore, a Master of Business Administration from Reading University, UK, and a Royal Institute of Chartered Surveyors Diploma in Project Management from the College of Estate Management, UK.

Stuart Reading
Vice President, Group Property Development

Mr Reading oversees property sales, which has been established as a separate unit due to its increasing importance as a core business for the Group. He was previously Vice President - Finance and Deputy Managing Director of LRH, and has served on the Board of LRH since 2006. He joined LRH in 2002 as Assistant Vice President, Finance & Administration, and was responsible for the finance function of the property sales and holiday club businesses. Prior to joining the Group, Mr Reading spent more than 10 years with Pricewaterhouse Coopers in Australia and Papua New Guinea. From 1999 to 2002, he was a Director in the Assurance and Business Advisory Services division in Sydney. He is a member of the Institute of Chartered Accountants in Australia and holds a Bachelor of Business degree in Accounting from the University of Western Sydney.

Hokan Limin
Vice President, Hotel Finance

Mr Limin is in charge of monitoring hotel performance and implementing policies and procedures. His main responsibilities are hotel finance, compliance, operational analysis, quality control and operational audit. He also supervises risk management. Prior to joining the Group in 1999, Mr Limin worked at hotel investment companies in Indonesia and several five-star resort chains including Hyatt, Inter-Continental and Shangri-La. He holds a Bachelor of Finance and Accountancy from Trisakti University, Jakarta, Indonesia.

Shelly Yeo
Vice President, Corporate Finance

Ms Yeo plays a key role in the overall running of the Finance Department in the Corporate Head Office and in maintaining statutory compliance of the Group. She also supports the Group's expansion in entity structuring, tax compliance requirements, audit and accounts reporting. Prior to joining the Group in 2001, she worked in several companies listed on the Singapore Stock Exchange including Cerebos Pacific Limited and Leeden Limited. She holds a Bachelor of Accountancy from the National University of Singapore, and is a member of the Institute of Singapore Chartered Accountants.

Emilio Llamas Carreras
Vice President and Director, Special Projects

Mr Llamas is responsible for developing the operational concepts for our new brands and oversees the roll-out of standards and implementation to ensure consistency. He was previously General Manager of Banyan Tree Shanghai On The Bund, China and Area General Manager for Banyan Tree Bintan, Indonesia, Banyan Tree Phuket, Thailand, and Banyan Tree Mayakoba, Mexico. He was also Vice President, Operations of Angsana Resorts & Spas, a portfolio that included properties in China, Laos, Sri Lanka, Australia, India and the Maldives. Prior to joining the Group in 2001, he was General Manager of SolMelia in Gran Melia Salinas, Lanzarote, Spain, where he was responsible for the overall management of the hotel. In 1998, he was conferred the Civil Merit Award by the King of Spain in recognition of his role as the Honorary Consul of Spain in Bali, Indonesia. Mr Llamas holds a hotel diploma and an engineering degree from Sevilla University, Spain.

Maximilian Lennkh
Vice President, Hotel Operations (Middle East, North Africa and Indian Ocean)

Mr Lennkh was appointed to his current position on 1 April 2013, and was responsible for opening a new regional office in Dubai. He joined the group in 2001 as Area General Manager (Maldives) and subsequently moved to open the Banyan Tree Seychelles in 2002. In 2005, he assumed the role of Area General Manager (Yunnan), opening Banyan Tree Lijiang, with Banyan Tree Ringha and Gyalthang Dzong Hotel reporting to him. He was promoted to Vice President (Southern China) in 2006, guiding the successful opening of Banyan Tree Sanya and Banyan Tree Hangzhou. He became Area General Manager (Mexico) in 2010. With experience in hotel operations around the world, Mr Lennkh has a well-rounded hospitality background. He is fluent in German, English, Portuguese and Spanish, and holds various hotel management certifications, including one from the London Business School.

Andrew Langston
Vice President, Hotel Operations (Asia Pacific)

Mr Langston joined the Group in 2008 and was appointed to his current position on 1 September 2012. He has 20 years of experience managing properties throughout the Asia Pacific region for major hotel companies including the Parkroyal and Inter-Continental Hotel groups. Mr Langston was previously employed in the food and beverage sector in the UK, where he was responsible for catering major events such as the Chelsea Flower Show and Royal Ascot. He also worked for the British Royal Family at Buckingham Palace and other royal residences. He has a graduate certificate from the University of South Australia and is a Certified Hotel Administrator.

Michael Lee
Vice President and
Chief Information Officer

Mr Lee is the Group's Chief Information Officer. He has been with the Group since 2006 and has more than 20 years of experience in the travel, banking and hospitality sectors. Besides serving as CEO of Raffles Marina Limited, he previously held the positions of Vice President of Marketing at CDL Hotels International and Vice President at United Overseas Bank. He holds a Master of Business Administration from Oklahoma City University, USA. He also attended the Certified Enterprise Architecture Practitioner programme conducted by the Institute of Systems Science at the National University of Singapore, and is a TOGAF Certified Practitioner. Mr Lee is a Chartered Marketer and a Fellow of the Chartered Institute of Marketing, UK, and a member of the Chartered Financial Analyst Institute, USA.

David Spooner
Vice President, Sales and Marketing

Mr Spooner joined the Group in September 2012 and oversees our Sales, Marketing, Distribution and Revenue Management strategies worldwide. With more than 20 years' experience in the luxury hospitality business, he started his career with Sheraton Luxury Collection before joining Four Seasons. He most recently worked for Mandarin Oriental as Vice President of Sales and Marketing (EMEA), One & Only Resorts as Senior Vice President of Sales, and Sanctuary Retreats as Executive Vice President of Marketing. Mr Spooner holds a Master of Business Administration from RMIT, Melbourne, Australia, and a Bachelor's degree in Hotel Catering Administration from the University of Huddersfield, UK.

Foong Pohmun
Vice President, People Development

Ms Foong oversees operations at the Banyan Tree Management Academy, which aims to develop future leaders of the Group by focusing on advancing people development, management excellence and learning. Prior to this appointment in 2009, she was Vice President, Projects. She joined the Group in 1990 and served in various positions overseeing the costing and project management of Banyan Tree Hotels. She was promoted to Assistant General Manager in 1995 and Assistant Vice President in 2000. Ms Foong holds an honours degree in Economics from the University of London, and diplomas in Industrial Management, Building Science and Culinary Arts and Management.

Sachiko Shiina
Vice President (Japan and Korea)

Ms Shiina is responsible for sales and marketing activities for Japan and Korea, and also leads, coordinates and supervises the overall operational and business development activities for the Group in Japan. Ms Shiina joined the Group in 1995 as Sales and Marketing Manager of the Group Sales Agent in Japan. In 2000, she became Director of Sales, Japan, and was promoted to Assistant Vice President, Sales & Business Development in 2006.

OPERATING & FINANCIAL REVIEW

Our Worldwide Destinations 2013

1
Banyan Tree Holdings Limited
HEADQUARTERS
founded: 1984
associates: 12,000
Singapore

2
Americas
hotels & resorts: 2
spas: 3
Mexico
Brazil

3
Africa
hotels & resorts: 1
spas: 5
Egypt
Kenya
Morocco
South Africa

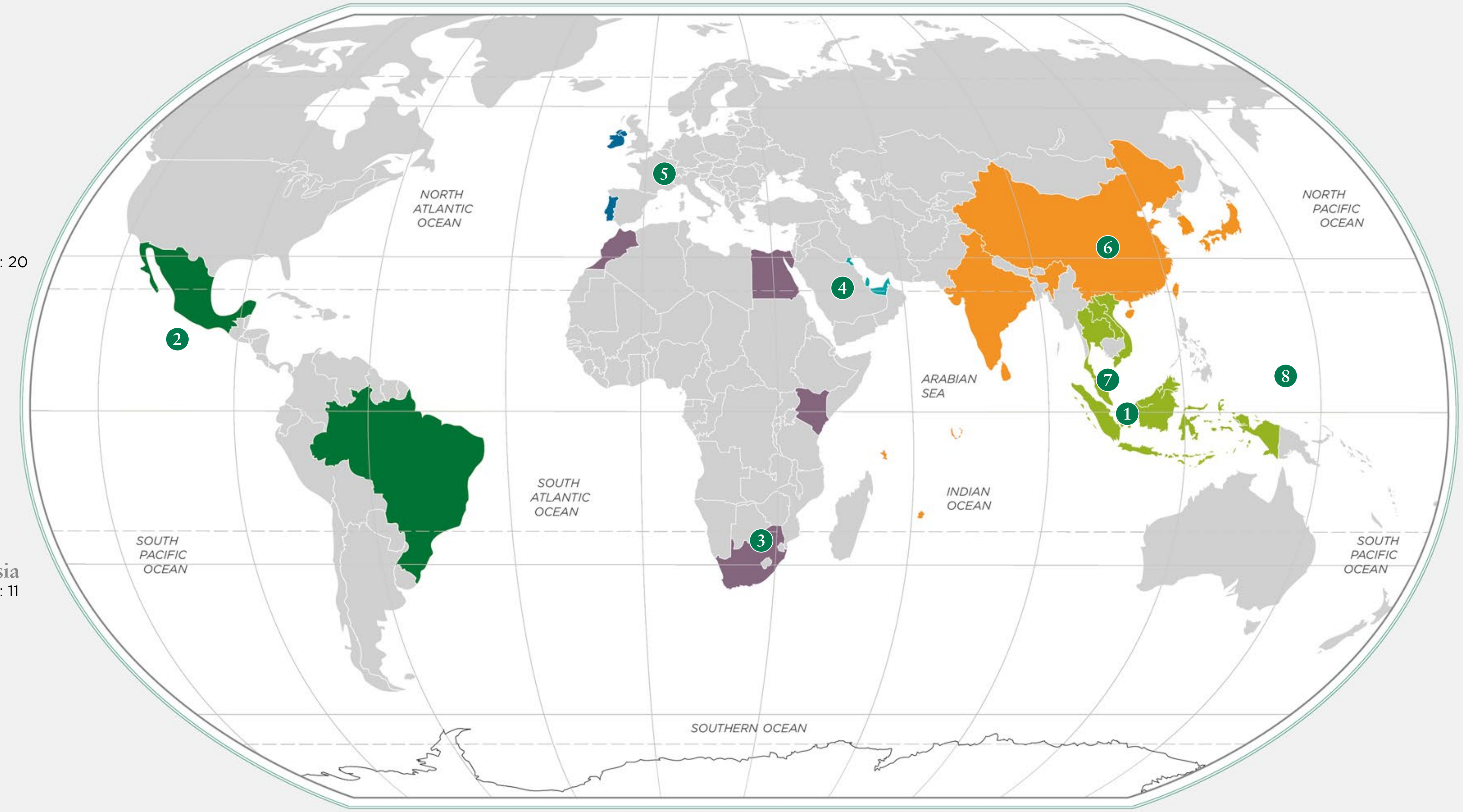
4
Middle East
hotels & resorts: 1
spas: 8
Kuwait
Qatar
UAE

5
Europe
spas: 5
Ireland
Portugal

6
Asia
hotels & resorts: 20
spas: 33
China
Hong Kong
Taiwan
Macau
Sri Lanka
India
Maldives
Seychelles
Mauritius
Japan
South Korea

7
South East Asia
hotels & resorts: 11
spas: 17
Malaysia
Indonesia
Thailand
Vietnam
Laos
Singapore

8
Oceania
spas: 1
Guam



NO. OF COUNTRIES	KEYS & ROOMS	AWARDS WON TO DATE	HOTELS	SPAS	GALLERY OUTLETS
27	4,103	1,118	35	72	85

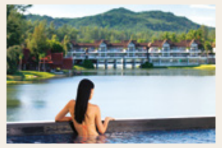
* Information as at 31 December 2013.

Milestones

Our Journey

Starting a New Chapter

1984
LRH, a future subsidiary of Banyan Tree Holdings Limited, acquires over 550 acres of land on the site of an abandoned tin mine at Bang Tao Bay, Phuket, Thailand.



1987
After extensive rehabilitation of the Phuket site, LRH launches Dusit Laguna Phuket and Laguna Beach Resort. Laguna Phuket is marketed as a destination within Phuket.

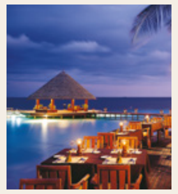
1993
LRH lists its shares on the Stock Exchange of Thailand.

Sheraton Grande Laguna Phuket and The Allamanda are launched.

1994
The Group's flagship resort – Banyan Tree Phuket – is launched in Thailand's Laguna Phuket. The resort includes the first Banyan Tree Spa and Banyan Tree Gallery.

1995
Banyan Tree Vabbinfaru, Maldives and Banyan Tree Bintan, Indonesia are launched.

2000
Angsana brand is launched with the opening of Angsana Bintan, Indonesia and Angsana Great Barrier Reef, Australia.



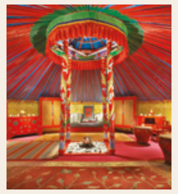
2001
Banyan Tree Spa Academy is set up to train therapists and research new treatment recipes and techniques.

Angsana Ihuru, Maldives and Angsana Bangalore, India, open.

The Green Imperative Fund is launched to formalise the Group's corporate social responsibility efforts.

2002
Banyan Tree Seychelles is launched, and the Westin Banyan Tree is rebranded as Banyan Tree Bangkok.

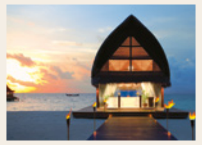
2003
Gyalthang Dzong Hotel in Shangrila, China, opens its doors.



2005
The Group's first Banyan Tree resort in China – Banyan Tree Ringha – is launched in Yunnan.

Maison Souvannaphoum Hotel, Laos, opens.

The Group acquires Thai Wah Plaza, which houses Banyan Tree Bangkok in Thailand.



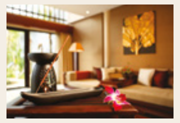
2006
Banyan Tree Holdings Limited is listed on the Singapore Stock Exchange.

Banyan Tree Lijiang, China and Angsana Velavaru, Maldives, open.

The Group introduces Banyan Tree Private Collection, Asia's first asset-backed destination club offering perpetual and transferable membership.

2007
Banyan Tree Madivaru, Maldives and Angsana Riads Collection Morocco, open.

The Group fully subscribes to LRH rights issue and shareholding in LRH increase from 51.78% to 65.75%.
Banyan Tree establishes the S$400-million Multicurrency Medium Term Note programme.



2008
Banyan Tree Sanya, China, opens.

The Group launches the Banyan Tree Indochina Hospitality Fund, a real estate development fund primarily focusing on the hospitality sector in Vietnam, Cambodia and Laos.

2009
Banyan Tree Mayakoba, Mexico, Banyan Tree Hangzhou, China, Banyan Tree Ungasan, Bali, Indonesia and Banyan Tree Al Wadi, UAE, open.

Banyan Tree Indochina Hospitality Fund achieves a total capital commitment of US$283 million at final closing.

2010
Banyan Tree Cabo Marqués, Mexico, Banyan Tree Club & Spa Seoul, Korea, Banyan Tree Samui, Thailand and Angsana Fuxian Lake, China, open.

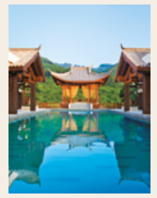
LRH sells Dusit Laguna Phuket hotel in Thailand for THB2.6 billion (S$112.3 million). The Banyan Tree China Hospitality Fund achieves a total capital commitment of RMB1 billion.

2011
Banyan Tree Macau, China, Banyan Tree Spa Marina Bay Sands, Singapore, Angsana Hangzhou, China and Angsana Balaclava Mauritius, Mauritius, open. Sheraton Grande Laguna Phuket is rebranded as Angsana Laguna Phuket.

LRH sells Laguna Beach Resort, Thailand for THB 717.2 million (S$29.6 million).

2012
Banyan Tree Shanghai On The Bund, China, Banyan Tree Lăng Cô, Vietnam and Angsana Lăng Cô, Vietnam, open.

The Group acquires the remaining 70% stake in Banyan Tree Seychelles and 77.5 hectares of adjoining undeveloped freehold land for US$25 million (S$31.6 million).



2013
Three resorts open in China – Banyan Tree Tianjin Riverside, Banyan Tree Chongqing Beibei and Angsana Tengchong • Hot Spring Village.

The Group sells Angsana Velavaru, Maldives for US$71 million (S$86.8 million) and leases it back for 10 years.

1984 1987 1994 2000 2005 2006 2008 2010 2011 2012 2013

Awards and Accolades

Since 1994, Banyan Tree has been recognised by the industry for its premium resorts, residences, spas, galleries and commitment to sustainable development. In 2013, we are proud to have received 201 awards and accolades. This brings the total to 1,118 since the Group started operations.

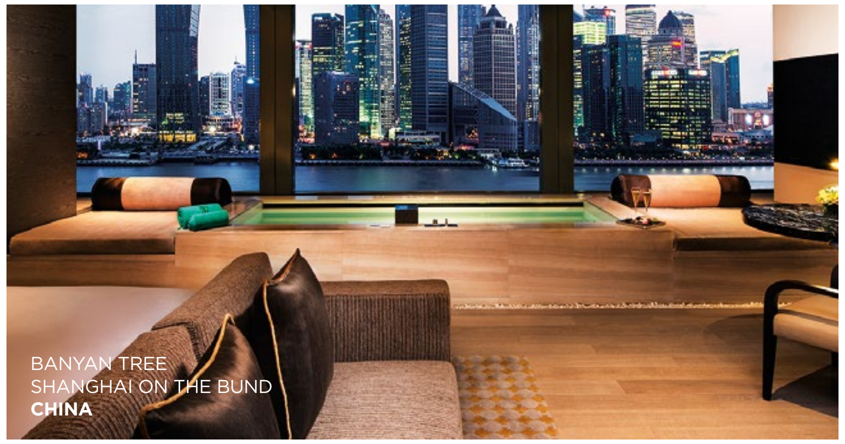
TOTAL AWARDS WON DURING THE YEAR 2013

201

TOTAL AWARDS WON TO DATE (AS OF 31 DEC 2013)

1,118

BANYAN TREE MAYAKOBA **MEXICO**



BANYAN TREE SHANGHAI ON THE BUND **CHINA**

BANYAN TREE SPA PHUKET **THAILAND**

TRAVEL

500 World's Best Hotels in 2013
Travel + Leisure's 500 World's Best Hotels in 2013
Banyan Tree Mayakoba

Best Resort in China
TTG China Travel Awards 2013
Banyan Tree Hangzhou

Best New Hotels/Resorts in the Asia-Pacific region
DestinAsian Luxe List 2013
Banyan Tree Lăng Cô, Central Vietnam

Best Hot Spring Resort
2013 China Best Hotel & Resort Awards
Banyan Tree Chongqing Beibei

The Best New Hotels 2013
2013 Travel + Leisure IT List
Banyan Tree Shanghai On The Bund

Best Boutique Hotel
Travel + Leisure's India Best Awards 2013
Banyan Tree Bintan

Best Hotel for Relaxation (International)
Lonely Planet Magazine India Travel Awards 2013
Banyan Tree Ungasan

Middle East's Leading Desert Spa Resort, UAE
World Travel Awards 2013
Banyan Tree Al Wadi

SPA

Best Spa Brand (7th consecutive year)
Hurun Report China – Best of The Best Award 2013
Banyan Tree Spa

Best Spa Operator of China (5th consecutive year)
8th China Hotel Starlight Awards
Banyan Tree Spa

Outstanding Performance Award for Health Tourism: Destination Spa (Nationwide)
Thailand Tourism Awards 2013 (organised by Tourism Authority of Thailand)
Banyan Tree Spa Sanctuary

Destination Spas – 5th place
Conde Nast Traveller – Readers' Awards 2013
Banyan Tree Spa Phuket

Outstanding Performance as Best Services Enterprise Award
Prime Minister's Business Enterprise Award (Thailand)
Banyan Tree Spa

Best Spa Operator (9th consecutive year)
24th Annual TTG Travel Awards 2013
Banyan Tree Spa

CORPORATE

Asia's Best Brand Award
4th CMO ASIA Awards for Excellence in Branding & Marketing
Banyan Tree Hotels & Resorts

Merit Award
14th SIAS Investors' Choice Awards – Singapore Corporate Governance Award (SCGA) 2013, Mid Cap Category
Banyan Tree Holdings Limited

Asia's Best Employer Brand Awards 2013
4th Asia's Best Employer Brand Awards 2013
Banyan Tree Hotels & Resorts

A CULTURE-PACKED ADVENTURE

Equidistant to three UNESCO World Heritage Sites, Banyan Tree Lăng Cô, Central Vietnam, is the perfect base from which to explore the imperial city of Hue, the charming old town of Hoi An or the historical ruins of My Son.

CONDE NAST TRAVELLER'S HOT LIST 2013

BANYAN TREE LĂNG CÔ

Vietnam

The Beach Pool Villa beckons with open arms. Inspired by glorious Vietnamese dynasties, the architecture and design pay tribute to the cultural richness of the region.

Portfolio
Existing Resorts in 2013

Resorts/Hotels *with* Equity Interest	No. of Keys Resorts/ Hotels	No. of Keys Residences Available for Sale*	Equity (%)
Banyan Tree			
Phuket, Thailand	173	13	65.8
Vabbinfaru, Maldives	48	–	100.0
Madivaru, Maldives	6	–	100.0
Mayakoba, Mexico	120	29	7.5
Cabo Marqués, Mexico	45	17	13.7
Lăng Cô, Central Vietnam, Vietnam+	49	32	15.7
Bangkok, Thailand	325	9	65.8
Seychelles, Seychelles	60	5	100.0
Ringha, China	32	–	96.0
Lijiang, China	124	1	83.2
Subtotal	**982**	**106**	
Angsana			
Laguna Phuket, Thailand	324	–	65.8
Ihuru, Maldives	45	–	100.0
Velavaru, Maldives^	113	–	100.0
Riads Collection Morocco, Morocco	41	–	100.0
Lăng Cô, Central Vietnam, Vietnam+	229	94	15.7
Subtotal	**752**	**94**	
Others			
Gyalthang Dzong Hotel, China	47	–	80.0
Laguna Holiday Club Phuket Resort, Thailand	113	–	65.8
Subtotal	**160**	**–**	
Grand Total	**1,894**	**200**	

* Residences available for sale are part of resorts/hotels under sales and leaseback.
^ Under sales and leaseback arrangement w.e.f. 31 January 2013.
\+ Project developed by Banyan Tree Indochina Hospitality Fund. The Group's equity in this Fund was US$41.9 million, which had been progressively injected from 2009-2013.

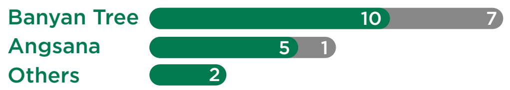
Resorts/Hotels With Equity Interest

TOTAL NUMBER OF RESORTS/HOTELS

17

TOTAL NUMBER OF RESORTS/HOTELS WITH RESIDENCES AVAILABLE FOR SALE*

8



● No. of resorts/hotels
● No. of resorts/hotels with residences available for sale*

TOTAL NUMBER OF KEYS FOR RESORTS/HOTELS

1,894

TOTAL NUMBER OF KEYS FOR RESIDENCES AVAILABLE FOR SALE*

200

● No. of keys for resorts/hotels
● No. of keys for residences available for sale*

Resorts/Hotels *without* Equity Interest	No. of Keys Resorts/ Hotels	No. of Keys Residences Available for Sale*
Banyan Tree		
Bintan, Indonesia	64	24
Sanya, China	49	–
Ungasan, Bali, Indonesia	71	–
Hangzhou, China	72	–
Al Wadi, UAE	133	–
Club & Spa Seoul, South Korea	50	–
Samui, Thailand	88	–
Macau, China	256	–
Shanghai On The Bund, China	130	–
Tianjin Riverside, China	146	–
Chongqing Beibei, China	75	–
Subtotal	**1,134**	**24**
Angsana		
Bintan, Indonesia	113	–
Bangalore, India	79	–
Fuxian Lake, China	711	–
Hangzhou, China	59	–
Balaclava Mauritius, Mauritius	52	–
Tengchong • Hot Spring Village, China	37	–
Subtotal	**1,051**	**–**
Others		
Maison Souvannaphoum Hotel, Laos	24	–
Subtotal	**24**	**–**
Grand Total	**2,209**	**24**

* Residences available for sale are part of resorts/hotels under sales and leaseback.

Resorts/Hotels Without Equity Interest

TOTAL NUMBER OF RESORTS/HOTELS

18

TOTAL NUMBER OF RESORTS/HOTELS WITH RESIDENCES AVAILABLE FOR SALE*

1

● No. of resorts/hotels
● No. of resorts/hotels with residences available for sale*

TOTAL NUMBER OF KEYS FOR RESORTS/HOTELS

2,209

TOTAL NUMBER OF KEYS FOR RESIDENCES AVAILABLE FOR SALE*

24

● No. of keys for resorts/hotels
● No. of keys for residences available for sale*

Portfolio
Pipeline of New Projects@

Resorts/Hotels *with* Equity Interest	No. of Keys: Resorts/ Hotels	No. of Keys: Residences/ Properties Planned for Sale*	Range of Room Rate (US$)	Equity (%)	Year of Opening
Banyan Tree					
Yangshuo, China▲	142	–	250 – 400	5.0	2014
Huangshan, China▲	110	34	250 – 400	5.0	2014
Grand Total	**252**	**34**			

@ Pipeline of new projects are updated as at 31 December 2013.
* Residences planned for sale are part of resorts/hotels under sales and leaseback.
▲ Project developed by Banyan Tree China Hospitality Fund. The Group's equity in this Fund was RMB57 million, which had been progressively injected from 2010 – 2013.

Resorts/Hotels *without* Equity Interest	No. of Keys: Resorts/ Hotels	No. of Keys: Residences/ Properties Planned for Sale*	Range of Room Rate (US$)	Year of Opening
Banyan Tree				
Tamouda Bay, Morocco	92	–	TBA#	2015
Tianjin Yangliuqing, China	95	TBA#	250 – 800	2015
Xian Lishan, China	117	–	350 – 550	2015
Anji, China	151	–	300 – 700	2015
Dali, China	257	–**	300 – 500	2015
Jiuzhaigou, China	369	TBA#	250 – 450	2015
Dunhuang, China	552	302	250 – 650	2016
Yangcheng Lake, China	128	TBA#	250 – 700	2016
Janabiya, Bahrain	105	TBA#	TBA#	2016
Batu Bay, China	70	–	200 – 650	2016
Goa, India	179	TBA#**	TBA#	2016
Emeishan, China	TBA#	TBA#	TBA#	2016
Signatures Pavilion, Kuala Lumpur, Malaysia	94	51**	TBA#	2017
Wuxi, China	100	TBA#	250 – 650	2017
Jilin Riverside, China	266	116**	250 – 650	2017
Subtotal	**2,575**	**469**		

Resorts/Hotels With Equity Interest

TOTAL NUMBER OF RESORTS/HOTELS
2

TOTAL NUMBER OF RESORTS/HOTELS WITH RESIDENCES PLANNED FOR SALE*
1

- No. of resorts/hotels
- No. of resorts/hotels with residences planned for sale*

TOTAL NUMBER OF KEYS FOR RESORTS/HOTELS
252

TOTAL NUMBER OF KEYS FOR RESIDENCES PLANNED FOR SALE*
34

- No. of keys for resorts/hotels
- No. of keys for residences planned for sale*

Resorts/Hotels *without* Equity Interest	No. of Keys: Resorts/ Hotels	No. of Keys: Residences/ Properties Planned for Sale*	Range of Room Rate (US$)	Year of Opening
Angsana				
Xian Lintong, China	403	TBA#**	200 – 320	2014
Nanjing Tangshan, China	206	–**	200 – 500	2014
Marbella, Spain	119	TBA#	TBA#	2015
Chongqing Beibei, China	194	–	200 – 290	2015
Huizhou Luofushan, China	166	–**	250 – 800	2015
Langfang, China	TBA#	TBA#	240 – 600	2015
Kunming North, China	200	TBA#	200 – 750	2016
Penon del Lobo, Spain	200	20**	TBA#	2016
Qingchengshan, China	TBA#	TBA#	200 – 550	2016
Teluk Bahang, Penang, Malaysia	500	398	TBA#	2016
Fuzhou Changle, China	TBA#	TBA#	200 – 500	2016
Dunhuang, China	TBA#	TBA#	200 – 500	2017
Wuxi, China	240	TBA#	200 – 550	2017
Subtotal	**2,228**	**418**		
Grand Total	**4,803**	**887**		

* Residences planned for sale are part of resorts/hotels under sales and leaseback.
\# To be advised.
** Excluding units which are not under the Group's management.

Resorts/Hotels Without Equity Interest

TOTAL NUMBER OF RESORTS/HOTELS
28

TOTAL NUMBER OF RESORTS/HOTELS WITH RESIDENCES PLANNED FOR SALE*
5

- No. of resorts/hotels
- No. of resorts/hotels with residences planned for sale*

TOTAL NUMBER OF KEYS FOR RESORTS/HOTELS
4,803

TOTAL NUMBER OF KEYS FOR RESIDENCES PLANNED FOR SALE*
887

- No. of keys for resorts/hotels
- No. of keys for residences planned for sale*

Portfolio
Existing Spas

Name of Property	No. of Treatment Rooms
Banyan Tree	
Phuket, Thailand	25
Vabbinfaru, Maldives	5
Bintan, Indonesia	15
Seychelles, Seychelles	8
Bangkok, Thailand	16
Shanghai, China	13
Phoenix Seagaia Resort, Japan	10
Ringha, China	6
Lijiang, China	7
Madivaru, Maldives	6
Sanya, China	12
Mayakoba, Mexico	16
Al Wadi, UAE	12
Hangzhou, China	10
Ungasan, Bali, Indonesia	9
Cabo Marqués, Mexico	6
Estoril, Portugal	10
Club & Spa Seoul, South Korea	11
Samui, Thailand	10
Ras Al Khaimah Beach, UAE	2
Macau, China	21
Marina Bay Sands, Singapore	15
Shanghai On The Bund, China	9
Lăng Cô, Central Vietnam, Vietnam	10
Tianjin Riverside, China	9
Chongqing Beibei, China	9
Subtotal	**282**

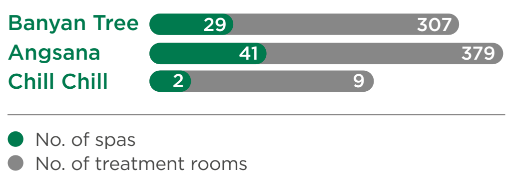
Existing Spas

TOTAL NUMBER OF SPAS

72

TOTAL NUMBER OF TREATMENT ROOMS

695



Name of Property	No. of Treatment Rooms
Angsana	
Dusit Laguna Phuket, Thailand	8
Bintan, Indonesia	15
Laguna Phuket, Thailand	11
Ihuru, Maldives	8
Bangalore, India	6
Outrigger Laguna Phuket Beach Resort, Thailand	8
Allamanda Laguna Phuket, Thailand	8
Park Island, Hong Kong, China	8
Gyalthang, China	4
Spa & Health Club Dubai Marina, Dubai, UAE	13
The Brehon, Ireland	9
Vineyard Hotel, Cape Town, South Africa	11
Luang Prabang, Laos	3
Arabian Ranches, Dubai, UAE	6
Movenpick Resort, El Gouna, Egypt	10
The Montgomerie, Dubai, UAE	6
City Club & Spa Crescat City, Colombo, Sri Lanka	11
Steigenberger Golf Club, El Gouna, Egypt	8
Emirates Hills, Dubai, UAE	20
Velavaru, Maldives	11
Bunratty, Ireland	5
Crown Plaza, Kobe, Japan	8
The Garden Hotel, Guangzhou, China	12
Sheraton Guam, Guam	8
Riads Collection Morocco, Morocco	6
Prestige Ozone, Bangalore, India	6
Tivoli Marina Vilamoura, Portugal	11
UB City, Bangalore, India	11
Grand Regency Hotel, Doha, Qatar	8
Nikko Shanghai, China	8
Sankara Nairobi, Kenya	7
Fuxian Lake, China	22
Hotel ICON, Hong Kong, China	4
Balaclava Mauritius, Mauritius	8
Caesar Park, Kenting, Taiwan	6
Nusajaya, Johor, Malaysia	6
Xiamen Seaview Resort, China	8
Fineland Tower, Guangzhou, China	9
Lăng Cô, Central Vietnam, Vietnam	10
Tengchong • Hot Spring Village, China	23
Sheraton Bangalore at Brigade Gateway, India	9
Subtotal	**379**
Elements Spas By Banyan Tree	
Kuwait	8
Tivoli Victoria, Vilamoura, Portugal	7
Tivoli Sao Paulo, Brazil	10
Subtotal	**25**
Chill Chill	
Sathorn, Bangkok, Thailand	1
Glenmarie, Kuala Lumpur, Malaysia	8
Subtotal	**9**
Grand Total	**695**

Portfolio
Spas in the Pipeline@

Year of Opening 2014
Banyan Tree
Yangshuo, China
Huangshan, China
Angsana
Nanjing Tangshan, China
Xian Lintong, China
Radisson Blu Plaza Mumbai, India
Jinling Hotel Nanjing, China
Chill Chill
Ratchada, Bangkok, Thailand

Year of Opening 2015
Banyan Tree
Jiuzhaigou, China
Tamouda Bay, Morocco
Dali, China
Xian Lishan, China
Anji, China
Tianjin Yangliuqing, China
Angsana
Langfang, China
Chongqing Beibei, China
Marbella, Spain
Huizhou Luofushan, China
Club & Ireo Waterfront Ludhiana, India

@ Spas in the pipeline are updated as at 31 December 2013.

Spas In The Pipeline

TOTAL NUMBER OF SPAS

34

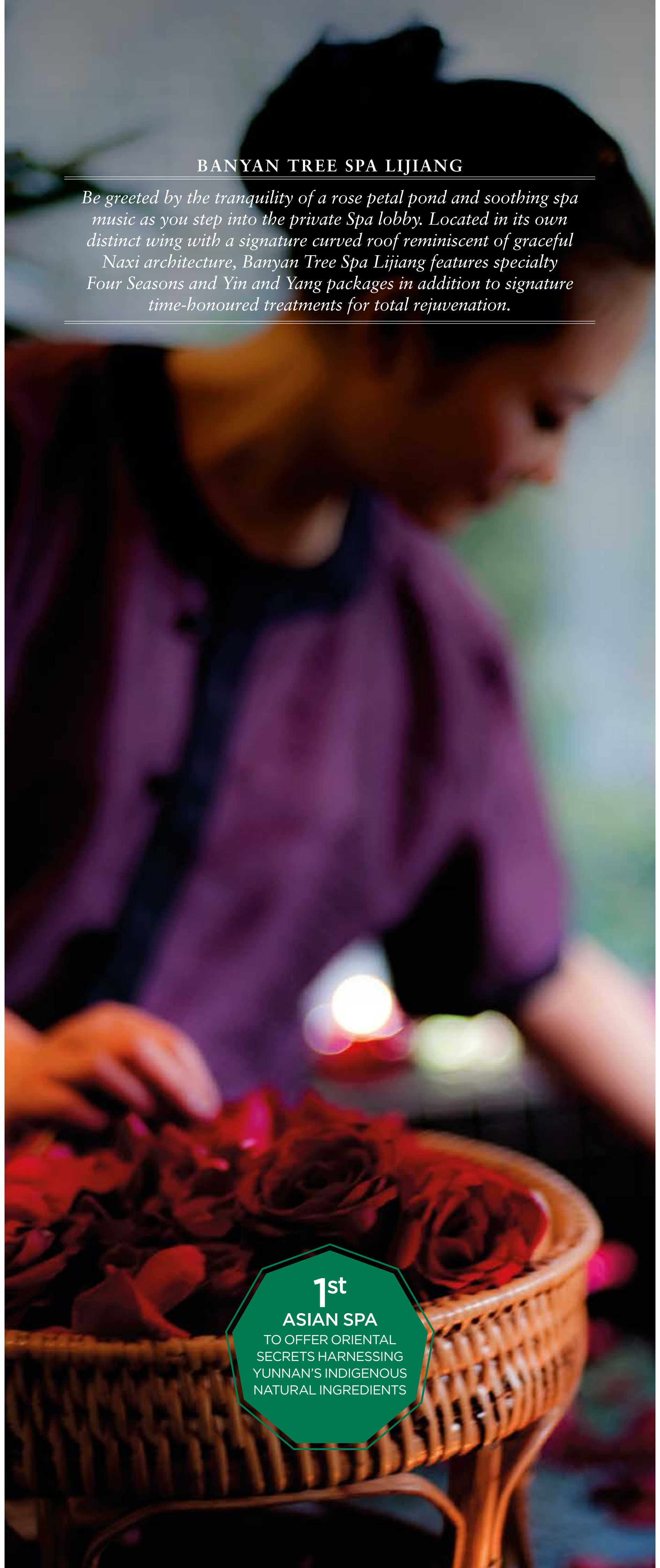
Year of Opening 2016
Banyan Tree
Goa, India
Batu Bay, China
Yangcheng Lake, China
Dunhuang, China
Janabiya, Bahrain
Emeishan, China
Angsana
Penon del Lobo, Spain
Kunming North, China
Teluk Bahang, Penang, Malaysia
Qingchenshan, China
Fuzhou Changle, China

Year of Opening 2017
Banyan Tree
Signatures Pavilion, Kuala Lumpur, Malaysia
Jilin Riverside, China
Wuxi, China
Angsana
Wuxi, China
Dunhuang, China

Available Landbank

Location	Year of Acquisition*	Area (Ha)	Equity (%)
China			
Tibet Lhasa	2008	6.1	100.0
Lijiang	2008	9.1	83.2
Thailand			
Laguna Phuket	1975	166.5	65.8
Mae Hong Son	1990	9.3	65.8
Chiang Rai	1998	144.2	65.8
Chiang Mai	2003	74.4	65.8
Indonesia			
Buahan Kaja, Bali	2002	4.5	100.0
Seychelles			
Intendance, Mahe	1999	77.5	100.0
Philippines			
Diwaran Island	2007	55.1	9.1
Total		**546.7**	

* Based on earliest year of acquisition.



BANYAN TREE SPA LIJIANG

Be greeted by the tranquility of a rose petal pond and soothing spa music as you step into the private Spa lobby. Located in its own distinct wing with a signature curved roof reminiscent of graceful Naxi architecture, Banyan Tree Spa Lijiang features specialty Four Seasons and Yin and Yang packages in addition to signature time-honoured treatments for total rejuvenation.

BANYAN TREE LIJIANG

China

With spacious living areas, the Three-Bedroom Jet Pool Villa encourages traditional Chinese values of familial bonding and kinship.

Our Business in Brief

BANYAN TREE

Banyan Tree Holdings is a leading manager and developer of premium resorts, hotels, and spas centered on our award-winning brands: Banyan Tree and Angsana.

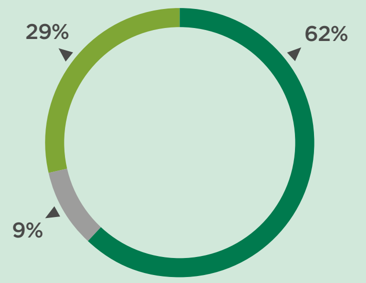
Through the Banyan Tree brand and sister brand Angsana, we target two distinct customer segments, allowing us to expand the Group's customer base. We pioneered concepts that have become the signature features for many of our hotels and resorts, such as the tropical garden spa and pool villa.

The Group's revenue is generated from three core business segments: Hotel Investments, Property Sales and Fee-based.

GROUP REVENUE

S$356.1M

Group revenue increased 5% YoY from S$338.4M



Hotel Investments	S$221.1M	+18%
Property Sales	S$33.2M	-22%
Fee-Based	S$101.8M	-6%

HOTEL INVESTMENTS

We own and manage hotels largely under our award-winning brands: Banyan Tree and Angsana.

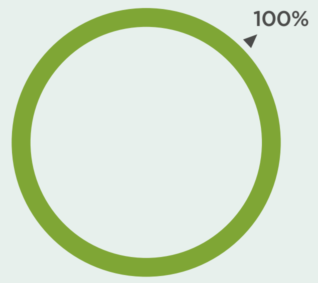
We hold equity interest in 17 hotels, comprising close to 1,900 keys.

In January 2013, the Group sold Angsana Velavaru to CDL Hospitality Trusts for US$71 million and leased back the property for a period of 10 years.

REVENUE

S$221.1M

Revenue increased 18% YoY from S$187.7M



Hotel Investments	S$221.1M	+18%

PROPERTY SALES

This segment consists of sales of hotel residences, Laguna properties and development projects/sites.

HOTEL RESIDENCES
Our hotel residence business comprises the sale of hotel villas or suites, which are part of our hotel operations, to investors under a compulsory leaseback scheme. Hotel residences, primarily sold under the brand name Banyan Tree Residences, are available in Thailand, Seychelles, China, Indonesia, Mexico and Vietnam.

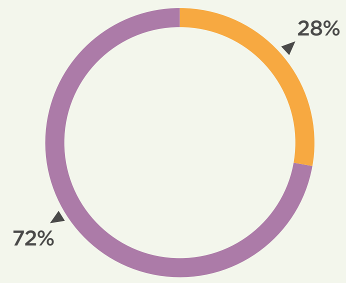
LAGUNA PROPERTY SALES
Laguna property sales refer to sales of townhomes and bungalows located in Laguna Phuket that are within the vicinity of our resorts but are not part of our hotel operations. Laguna properties under the rental programme are managed by Hawaiian resort operator, Outrigger.

DEVELOPMENT PROJECT/SITE SALES
Development project/site sales relate to pure development land sales or development land sales which are fully or partially developed with infrastructure.

REVENUE

S$33.2M

Revenue decreased 22% YoY from S$42.7M



Hotel Residences	S$9.3M	-54%
Laguna Property Sales	S$23.9M	+5%
Development Project/Site Sales	-	-%

FEE-BASED

Our Fee-based business comprises hotel, fund and club management, spa and gallery operations, and design and other services.

We manage 18 resorts and hotels, and operate 72 spas, 85 gallery outlets and three golf courses.

HOTEL/FUND/CLUB MANAGEMENT
Besides managing hotels under the Banyan Tree and Angsana brands for other owners, we manage an asset-backed destination club and two private equity funds. The Group also derives royalties from the sale of properties in which we hold a minority or no interest.

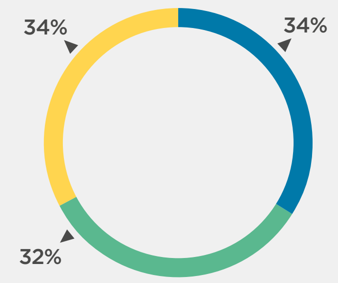
SPA/GALLERY OPERATIONS
We pioneered the tropical garden spa concept, and manage spas within our own resorts and also resorts owned by other hotel/resort operators. The retail arm of the group, Banyan Tree Gallery supports indigenous artistry, the livelihoods of village artisans and environmental conservation.

DESIGN FEES AND OTHERS
We receive fees for design services and income from operating golf clubs. Most of our resorts are planned and designed by our experienced in-house division.

REVENUE

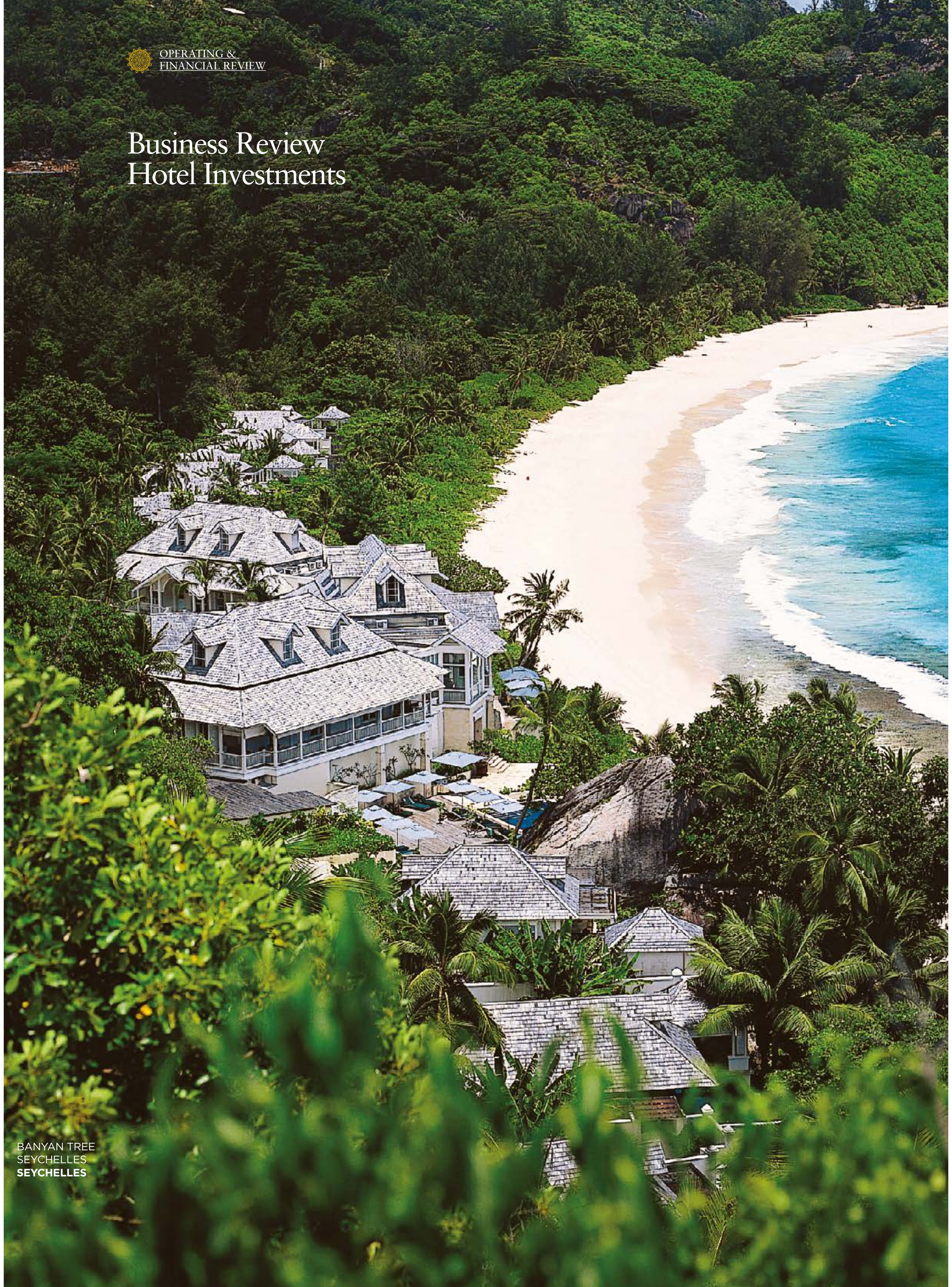
S$101.8M

Revenue decreased 6% YoY from S$108.0M



Hotel/Fund/Club Management	S$34.6M	-7%
Spa/Gallery Operations	S$34.1M	-4%
Design and others	S$33.1M	-7%

Business Review Hotel Investments



BANYAN TREE SEYCHELLES
SEYCHELLES

Angsana Laguna Phuket and Banyan Tree Phuket together hosted incentive groups of 800 delegates from Herbalife and 3,000 from Nu Skin in 2013. These groups generated revenue of over S$2 million.

REVENUE (S$M)

ANGSANA LAGUNA PHUKET
THAILAND

Revenue from Group-owned hotels increased by S$33.4 million or 18%, from S$187.7 million in 2012 to S$221.1 million in 2013. This was due to the strong performance of our properties in Thailand and the Maldives. The latter experienced higher demand from the leisure segment, while Angsana Laguna Phuket in Thailand benefited from greater brand awareness following its first full year of operation. Leisure FIT constituted the highest growth area for the Group.

THAILAND

Our Thai hotels and resorts performed strongly in 2013, capitalising on an increase in visitors. China continues to be a major market for Thailand, with visitor arrivals growing year on year. During the high season, the Russian market remains extremely strong especially for our Phuket resorts. In the first half of 2013, Chinese and Russian tourists together accounted for 44%[1] international arrivals in Phuket.

The political situation was largely stable until street protests began in late November. This resulted in a number of countries issuing travel advisories whose impact was generally limited to Bangkok. Phuket was less affected by the political situation in Bangkok because of its perceived isolation and direct flights there. Increasingly popular with domestic and foreign visitors in both the FIT and group segments, Phuket saw tourist arrivals rise by 32%[1] year on year.

Our Phuket hotels benefited from this, with combined revenue from Angsana Laguna Phuket and Banyan Tree Phuket growing S$8.7 million or 13% to S$75.5 million in 2013. This was largely attributable to strong revenue growth of 35% at Angsana Laguna Phuket, partially offset by a marginal dip in revenue at Banyan Tree Phuket. The former attracted higher occupancy as awareness of the resort rose across all segments including leisure FIT and meetings and events. However, the latter experienced lower occupancy because of weak European markets and cancellations during the peak month of December due to the political situation.

Following the success of hosting 16,000 Amway delegates in 2012, Angsana Laguna Phuket and Banyan Tree Phuket together hosted incentive groups of 800 delegates from Herbalife and 3,000 from Nu Skin in 2013. These groups generated revenue of over S$2 million.

To better serve the lucrative MICE business, Angsana Laguna Phuket underwent a renovation during the year. Improvements included updating the ballroom and four meeting rooms with a contemporary aesthetic look and the latest audiovisual equipment.

Despite the political climate in November, Banyan Tree Bangkok posted a 12% increase in revenue on the back of strong occupancy growth and, to a lesser extent, an improved average room rate. Renovation of the award-winning alfresco restaurant, Vertigo, which started in 2012, was completed in 2013. An expanded dining deck, new restrooms, better ambience lighting and new furniture were among the enhancements.

MALDIVES

All our Maldives properties did well in 2013 with stronger demand from leisure travellers. Overall revenue was S$58.6 million, an increase of 29% year on year. Banyan Tree Vabbinfaru delivered the highest growth, with revenue up 46%.

Chinese nationals were the largest group of visitors to the Maldives, with arrivals from China growing an estimated 45%[2] year on year, outpacing overall arrival growth of 18%[2]. This trend contributed to the strong performance of our Maldives properties, with room nights and room revenue from the Chinese market increasing by 39% and 51% respectively.

In January 2013, the Group entered into an agreement to sell Angsana Velavaru to CDL Hospitality Trusts for US$71 million. The sale is in line with our ongoing strategy to unlock the value of properties, accelerate the rebalancing of our asset portfolio and re-deploy capital to other growth regions. We concurrently entered into a lease agreement with the purchaser to lease back the property for a period of 10 years. Under this arrangement, we will pay a base rental and be entitled to a percentage of the gross operating profit based on an agreed formula. This not only allows us to continue participating in the earnings of Angsana Velavaru, but also enables us to maintain the "Angsana" brand presence in the Maldives.

CHINA

The government has implemented austerity measures across the country to slow down spending, and these have affected the hotel industry. In spite of this, Group-owned hotels in China enjoyed a 2% increase in revenue, driven by a 2% increase in average room rate. Contributing to these gains were the efforts of our six regional marketing offices in Shanghai, Beijing, Guangzhou, Kunming, Chengdu and Shenyang.

Key initiatives during the year included the launch of a new call centre in China to grow direct reservations. Our China hotels also combined their marketing efforts to launch the new "Discover China" campaign. Targeting the long-haul European and US market, the campaign encouraged guests to explore the country by including two or more of our properties in a single itinerary.

MOROCCO

Ongoing political tensions in the Middle East and North Africa had a negative impact on Angsana Riads Collection. While occupancy rose 7% year on year, the average daily rate dropped by 14%. Consequently, revenue growth was 2%.

SEYCHELLES

In its first full year as a property wholly owned by us, Banyan Tree Seychelles underwent refurbishment to upgrade the guests' resort experience. The resort accounted for S$18.4 million or 8% of overall revenue from Group-owned hotels. Despite stagnant European markets, the year saw increases in occupancy, revenue and average daily rate. These can be attributed to the effectiveness of our global marketing network in China in driving a new source market.

BANYAN TREE
VABBINFARU
MALDIVES

BANYAN TREE
PHUKET
THAILAND

ANGSANA RIADS
COLLECTION
MOROCCO

[1] Source: Ministry of Tourism and Sports of Thailand
[2] Source: 11 months' data from CBRE Hotels Research

Business Review
Property Sales

BANYAN TREE
BINTAN
INDONESIA

To lead the competition, we have innovated to target the younger, lifestyle-oriented segment with a new brand that addresses both price and quality.

REVENUE (S$M)

LAGUNA SHORES
PHUKET
THAILAND

Consisting of sales of hotel residences, Laguna properties, development projects/sites and Laguna holiday club memberships, this segment recorded revenue of S$33.2 million in 2013. The 22% decline from last year's S$42.7 million was mainly due to lower revenue recognition of 21 units versus 29.

Our Thai properties continued to sell well until political uncertainty reignited in late 2013. We received deposits on 157 units, up from 87 units in 2012.

With lingering global economic uncertainty, the market in general has shifted from higher priced villas to lower priced apartments and condominiums. Foreigners continue to dominate the market for secondary resort homes, with the most active price segment being US$350,000 or less.

To lead the competition, we have innovated to target the younger, lifestyle-oriented segment with a new brand that addresses both price and quality. Laguna Shores, the maiden project under this brand, comprises one- and two-bedroom apartments ranging from 42 to 62 square metres in size. It was 61% sold as at end January 2014, representing a sales value of S$35.8 million. In view of the success of Laguna Shores in Phuket, we are planning similar projects in other Asian destinations such as Bintan, Lijiang and Sri Lanka.

HOTEL RESIDENCES

Revenue from hotel residences was S$9.3 million in 2013 versus S$20.0 million in 2012. Revenue was recognised for 8 units (one in Bintan, one in Lijiang and six in Phuket) compared with 11 units the previous year.

Sales were subdued because of global economic concerns, political uncertainty in Thailand and increasingly price-conscious buyers. We sold 10 units in 2013 equivalent to the preceding year. They comprised:

- One Angsana Island two-bedroom villa (US$0.5 million);
- Four Dusit Thani Laguna Phuket two-bedroom Pool Villas (US$3.2 million);
- One Banyan Tree Phuket two-bedroom Pool Villa (US$1.4 million);
- One Banyan Tree Bintan one-bedroom Pool Villa (US$0.8 million); and
- Three Banyan Tree Lijiang two-bedroom Townhouses (US$2.8 million).

With buyers more cautious about buying off-plan, we will focus on selling completed inventory, including:

- Dusit Thani Laguna Phuket: lagoon view two-bedroom Pool Villas;
- Banyan Tree Phuket: two-bedroom Pool Villas, and one- and two-bedroom DoublePool Villas;
- Banyan Tree Bangkok: two-bedroom apartments in our 61-storey hotel;
- Banyan Tree Lijiang: two-bedroom Townhouses; and
- Banyan Tree Bintan: one- and two-bedroom Bayfront Villas.

LAGUNA PHUKET PROPERTY SALES

Revenue from Laguna Phuket property sales grew 5% from S$22.7 million to S$23.9 million. This was due to higher revenue from Laguna Holiday Club, which was partially offset by lower revenue recognition from property sales.

Revenue was recognised for 13 units worth a total of S$14.6 million in 2013, versus 18 units worth S$16.7 million in 2012. However, a healthy pipeline of approximately S$64.9 million[1] in revenue will be recognised in 2014–2015 as properties are completed. Also positive is the diversity of buyers, averting over-reliance on a single market.

The following 151 units were sold in 2013, up from 80 in 2012:

- Six Laguna Village two-bedroom condominiums (US$2.2 million);
- Four Laguna Village three-bedroom Townhomes (US$2.3 million);
- Two Laguna Village four-bedroom Residences (US$2.9 million);
- 73 Laguna Shores one- and two-bedroom apartments (US$15.5 million); and
- 66 Laguna Park two-bedroom Townhomes and four-bedroom detached homes (US$19.7 million).

LAGUNA HOLIDAY CLUB

Our holiday club business posted revenue of S$9.3 million, up 55% from S$6.0 million in 2012. The increase was largely due to progressive recording of revenue upon 50% payment of contracts signed in previous years. With hotel rate pressures continuing to impair the financial logic of our product offering for now, we have scaled back the business by closing some branches and reducing headcount until the situation improves.

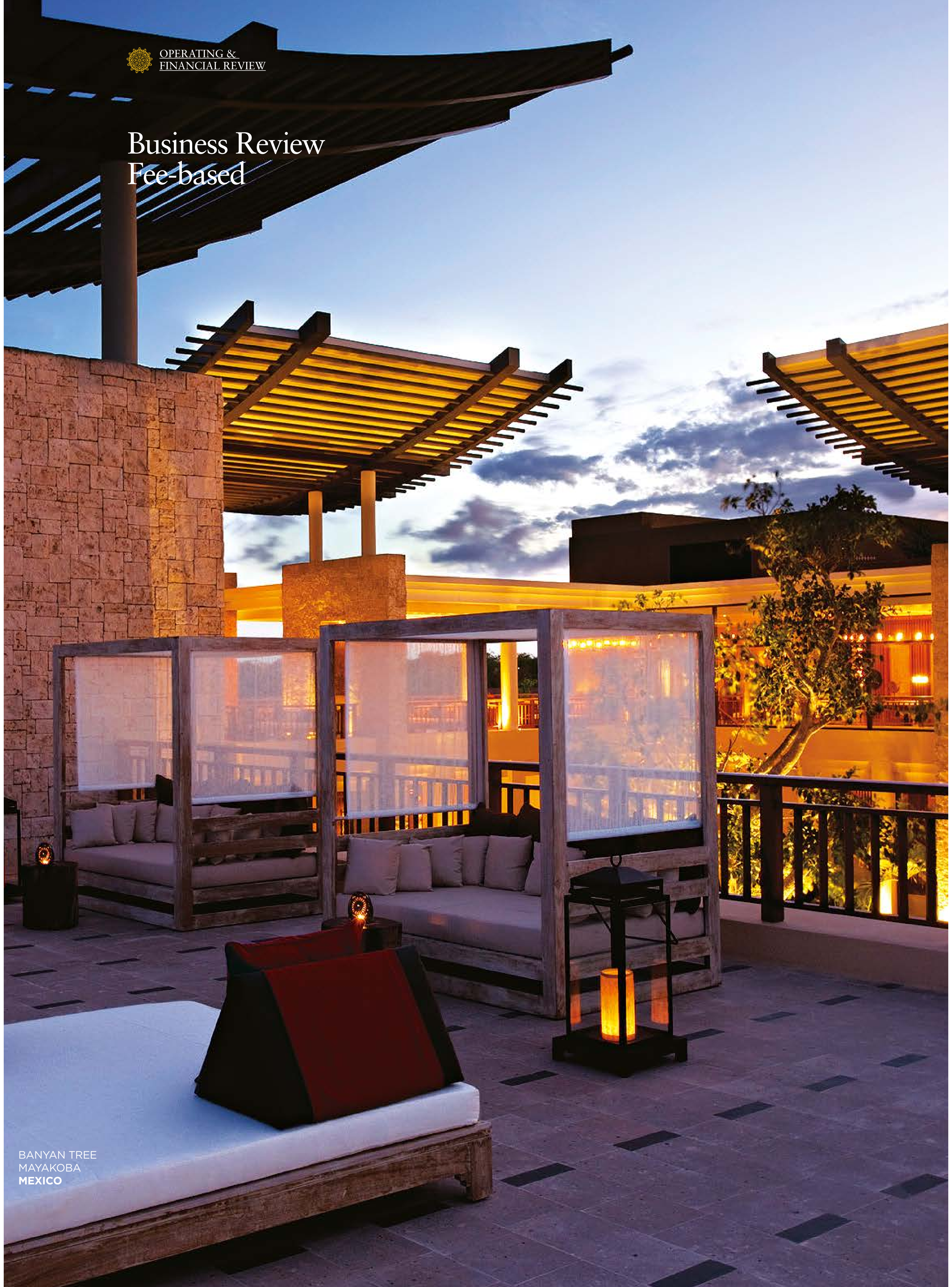
BANYAN TREE
LIJIANG
CHINA

DOUBLEPOOL VILLAS BY BANYAN TREE
PHUKET
THAILAND

LAGUNA VILLAGE DELUXE RESIDENCES
PHUKET
THAILAND

[1] As at 31 December 2013

Business Review
Fee-based



BANYAN TREE MAYAKOBA **MEXICO**

This year saw three new properties in China open under our management: Banyan Tree Tianjin Riverside, Banyan Tree Chongqing Beibei and Angsana Tengchong • Hot Springs Village. In Vietnam, we officially opened Laguna Lăng Cô.

REVENUE (S$M)

2013	-6%	101.8
2012		108.0

BANYAN TREE SAMUI **THAILAND**

Banyan Tree's fee-based business comprises hotel, fund and club management, spa and gallery operations as well as design and other services.

Total revenue for this segment decreased by 6% from S$108.0 million in 2012 to S$101.8 million in 2013, mainly due to lower royalty fees from condominium sales as well as lower architectural and design fees. The shortfall was partially cushioned by higher fees from hotel management contracts and also higher fund management fees.

HOTEL MANAGEMENT

This year saw three new properties in China open under our management: an urban resort, Banyan Tree Tianjin Riverside, and our first two hot spring resorts, Banyan Tree Chongqing Beibei and Angsana Tengchong • Hot Springs Village. In Vietnam, we officially opened Laguna Lăng Cô, featuring the 49 all-pool villa Banyan Tree and 229-room Angsana Lăng Cô.

Revenue from hotel management was S$25.5 million, down S$3.9 million or 13%. The decline was mainly attributable to lower royalty fees from the sale of condominium units in Banyan Tree Signatures Pavilion, Kuala Lumpur, as royalty fees for close to 90% of total units were already recognised previously. Excluding this, revenue for 2013 was 10% higher compared to 2012. This was due to higher hotel management fees especially from new resorts in China and Vietnam, and the improved performance of Banyan Tree Mayakoba and Banyan Tree Samui.

AMERICAS

Both Banyan Tree Mayakoba and Banyan Tree Cabo Marqués grew their occupancy and average daily rate, registering an 11% increase in total room revenue. Tropical storms in September 2013 inflicted some damage on Banyan Tree Cabo Marqués but the disruption of business was brief.

CHINA

Despite austerity measures to cut government spending and cool the economy, Group-managed properties in China saw a 3-point improvement in overall occupancy. The average daily rate grew by 21% year on year, resulting in a 63% rise in room revenue.

ASIA PACIFIC

In Asia Pacific excluding China, room revenue at properties under our management grew by 15% over the preceding year.

Banyan Tree Samui had a strong year, with a 32% increase in room revenue, driven by a strategic move to raise the average daily rate and target new source markets. Following their official opening in 2013, occupancy at Banyan Tree Lăng Cô and Angsana Lăng Cô is stabilising as Laguna Lăng Cô becomes established as a destination.

SALES AND MARKETING

Our sales and marketing efforts focused on increasing direct bookings. Our central reservations team succeeded in improving their direct bookings by 10% in terms of room nights and 11% in terms of room revenue. Internet bookings grew 32% in room nights and 43% in room revenue over the previous year.

We also strengthened our digital presence to enhance the online guest experience and drive greater conversion. Website enhancements included the launch of 360-degree panoramas, online chat, a new guest review page, and a new offer and promotion landing page. Together, these helped to increase direct bookings by 28% and the conversion rate by 23%.

To capitalise on the pervasiveness of social media, we launched a new content strategy for both Banyan Tree and Angsana on the major channels including Facebook, Twitter, Pinterest and Sina Weibo. Our fanbase on Facebook grew 31% during the year.

As part of our drive to increase direct bookings, we appointed two global agencies to help us develop a new digital advertising campaign for Banyan Tree and Angsana. This will be launched in early 2014.

IN THE PIPELINE

In 2014, we plan to open four hotels in China under our management. Banyan Tree Yangshuo, will feature 142 suites and villas nestled on the bank of the Li River in Guangxi, framed by beautiful karst landscapes and quaint towns. With 110 suites and villas, Banyan Tree Huangshan in southern Anhui province is nestled at the foot of a UNESCO World Heritage Site and one of China's most iconic cultural destinations. The 403-room Angsana Xian Lintong is located near the renowned Terracotta Warriors archaeological site in Xian. Situated in one of China's ancient capitals, Angsana Nanjing Tangshan will have 206 villas and suites with breathtaking mountain and lake views as well as natural hot springs.

FUND MANAGEMENT

Overall revenue from fund management was S$8.8 million in 2013, S$1.4 million or 19% more than last year. This was mainly due to the 34% increase in fees received from managing the Banyan Tree China Hospitality Fund ("China Fund").

Construction is underway at the development sites in Lijiang, Yangshuo and Huangshan that the China Fund purchased from the Group in 2011. Banyan Tree Yangshuo and Banyan Tree Huangshan are expected to open in 2014. With construction moving forward, we have progressively recorded higher resort development management fees from the China Fund.

We also recorded slightly higher revenue from managing the Banyan Tree Indochina Hospitality Fund in 2013. The 2% rise came from higher management fees based on an increased capital commitment of US$218 million (2012: US$200 million).

CLUB MANAGEMENT

Fees from managing the Banyan Tree Private Collection ("BTPC") amounted to S$0.3 million, in line with last year. Potential customers remained reluctant to commit to a lifetime membership and annual fees, given global economic uncertainty.

The management of BTPC continued to streamline sales operations and foster closer integration with property sales. To make the Club more attractive for existing and new members, we again renewed the two reciprocal agreements we signed in 2011 with one of the most prestigious European destination clubs and with the largest US-based destination club. These affiliations allow BTPC members to enjoy one of the widest selections of five-star accommodation around the world.

Efforts also continued to penetrate the Chinese market where most of the growth is expected in 2014 and beyond.

BANYAN TREE
AL WADI
UAE

BANYAN TREE
BINTAN
INDONESIA

BANYAN TREE
TIANJIN RIVERSIDE
CHINA

SPA OPERATIONS

Banyan Tree Spa continued to expand its global footprint with the opening of five new spas: Angsana Spa Lăng Cô in Vietnam, Angsana Spa Outrigger Laguna Phuket Beach Resort in Thailand and Angsana Spa Tengchong • Hot Spring Village, Banyan Tree Spa Chongqing Beibei and Banyan Tree Spa Tianjin Riverside in China. We now own or manage 72 spas in 27 countries.

Total Spa revenue for 2013 was S$25.3 million, a 5% dip from last year's S$26.6 million. This was largely due to natural disasters and political crises slowing demand in Mexico, Egypt, Australia and Thailand.

Our spas posted a 3% increase in average rate per hour (S$87 for Banyan Tree Spa and S$59 for Angsana Spa). In addition, we successfully managed costs and maximised therapist productivity. However, we incurred higher expenses in the form of an exchange loss of S$0.7 million versus last year's exchange gain of S$0.3 million. This, coupled with the lower revenue, resulted in EBITDA slipping by 34% or S$1.7 million to S$3.3 million.

With another 68 awards during the year, the total number of awards and accolades our spas have won now stands over 370. The latest recognition included the TTG Travel Awards Best Spa Operator for the ninth consecutive year, Best Spa Brand by both the Shanghai Morning Post 2012 Tourism Awards and Hurun Report China Best of The Best Award 2013 for the seventh year in a row, and Best Luxury Spa Group at the 2013 World Luxury Spa Awards.

We continue to refine the service protocol and touch points at our spas in order to heighten the guest experience. With the opening of our first hot spring resort, we have conceptualised new Hot Spring touch points. Angsana Spa focuses on families and offers hot spring pools with varied themes, while Banyan Tree Spa offers hot springs with tranquil, intimate settings.

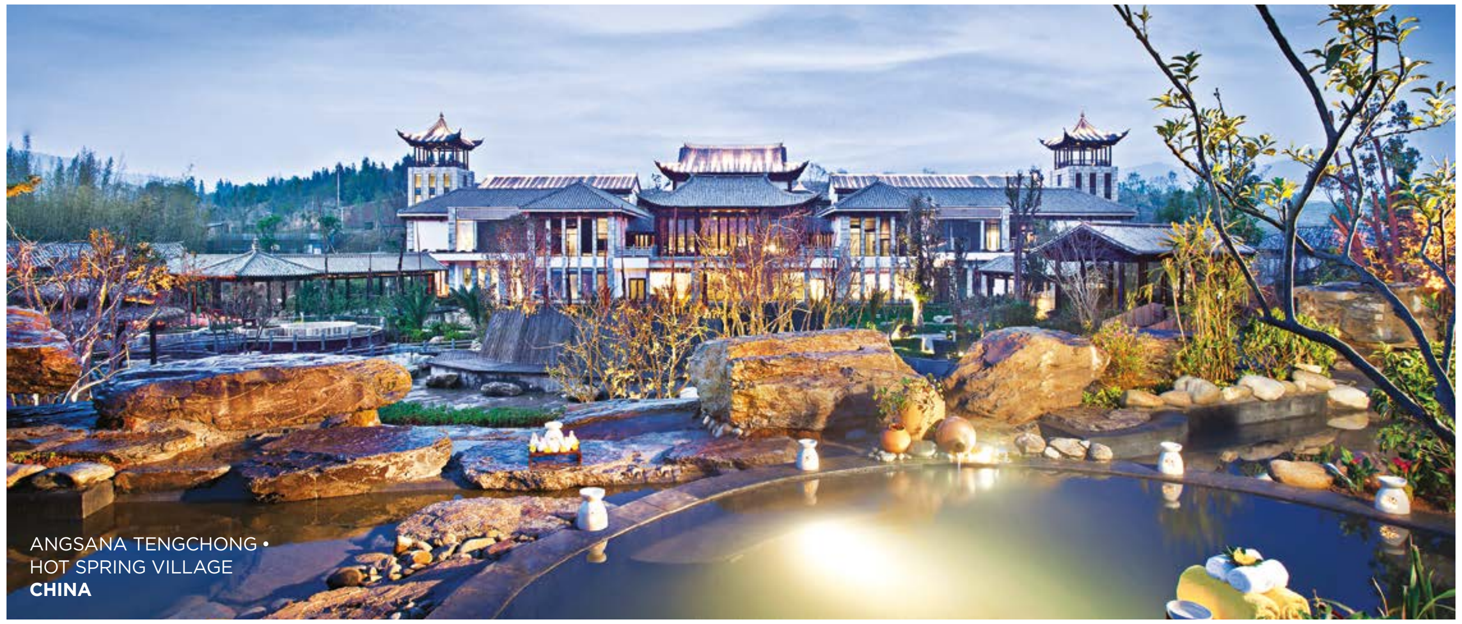
We launched our third spa brand in March 2013. Based on the concept of a one-stop day spa and nail bar in prime city locations, Chill Chill offers fuss-free and affordable treatments catering to professionals and executives. To date we have opened two outlets in Bangkok, Thailand, and Kuala Lumpur, Malaysia.

In 2014, we will continue to focus on strengthening our spa branding, maintaining impeccable standards of service and training our associates. With 24 more spas in the pipeline in China, recruitment within the country will be a priority. We plan to decentralise the Banyan Tree Spa Academy so that new associates can receive training at their respective outlets. This will be more time- and cost-efficient.

GALLERY OPERATIONS

The Group's retail arm, Banyan Tree Gallery promotes socially responsible tourism by helping to sustain the livelihoods and skills of village artisans through gainful employment and by conserving natural and cultural resources through its unique merchandise.

The Gallery also provides design expertise, procurement and logistical services for the Group's resorts, hotels and spas, and is a proprietary developer and supplier of spa products, for sale and use in our spas.



ANGSANA TENGCHONG • HOT SPRING VILLAGE
CHINA

The Gallery registered revenue of S$8.8 million, in line with last year. However, EBITDA of S$0.5 million was S$1.3 million lower, largely due to the Group's expansion into China which resulted in higher manpower and warehouse rental costs.

Overall store-to-store retail revenue performance was in line with 2012. The guest satisfaction index rose to 97%, reflecting successful retail operations particularly in China, the Middle East, Indian Ocean and Mexico. The average return per square metre of retail space increased by 2% compared to 2012.

BANYAN TREE GALLERY

Effective cross-selling, marketing and incentive schemes as well as the right merchandise mix contributed to a 6% increase in average spending.

With enhanced brand exposure, online sales leapt 170% year on year. The Gallery's strong partnership with well-established third-party retail websites in China was a key factor contributing to this increase.

As one of the largest retail chains in the hospitality industry, the Gallery now owns or manages 85 outlets in 27 countries.

In 2014, we will continue to grow the Gallery portfolio with three Banyan Tree Galleries and three Angsana Galleries. Ensuring continual high product quality, enhancing gallery presentation and implementing effective stock management will be the key focuses. Retail strategies will include merchandising segmentation to cater to different clienteles and maximising the return per square metre. In addition, we will introduce a Banyan Tree Gallery China website to drive e-commerce and strategic membership programmes.

DESIGN FEES AND OTHER SERVICES

Revenue from design fees and other services was S$33.1 million, S$2.4 million down from the previous year's S$35.5 million. The drop was attributable to lower revenue from architectural and design fees and golf club operations.

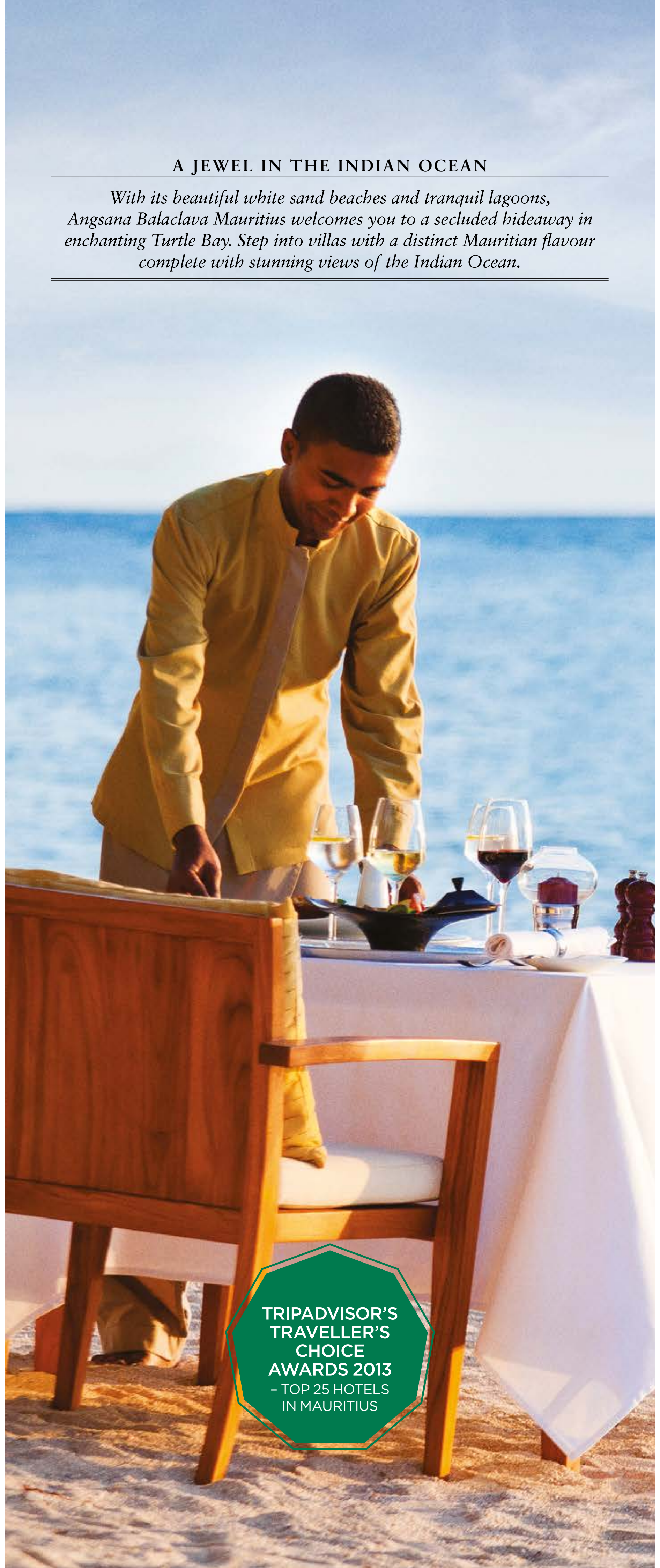
Progress in the construction of several projects in China slowed down, resulting in lower revenue from architectural and design services, as revenue recognition is based on certain construction milestones.

Meanwhile, revenue from golf club operations was affected by the decrease in revenue from Laguna Phuket Golf Club. This was mainly due to lower green fees collected. The shortfall was partially offset by increased revenue from Laguna excursions, particularly from Angsana Laguna Phuket, and the reopening of Outrigger Laguna Phuket Beach Resort in April 2013.

GPS Development Services ("GPS"), the commercialised development arm of the Group, led Laguna Lăng Cô, Banyan Tree Huangshan and Banyan Tree Yangshuo in their successful efforts to attain EarthCheck Precinct Planning and Building Design Standards. This was done in partnership with EC3 Global. With this alliance, GPS will be able to ramp up its pipeline of projects and provide end to end integrated sustainability solutions to our clients around the world.

A JEWEL IN THE INDIAN OCEAN

With its beautiful white sand beaches and tranquil lagoons, Angsana Balaclava Mauritius welcomes you to a secluded hideaway in enchanting Turtle Bay. Step into villas with a distinct Mauritian flavour complete with stunning views of the Indian Ocean.



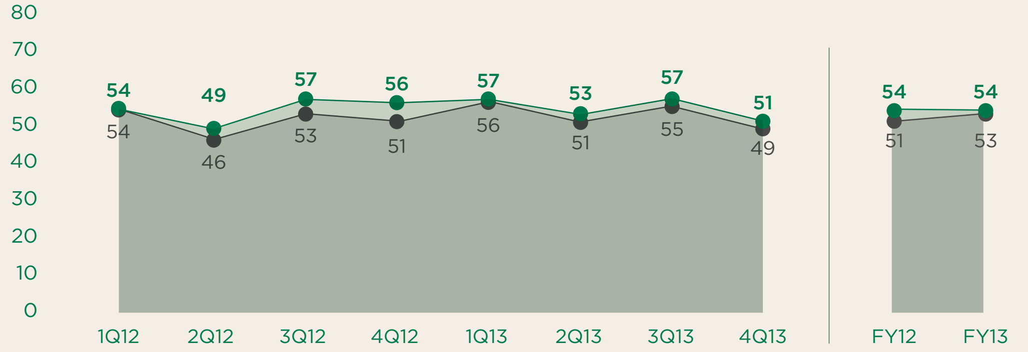
ANGSANA BALACLAVA MAURITIUS

Mauritius

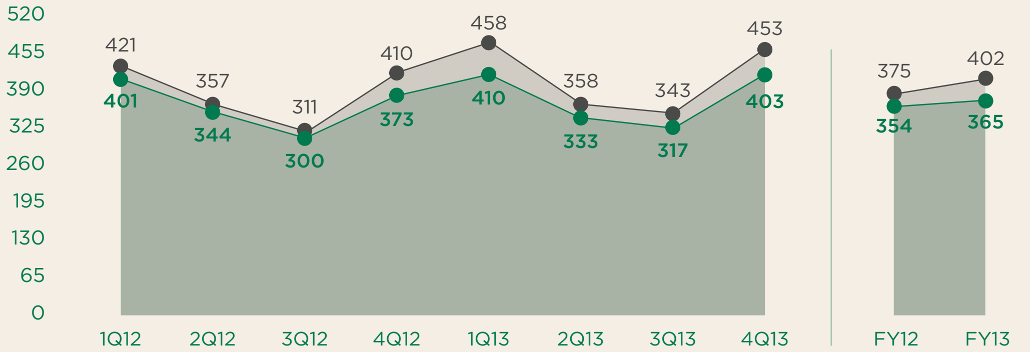
Enjoy unrivalled access to an expanse of white sand beach and the stunning Indian Ocean at the Beachfront Pool Suite.

Key Statistics All Hotels

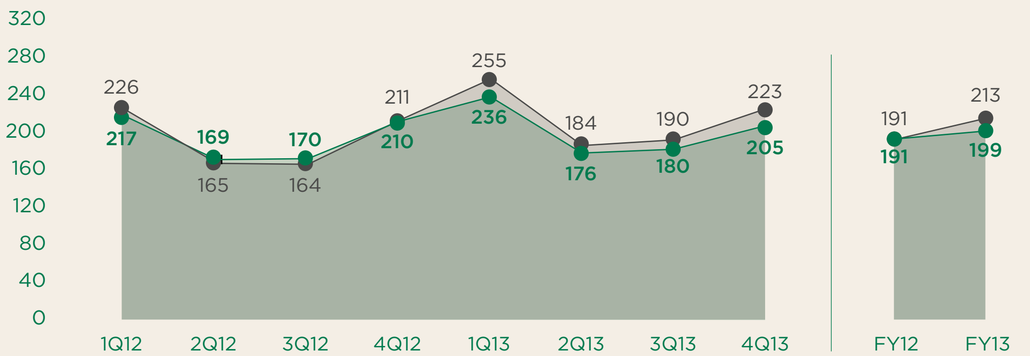
AVERAGE OCCUPANCY (%)



ARR[2] (S$)



REVPAR[3] (S$)



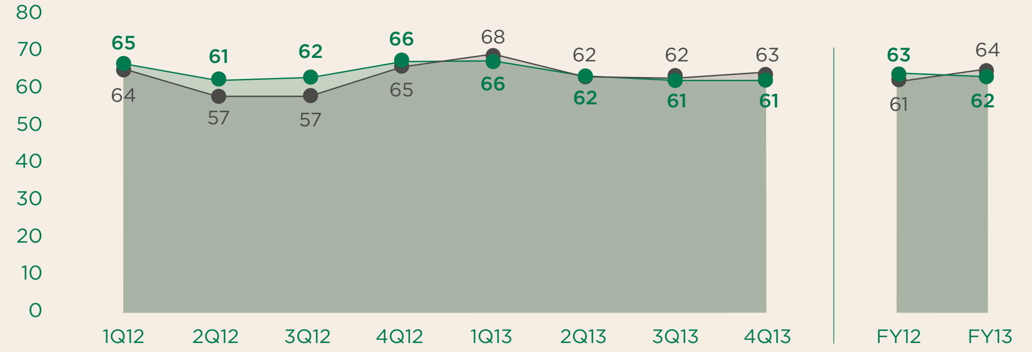
● Total Resorts ● Same Store[4]

ALL HOTELS[1]

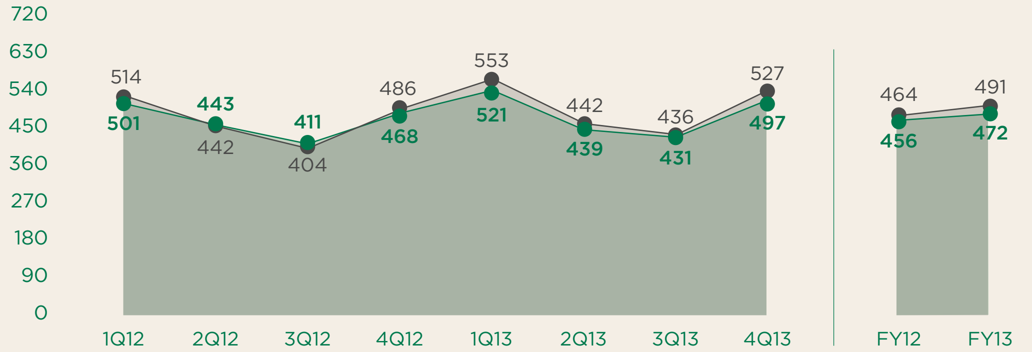
1 All Hotels refers to company total including hotels in Laguna Phuket, Banyan Tree & Angsana Resorts.
2 ARR denotes average room rates.
3 RevPAR denotes revenue per available room.
4 Same Store Concept excludes all new resorts opened/rebranded in the past two years: Banyan Tree Macau, Banyan Tree Shanghai On The Bund, Banyan Tree Lăng Cô, Banyan Tree Tianjin Riverside, Banyan Tree Chongqing Beibei, Angsana Hangzhou, Angsana Balaclava, Angsana Laguna Phuket (previously Sheraton Grande), Angsana Lăng Cô, Angsana Tengchong • Hot Spring Village and non-conventional hotel: Banyan Tree Ringha (open for six months). Comparatives for Same Store concept for prior periods have been adjusted to include Banyan Tree Cabo Marqués, Banyan Tree Club & Spa Seoul, Banyan Tree Samui and Angsana Fuxian Lake.

Key Statistics Banyan Tree Resorts

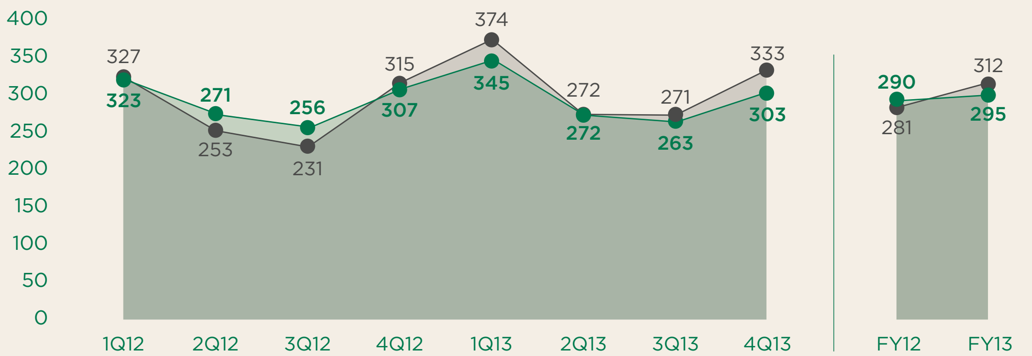
AVERAGE OCCUPANCY (%)



ARR[1] (S$)



REVPAR[2] (S$)



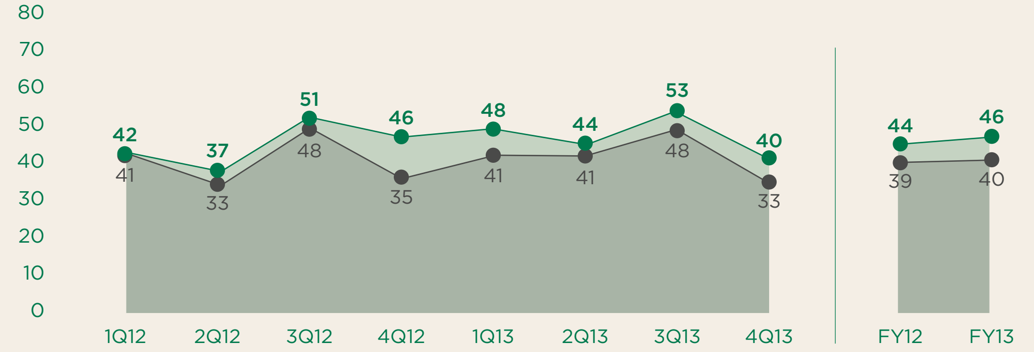
● Total Resorts ● Same Store[3]

BANYAN TREE RESORTS

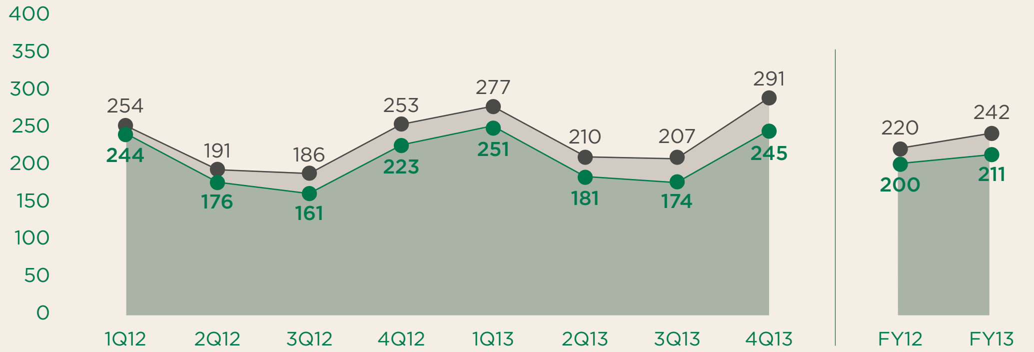
1 ARR denotes average room rates.
2 RevPAR denotes revenue per available room.
3 Same Store Concept excludes all new resorts opened/rebranded in the past two years: Banyan Tree Macau, Banyan Tree Shanghai On The Bund, Banyan Tree Lăng Cô, Banyan Tree Tianjin Riverside, Banyan Tree Chongqing Beibei and non-conventional hotel: Banyan Tree Ringha (open for six months). Comparatives for Same Store concept for prior periods have been adjusted to include Banyan Tree Cabo Marqués, Banyan Tree Club & Spa Seoul and Banyan Tree Samui.

Key Statistics Angsana Resorts

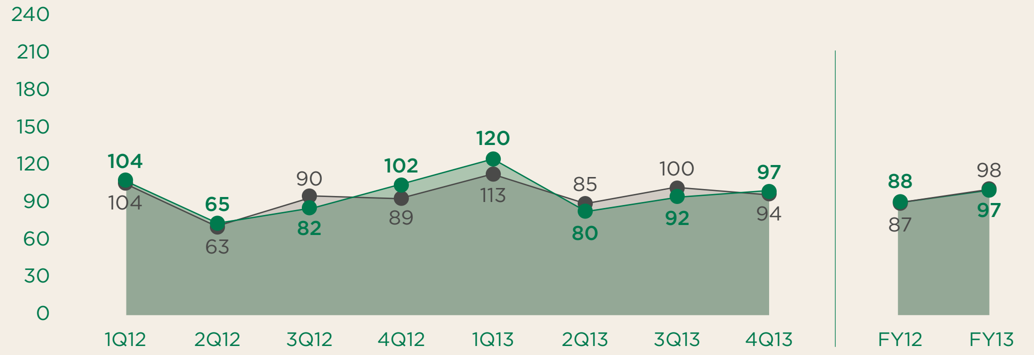
AVERAGE OCCUPANCY (%)



ARR[1] (S$)



REVPAR[2] (S$)



● Total Resorts ● Same Store[3]

ANGSANA RESORTS

1 ARR denotes average room rates.

2 RevPAR denotes revenue per available room.

3 Same Store Concept excludes all new resorts opened/rebranded in the past two years: Angsana Hangzhou, Angsana Balaclava, Angsana Laguna Phuket (previously Sheraton Grande), Angsana Lăng Cô and Angsana Tengchong • Hot Spring Village. Comparatives for Same Store concept for prior periods have been adjusted to include Angsana Fuxian Lake.

Analytical Review

REVENUE

	2013	2012	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Hotel Investments	221,163	187,726	33,437	18%
Property Sales	33,165	42,656	(9,491)	-22%
- *Hotel Residences*	*9,281*	*19,979*	*(10,698)*	*-54%*
- *Laguna Property Sales*	*23,884*	*22,677*	*1,207*	*5%*
Fee-based Segment	101,819	108,034	(6,215)	-6%
- *Hotel/Fund/Club Management*	*34,617*	*37,095*	*(2,478)*	*-7%*
- *Spa/Gallery Operations*	*34,148*	*35,414*	*(1,266)*	*-4%*
- *Design and Others*	*33,054*	*35,525*	*(2,471)*	*-7%*
Total	**356,147**	**338,416**	**17,731**	**5%**

Revenue increased by S$17.7 million or 5% from S$338.4 million for the year ended 31 December 2012 to S$356.1 million for the year ended 31 December 2013. The better performance of the Group in 2013 was mainly contributed by the Hotel Investments segment, but partially offset by lower revenue from the Property Sales and Fee-based segments.

The Hotel Investments segment registered an increase in revenue by S$33.4 million or 18% from S$187.7 million in 2012 to S$221.1 million in 2013. This was mainly attributable to our resorts in Thailand, Maldives and Seychelles. Our resorts in Thailand performed strongly in the first nine months with Angsana Laguna Phuket registering the biggest revenue growth. This property has gained greater brand awareness compared to last year when it was still in its soft-opening period after an extensive five-month renovation. If not for the Thai political upheaval in November 2013 which affected tourist arrivals, our operations in Thailand would have ended 2013 even stronger. Our resorts in Maldives and Seychelles also registered higher revenue due to strong demand from the leisure market. In addition, 12 months of Banyan Tree Seychelles' ("BTRS") revenue was included in 2013 as compared to only nine months in 2012 as it became a wholly-owned subsidiary following our acquisition of the remaining 70% in end March 2012.

The Property Sales segment recorded revenue of S$33.2 million in 2013, a decrease of S$9.5 million or 22% compared to S$42.7 million in 2012, due to lower contribution of property sales units based on revenue recognition upon completion. In the current year, a total of 21 units comprising of 11 condominiums/townhomes and 10 bungalows/villas was completed and recognised, as compared to a total of 29 units comprising of 16 condominiums/townhomes and 13 bungalows/villas in 2012.

Revenue from the Fee-based segment decreased by S$6.2 million or 6% from S$108.0 million in 2012 to S$101.8 million in 2013. This was mainly due to lower royalty fees from the sale of condominium units at Banyan Tree Signatures Pavilion, Kuala Lumpur, as royalty fees for close to 90% of total units had already been recognised in prior periods. Lower architectural and design fees were also recorded for new projects in China based on certain milestones achieved. The shortfall was however partially cushioned by higher hotel management fees mainly from new resorts in China and Vietnam, better hotel performances in Mayakoba and Samui, and higher resort development management fees from China fund.

OTHER INCOME

	2013	2012	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Total	**22,691**	**22,874**	**(183)**	**-1%**

Other income of S$22.7 million for the year ended 31 December 2013 was S$0.2 million lower than S$22.9 million recorded in 2012, mainly due to lower fair valuation gains on investment properties in Thailand. 2012 also included net gain on bargain purchase of Hill View Resorts Holdings Limited and its subsidiaries ("HVRS Group") in March 2012. This was offset by gain on sale of Angsana Velavaru hotel and compensation received for the early termination of a spa management contract in Kuala Lumpur in 2013.

COSTS AND EXPENSES

	2013	2012	Incr/(Decr)	
	S$'000	S$'000	S$'000	%
Cost of operating supplies	30,467	25,958	4,509	17%
Cost of properties sold	13,618	18,450	(4,832)	-26%
Salaries and related expenses	120,162	111,595	8,567	8%
Administrative expenses	57,942	53,718	4,224	8%
Sales and marketing expenses	15,416	14,155	1,261	9%
Other operating expenses	67,136	62,964	4,172	7%
Total	**304,741**	**286,840**	**17,901**	**6%**

COST OF OPERATING SUPPLIES

Cost of operating supplies increased by S$4.5 million from S$26.0 million for the year ended 31 December 2012 to S$30.5 million for the year ended 31 December 2013. This was mainly due to higher hotel occupancy related expenses in line with higher revenue from the Hotel Investments segment, and consolidation of 12 months' expenses of BTRS as opposed to nine months in 2012.

COST OF PROPERTIES SOLD

Cost of properties sold decreased by S$4.9 million from S$18.5 million for the year ended 31 December 2012 to S$13.6 million for the year ended 31 December 2013. This was largely due to lower property sales units from completion.

SALARIES AND RELATED EXPENSES

Salaries and related expenses increased by S$8.6 million from S$111.6 million for the year ended 31 December 2012 to S$120.2 million for the year ended 31 December 2013. This was mainly due to annual increment, increase in headcount, higher provision for employee benefits and consolidation of 12 months' expenses of BTRS as opposed to nine months in 2012.

ADMINISTRATIVE EXPENSES

Administrative expenses increased by S$4.2 million from S$53.7 million for the year ended 31 December 2012 to S$57.9 million for the year ended 31 December 2013. This was mainly due to rental expenses for the leaseback of Angsana Velavaru and consolidation of 12 months' expenses of BTRS as opposed to nine months in 2012, but partially cushioned by higher exchange gain.

SALES AND MARKETING EXPENSES

Sales and marketing expenses increased by S$1.2 million from S$14.2 million for the year ended 31 December 2012 to S$15.4 million for the year ended 31 December 2013, mainly due to higher marketing expenses incurred on Angsana Laguna Phuket and consolidation of 12 months' expenses of BTRS as opposed to nine months in 2012.

OTHER OPERATING EXPENSES

Other operating expenses increased by S$4.1 million from S$63.0 million for the year ended 31 December 2012 to S$67.1 million for the year ended 31 December 2013. This was largely due to higher occupancy related expenses in line with higher revenue from the Hotel Investments segment and consolidation of 12 months' expenses of BTRS as opposed to nine months in 2012.

EBITDA

	2013 S$'000	2012 S$'000	Incr/(Decr) S$'000	%
Hotel Investments	44,819	36,627	8,192	22%
Property Sales	3,309	8,690	(5,381)	-62%
- *Hotel Residences*	*2,298*	*8,261*	*(5,963)*	*-72%*
- *Laguna Property Sales*	*1,634*	*1,022*	*612*	*60%*
- *Development Project/Site Sales*	*(623)*	*(593)*	*(30)*	*-5%*
Fee-based Segment	19,330	24,450	(5,120)	-21%
- *Hotel/Fund/Club Management*	*10,149*	*10,990*	*(841)*	*-8%*
- *Spa/Gallery Operations*	*3,750*	*6,673*	*(2,923)*	*-44%*
- *Design and Others*	*5,431*	*6,787*	*(1,356)*	*-20%*
Head Office Expenses	(16,052)	(18,191)	2,139	12%
Other Income (net)	22,691	22,874	(183)	-1%
Total	**74,097**	**74,450**	**(353)**	**0%**

EBITDA decreased by S$0.4 million from S$74.5 million for the year ended 31 December 2012 to S$74.1 million for the year ended 31 December 2013. This was mainly attributed to lower EBITDA from the Property Sales and Fee-based segments, but partially cushioned by higher EBITDA from the Hotel Investments segment, in line with the movement in revenue.

DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

	2013 S$'000	2012 S$'000	Incr/(Decr) S$'000	%
Total	**19,762**	**24,806**	**(5,044)**	**-20%**

Depreciation of property, plant and equipment decreased by S$5.0 million from S$24.8 million for the year ended 31 December 2012 to S$19.8 million for the year ended 31 December 2013 mainly due to the sale of Angsana Velavaru hotel in end January 2013 and certain assets were fully depreciated.

FINANCE COSTS

	2013 S$'000	2012 S$'000	Incr/(Decr) S$'000	%
Total	**23,296**	**25,289**	**(1,993)**	**-8%**

Finance costs decreased by S$2.0 million from S$25.3 million for the year ended 31 December 2012 to S$23.3 million for the year ended 31 December 2013, mainly due to repayment of bank loans following the sale of Angsana Velavaru hotel.

INCOME TAX EXPENSE

	2013 S$'000	2012 S$'000	Incr/(Decr) S$'000	%
Total	**12,961**	**9,363**	**3,598**	**38%**

Income tax expense increased by S$3.6 million from S$9.4 million for the year ended 31 December 2012 to S$13.0 million for the year ended 31 December 2013, mainly due to the reversal of deferred tax assets upon expiry of tax losses and adjustments for underprovision of tax in relation to prior years. In addition, the net gain on bargain purchase of BTRS and related companies in 2012 was not subject to income tax.

NON-CONTROLLING INTERESTS

	2013 S$'000	2012 S$'000	Incr/(Decr) S$'000	%
Total	**9**	**491**	**(482)**	**-98%**

Non-controlling interests' share of profits decreased by S$0.5 million from S$0.5 million for the year ended 31 December 2012 to nil for the year ended 31 December 2013 due to a lower share of profits in Laguna Resorts & Hotels Public Company Limited but partially offset by non-controlling interests' share of gain on the sale of Angsana Velavaru hotel.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY ("PATMI")

	2013 S$'000	2012 S$'000	Incr/(Decr) S$'000	%
Total	**18,146**	**14,863**	**3,283**	**22%**

As a result of the foregoing, profit attributable to owners of the Company increased by S$3.2 million from S$14.9 million for the year ended 31 December 2012 to S$18.1 million for the year ended 31 December 2013.

CASH FLOWS

	2013 S$'000	2012 S$'000
Profit before taxation	31,116	24,717
Net (decrease)/increase from changes in working capital	(46,264)	4,917
Net interest paid, tax paid and others	(28,620)	(28,940)
Adjustment for non-cash items	38,085	30,269
Net cash flows (used in)/generated from operating activities	(5,683)	30,963
Net cash flows generated from/(used in) investing activities	48,867	(64,454)
Net cash flows generated from financing activities	10,152	17,888
Net change in cash and cash equivalents	53,336	(15,603)
Cash and cash equivalents at beginning of the year	120,824	139,877
Effects of exchange rate changes for balances in foreign currencies	2,663	(3,450)
Cash and cash equivalents at end of the year	**176,823**	**120,824**

The Group's cash and cash equivalents increased by S$56.0 million or 46% from S$120.8 million as at 31 December 2012 to S$176.8 million as at 31 December 2013.

For the full year ended 31 December 2013, net cash flow used in operating activities was S$5.7 million, mainly due to the net decrease in cash generated from working capital of S$46.3 million, net interest paid of S$19.5 million and income tax payments of S$7.7 million, partially cushioned by profit before tax of S$31.1 million and adjustments for non-cash items of S$38.1 million. The net decrease in cash generated from working capital was mainly due to land tender deposits of S$15.0 million and progressive land and development costs of S$38.0 million incurred in Wenjiang, Chengdu, China. Non-cash items relates mainly to depreciation and amortisation of island rental of S$22.5 million and finance costs of S$23.3 million, but partially offset by gain on the sale of Angsana Velavaru hotel of S$17.4 million.

The net cash flows generated from investing activities was S$48.9 million, due largely to proceeds from the sale of Angsana Velavaru hotel of S$89.1 million, but partially offset by on-going purchases of furniture, fittings and equipment by our resorts for their operations of S$17.7 million, progressive equity investments in Banyan Tree Indochina Hospitality Fund and China Fund totaling S$11.4 million, first instalment payment of S$6.4 million for the purchase of HVRS Group and payment of S$3.2 million for the acquisition of the remaining 6.6% non-controlling interest in Maldives Bay Pvt Ltd (which formerly owned Angsana Velavaru hotel).

The net cash flows generated from financing activities amounted to S$10.2 million. This was mainly due to issuance of new notes totaling S$120.0 million in July 2013 and November 2013 and additional loan drawdown of S$53.1 million, but partially offset by loan repayments following the sale of Angsana Velavaru hotel and other scheduled bank repayments both totaling S$106.4 million, notes repayment upon maturity in August 2013 of S$50.0 million and payment of dividend to shareholders of S$5.0 million.

SUSTAINABILITY

Banyan Tree Management Academy

Banyan Tree Management Academy ("BTMA") was established in 2008 to support the Group's rapid growth across the globe. It helps to forge a common identity and sense of purpose among our diverse workforce of more than 9,000 associates from over 50 countries, while equipping them with the skills to deliver the extraordinary experience for which Banyan Tree is known. BTMA does this by focusing on Advancing People Development, Management Excellence, and Learning with Integrity and Meaning.

TRAINING TODAY'S AND TOMORROW'S LEADERS

BTMA identifies and nurtures internal talent to manage our current and upcoming properties. It also plays a critical role in communicating the Group's vision and strategy to future managers, instilling in them the core values of the Banyan Tree brand. The Fast Track Programme places select entry level associates through a structured training programme to prepare them for managerial positions in their respective divisions.

BTMA offers two programmes focusing on supervisors and middle managers. In the past two years, BTMA conducted the Intensive Supervisory Leadership workshop for properties in China, our fastest-growing market. For the first time, an Intensive Pre-Head of Department workshop will also be conducted for China and EMEASA* properties in the coming year. This five-day programme for potential and new department heads provides a solid foundation in managerial and leadership skills aligned with the Group's organisational culture.

BTMA's signature courses are the Management Development Programme for senior managers, and the Talent Management Programme for new managers. Besides imparting Banyan Tree's distinctive culture and know-how, these programmes provide a valuable opportunity to share best practices across different properties and to foster team spirit through shared experiences.

KEEPING THE FOCUS ON LEARNING.

* Europe, Middle East, Americas and South Africa

BTMA identifies and nurtures internal talent to manage our current and upcoming properties. It also plays a critical role in communicating the Group's vision and strategy to future managers

As part of their commitment to developing the next generation of leaders, members of our senior management team serve as in-house facilitators.

Meanwhile, the Banyan LEAF programme identifies and develops associates with the potential to lead and grow with the Group. "LEAF" is an acronym for Leading and Empowering Associates Forward. Working with their mentors, we draw up a development plan for these associates and track their progress upwards in our organisation.

DEVELOPING OUR ASSOCIATES

To broaden the knowledge of our associates, BTMA provides on-line learning through academic institutions such as Glion, eCornell, AHLEI and University Alliance, which are internationally renowned for their hospitality programmes. Additionally, BTMA works with QooCo to offer associates access to on-line language learning.

In 2013, BTMA launched Certification Programme to train our F&B, front office and housekeeping associates to attain Banyan Tree's standards of competence and commitment.

At Laguna Phuket, where BTMA is based, BTMA offers all associates English language and IT courses. These serve as a foundation for career development, and contribute to professional and personal growth.

Sustainability Report

BANYAN TREE
RINGHA
CHINA

Our Greening Communities efforts included the planting of 57,133 trees across 22 resorts. This brings the total to 277,764 trees planted since 2007, well above our target of 2,000 trees per resort per year.

BANYAN TREE
BINTAN
INDONESIA

THE TRIPLE BOTTOM LINE

Banyan Tree's triple bottom line of economic, social and environmental success helps direct sustainable development by:

- creating an enchantingly memorable experience for guests and customers through our services and products;
- providing associates with fair, dignified employment which enhances their ability to contribute to the company's growth and elevates their job prospects with Banyan Tree and beyond;
- enabling long-term prosperity for communities in which we operate. This is achieved via our business conduct as well as by harnessing our competencies to address issues facing the community;
- exercising caution with respect to the environmental impacts of our operations, and taking an active role in the protection and remediation of our global ecosystem;
- conducting business with suppliers and vendors in a dignified, fair and transparent manner, while working in partnership to enhance societal benefits and reduce environmental impacts; and
- generating sustained, long-term returns on investment for our shareholders.

SEEDLINGS CAFÉ
VIETNAM

TREES PLANTED SINCE 2007

277,764

EMBODIED VALUES

Our emphasis on resource conservation through efficient operations continued in 2013. Banyan Tree Lijiang retained its EarthCheck Gold Certified status. Seven other resorts (Banyan Tree Ringha, Banyan Tree Vabbinfaru, Angsana Ihuru, Angsana Velavaru, Banyan Tree Ungasan, Banyan Tree Bintan, and Angsana Bintan) and Laguna Bintan Golf Course achieved Silver Certified status. To support our resort-based EarthCheck coordinators, 17 in-house training professionals became EarthCheck certified Master Trainers.

Meanwhile, led by the GPS Development Services team, Laguna Lăng Cô achieved the Group's first ever third party sustainable certification by certifying to the EarthCheck Precinct Planning and Design Standard.

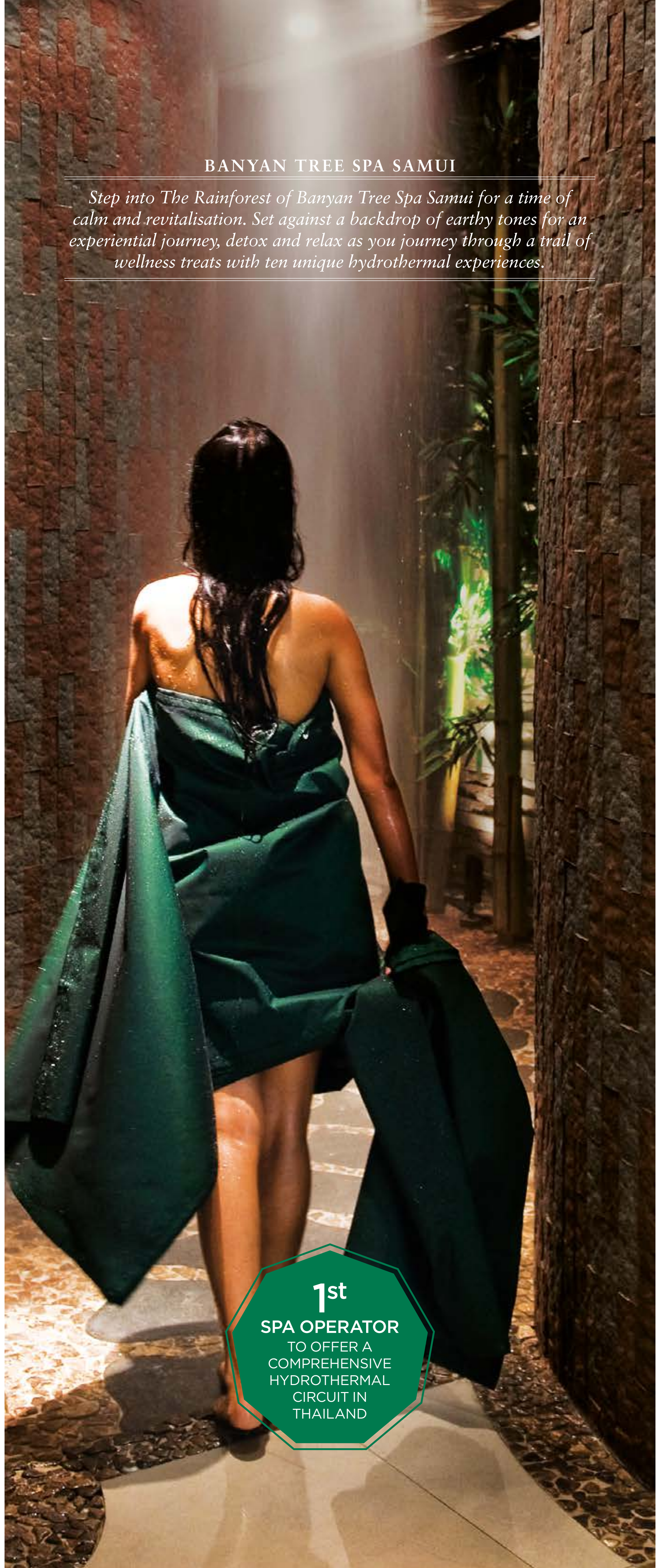
Our Greening Communities efforts included the planting of 57,133 trees across 22 resorts. This brings the total to 277,764 trees planted since 2007, well above our target of 2,000 trees per resort per year.

Leveraging Laguna Lăng Cô's restaurant expertise, we opened Seedlings Café in Hoi An, Vietnam, in April 2013. This social enterprise provides vocational training for at-risk young people. Twelve candidates have completed four-month placements.

Under the Group's Seedlings programme, our associates at 13 resorts voluntarily mentored 71 young people in 2013.

In 2013, our associates also supported relief efforts during the Acapulco floods, conducted cleanups at various locations including the Yangtze River, and organised blood donation drives.

For more details, please refer to the accompanying 2013 Sustainability Report, or view it online at www.banyantree.com/csrpublications.



BANYAN TREE SPA SAMUI

Step into The Rainforest of Banyan Tree Spa Samui for a time of calm and revitalisation. Set against a backdrop of earthy tones for an experiential journey, detox and relax as you journey through a trail of wellness treats with ten unique hydrothermal experiences.

1st
SPA OPERATOR
TO OFFER A COMPREHENSIVE HYDROTHERMAL CIRCUIT IN THAILAND

BANYAN TREE SAMUI

Thailand

Overlooking the scenic Lamai Bay, the Sanctuary Pool Villa is nestled on a private hill cove with a stunning ocean view.

CORPORATE GOVERNANCE

Corporate Governance Report

Banyan Tree Holdings Limited ("BTH" or the "Company", and together with its subsidiaries, the "Group") remains committed to observing and maintaining high standards of corporate governance and sound corporate practices to promote accountability and transparency.

This report sets out BTH's main corporate governance practices which are substantially in line with the principles set out in the Code of Corporate Governance 2012 (the "Code").

(A) BOARD MATTERS

PRINCIPLE 1: BOARD'S CONDUCT OF ITS AFFAIRS

The Board's principal functions include the formulation of the Group's strategic direction, setting its values and standards; reviewing and approving annual budgets and financial plans, and monitoring the Group's performance; approving major investments, divestments and fund-raising exercises; reviewing the Group's financial performance; approving the adequacy and effectiveness of internal controls including financial, operational, compliance and information technology controls, risk management and corporate governance practices; approving remuneration policies and guidelines as well as succession planning for the Board and Senior Management, appointment and re-appointment of Directors; and ensuring the Group's compliance with all laws and regulations as may be relevant to its businesses. The Board also regards sustainable development as a core value of the Group. Please refer to the Sustainability Report 2013 for the continual progress made in the Group's commitment to sustainability.

The Group has adopted a set of internal controls and guidelines setting out financial authorisation and approval limits for borrowings, investments, acquisitions, disposals, capital and operating expenditures. The Board's approval is required for all transactions where the value of the transaction exceeds these approval limits. The Board's approval is required for matters such as strategies and objectives of the Group, annual budgets, announcement of quarterly and full year results, issuance of shares, dividend distributions, and other returns to shareholders.

Two Board Committees, namely the Audit and Risk Committee ("ARC") and Nominating and Remuneration Committee ("NRC"), have been constituted with defined Charters to assist the Board in the execution of its responsibilities. These Charters are reviewed on a regular basis to ensure their continued relevance. The members of both the ARC and NRC are all Independent Directors.

The Board and the Board Committees conduct regular scheduled meetings on a quarterly basis. Ad-hoc meetings are convened when circumstances require. The Independent Directors also set aside time to meet, without the presence of Senior Management (including the Non-Independent Directors), to review the latter's performance in meeting the goals and objectives of the Company. Where necessary, the Directors also participate in Board meetings via telephonic attendance and video conferencing, as permitted under the Company's Articles of Association (the "Articles"). Details of each Director's attendance at Board and Board Committee meetings held during the year ended 31 December 2013 are provided below.

Board Members	Board of Directors Meetings		Audit & Risk Committee Meetings		Nominating & Remuneration Committee Meetings	
	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Ho KwonPing	5	5	4	–	5	2[1]
Ariel P Vera	5	5	4	3[1]	5	5[1]
Chia Chee Ming Timothy	5	4	4	3	5	5
Fang Ai Lian	5	5	4	4	5	5
Elizabeth Sam	5	4	4	3	5	4
Chan Heng Wing	5	5	4	3	5	5
Tham Kui Seng	5	5	4	3	5	3

[1] By invitation

Upon appointment, each new Director is issued with a formal letter of appointment setting out his/her duties and obligations along with materials pertaining to his/her obligations in relation to disclosure of interests in securities, conflicts of interest and restrictions on dealings in securities. Orientation programmes are also conducted for new Directors to familiarise themselves with the Group's businesses, operations, strategic directions, organisation structure and get acquainted with Senior Management. When a Director is appointed to a Board Committee, he/she is provided with a copy of the Charter of the Board Committee.

The Company also provides the Board with updates on developments in laws and regulations or changes in regulatory requirements and financial reporting standards, which are relevant to or may affect the Group's businesses. At ARC meetings, the external auditors, Ernst & Young LLP provides regular updates on developments in accounting and governance standards wherever it is relevant and applicable to the Group. Also, Directors have been periodically updated on various aspects of the Group's operations through briefings or informal discussions. As part of the Company's continuing education for Directors, the Company Secretary circulates articles, reports and news releases issued by Singapore Exchange Securities Trading Limited ("SGX-ST") which are relevant. In addition, the Directors are also encouraged to attend appropriate relevant external programmes such as those conducted by the Singapore Institute of Directors or seminars organised by SGX-ST or other professional institutes.

In FY2013, the Board went for a six-day Board retreat at Banyan Tree Al Wadi and Banyan Tree Seychelles, which provided the Directors the opportunity to have in-depth discussions with Senior Management on the Group's strategies and objectives as well as gave them a better understanding of the attributes and operations of these two properties. The Directors also had the opportunity to meet with the Ruler and Crown Prince of Ras Al Khaimah and top officials from the tourism ministries of both Ras Al Khaimah and Seychelles. The Group organises such Board retreats annually to different properties operated by the Group.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

Currently, the Board comprises seven Directors, five of whom are Independent Directors. As such, there is a strong and independent element in the Board. The Independent Directors are Mr Chia Chee Ming Timothy, Mrs Fang Ai Lian, Mrs Elizabeth Sam, Mr Chan Heng Wing and Mr Tham Kui Seng.

The two Non-Independent Directors are Mr Ho KwonPing and Mr Ariel P Vera. Mr Ho is the Executive Chairman. Mr Vera retired from his executive position as Group Managing Director on 31 December 2013 and has been a Non-Executive Director after 31 December 2013.

Each year, the NRC reviews the size, diversity and composition of the Board and Board Committees, and the skills and competencies of their members, to ensure that each member has the appropriate mix of expertise, skills and attributes to discharge his/her responsibilities effectively. The NRC also ensures that there is an appropriate number of independent directors for the Board and each Board Committee. Taking into account the nature and scope of the Group's businesses and the regulatory requirements, the NRC is of the opinion that the current composition and size of the Board, as well as of each Board Committee, are appropriate and adequate.

BTH was ranked third in a new gender diversity ranking introduced in the third edition of the 2013 Singapore Board Diversity Report, an annual publication by the National University of Singapore's Business School's Centre for Governance, Institutions and Organisations (CGIO) in collaboration with BoardAgender. The ranking took into account, *inter alia*, the proportion of women and their leadership roles in boardrooms.

The Directors' profiles, which include key information regarding their academic qualifications, directorship and chairmanship both present and those held over the preceding three years in other listed companies, and other principal commitments, are set out on pages 18 to 21 of this Annual Report.

PRINCIPLE 3: ROLE OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr Vera was the Group Managing Director until his retirement on 31 December 2013. The Executive Chairman is the only senior executive officer who is responsible under the immediate authority of the Board. The Executive Chairman is responsible for leading the Board in charting the strategic direction and growth of the Group. He also facilitates and ensures active and comprehensive Board discussions on Company matters, monitors the translation of the Board's decisions into executive actions, and fosters constructive dialogue with shareholders at the Company's Annual General Meeting ("AGM"). The Executive Chairman is also responsible for setting the agenda of Board meetings and ensuring that adequate time is available for discussion of all agenda items, in particular, strategic issues and promoting a culture of openness and debate at the Board.

With the restructuring of the business organisation of the Group, the Group Managing Director's duties of overseeing the execution of the Company's corporate and business strategies and polices, and the conduct of the Group's businesses have been delegated to a dedicated team of Senior Management comprising the Chief Financial Officer and the Managing Directors of the various Business Units.

Six out of seven members of the Board are Non-Executive Directors of which five are Independent Directors. The Board has appointed Mr Chia as the Lead Independent Director since 28 February 2007 to lead and co-ordinate the activities of the Non-Executive Directors. The Lead Independent Director is also the Chairman of the NRC. He is available to shareholders where they have concerns and for which contact through the normal channels of the Executive Chairman or the Chief Financial Officer and Managing Directors of the Business Units has failed to resolve or is inappropriate. The email address to reach the Lead Independent Director is ethics@banyantree.com.

PRINCIPLE 4: BOARD MEMBERSHIP

The NRC is chaired by Mr Chia and comprises Mrs Fang, Mrs Sam, Mr Chan and Mr Tham, all of whom are Independent Directors. Mr Chia is not directly associated with any 10% shareholder.

The NRC's functions, which are set out in the Charter, include making recommendations to the Board on new Board appointments. The NRC's selection process for candidates to be proposed to the Board for new appointments takes into account various factors including the relevant expertise and experience of the candidates and how these would augment the Board and its existing Directors. Names of potential candidates are sought through networking contacts and recommendations. The NRC makes recommendations to the Board on the re-appointment of Directors based on their competencies, commitment and contributions, a review of the range of expertise, performance, skills and attributes of current Board members and the needs of the Board. The NRC reviews the succession and leadership plans for Senior Management and board succession plans for the Directors.

The NRC also determines annually the independence of the Directors as well as when circumstances change. The process includes the use of a self-assessment questionnaire which each Independent Director is required to complete and submit to the NRC for review. In its annual review, the NRC, having considered the guidelines set out in the Code including the requirements under the Principle 2 of the Code and its Guidelines has confirmed the status of the Directors as follows:

Mr Ho KwonPing (Non-Independent)
Mr Ariel P Vera (Non-Independent)
Mr Chia Chee Ming Timothy (Independent)
Mrs Fang Ai Lian (Independent)
Mrs Elizabeth Sam (Independent)
Mr Chan Heng Wing (Independent)
Mr Tham Kui Seng (Independent)

The longest serving Independent Directors since the Company's initial public offering in 2006, are Mr Chia and Mrs Sam who have served a tenure of approximately eight years. Mrs Fang joined as Independent Director in 2008 followed by Mr Chan and Mr Tham in 2012 respectively.

The Independent Directors have no affiliations or business relationships with the Company, except as disclosed below for Mrs Fang. They hold less than 10% of BTH shares and are not directly associated with a 10% shareholder of the Company, nor do they have any relationships or circumstances which are likely to or could appear to interfere with the exercise of their independent business judgment with a view to the best interests of BTH. The NRC and the Board are of the opinion that their detailed knowledge of the Group's businesses continues to be of significant benefit to the Company, and their external experience sitting on the boards of other listed companies provides useful expertise and diversity to the Board.

Mrs Fang is the chairman of Great Eastern Holdings Limited ("Great Eastern"), which also insures certain policies taken up by the Group. Notwithstanding this, the NRC and the Board considered Mrs Fang an Independent Director as these insurance policies with Great Eastern were taken up on the recommendation by the Group's insurance broker based on its competitive rates. Mrs Fang has abstained and will continue to abstain from any deliberation and decision relating to the choice of insurers.

Since last year, the Board implemented a policy whereby the Executive Chairman's external directorships should be approved by the NRC. The Board has not determined the maximum number of listed company board representations which any Director may hold. Instead the Board allows for each Director to personally determine the demands of his/her companies' directorships and obligations and assesses how much time he/she must dedicate in order to serve on the BTH Board effectively. Each of the Directors updates the Company of any changes in his/her external appointments and these changes are noted at the Board meetings. Although some Directors have multiple board representations, the NRC monitors and determines annually, and having considered the principal commitments of each of the Directors, is satisfied that each of these Directors has dedicated sufficient time and attention to, and is able to perform and has adequately performed his/her duties as a Director of the Company.

The Company's Articles require that every Director retires once every three years and that one-third of Directors shall retire and subject themselves to re-election by shareholders at every AGM. Directors who are over 70 years of age are subject to annual re-appointment pursuant to the requirements of the Companies Act. New directors appointed by the Board during the year shall also submit themselves for re-election at the next AGM.

PRINCIPLE 5: BOARD PERFORMANCE

The NRC has the responsibility of evaluating the Board's and Board Committees' effectiveness. During the year, the NRC evaluated the Board's performance based on a set of performance criteria, including factors such as the structure, size and processes of the Board and the Board's access to information, Management and external experts outside meetings, as well as the effectiveness of the Board as a whole, its Board Committees and the Board's oversight of the Company's performance. Each Director completed the Board Evaluation Questionnaire seeking his/her views on these factors so as to facilitate the NRC in its assessment of the Board's performance as a whole. The NRC reviewed the feedback received and presented the findings to the Board. The assessment of the performance of both the Executive Chairman and the Group Managing Director (retired on 31 December 2013) was undertaken by the NRC based on both qualitative and quantitative performance criteria, comprising profits, revenue growth and economic value added. The Executive Chairman, together with the Chairman of the NRC, also assessed the performance of individual Directors based on factors which include the Director's attendance, participation and contributions at Board meetings as well as industry and business knowledge. Each member of the NRC abstained from making any recommendations and/or participating in any deliberation of the NRC and voting on any resolution in respect of the assessment of his/her own performance or re-nomination as a Director.

PRINCIPLE 6: ACCESS TO INFORMATION

The Directors are provided with Board Papers in advance of each Board and Board Committee meeting to enable them to be properly informed of matters to be discussed and/or approved. These include reports relating to the financial and operational performance of the Group, as well as matters for the decision or information of the Board. The Directors are also given analysts' reports so that they are apprised of analysts' views on the Company's performance.

Each Director has separate and independent access to Senior Management and the Company Secretary. The Company Secretary attends all Board and Board Committee meetings and is responsible for, among other things, ensuring that Board procedures are observed and that applicable rules and regulations are complied with and is also responsible for advising the Board on all matters relating to corporate governance. The appointment and the removal of the Company Secretary is a matter for the Board as a whole. The Board takes independent professional advice as and when necessary to enable it or the Independent Directors to discharge their responsibilities effectively and such costs are borne by the Company.

(B) REMUNERATION MATTERS

PRINCIPLE 7: REMUNERATION POLICIES

The NRC reviews matters concerning remuneration of the Board, Senior Management and other employees who are related to the controlling shareholders and/or our Directors. The NRC has direct access to the Head of Human Resources and may also seek expert advice from external consultants on executive compensation. In FY2013, Hay Group Consulting ("HayGroup") was engaged to advise on the Company's share incentive plans to ensure competitive compensation and progressive policies, with suitable and attractive long-term incentives, are in place. HayGroup has no relationship with the Company which could affect their independence and objectivity in this regard. No Director is involved in deciding his/her own remuneration or the remuneration of any employees who are related to them.

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION
PRINCIPLE 9: DISCLOSURE OF REMUNERATION

The employment contracts of the Executive Directors are automatically renewed every year, unless otherwise terminated by either party giving not less than six months' notice in writing. The terms of these employment contracts do not provide for benefits upon termination of employment with the Company. The termination clause of its Senior Management is three months which the NRC has reviewed and found to be fair and reasonable. The Company has adopted the use of contractual provisions to allow it to reclaim incentive components of remuneration from Executive Directors and Senior Management in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

The remuneration framework for the Non-Executive Directors has been evaluated by HayGroup for appropriateness, taking into consideration the level of contributions, the responsibilities and obligations of these Directors, the prevailing market conditions and referencing the Directors' Fees against comparable benchmarks. The Board agreed with the NRC's recommendation which is based on HayGroup's evaluation that the existing fee structure for the Non-Executive Directors should remain unchanged for FY2013 except for increasing the attendance fee per Board meeting from S$500 to S$1,000. The Non-Executive Directors are paid mainly by way of Directors' Fees in cash only although they are also eligible to participate in the Company's share-based incentive schemes. All Directors' Fees are subject to shareholders' approval at the Company's AGM. The framework for determining Non-Executive Directors' Fees was as follows:–

Basic Retainer Fee	
Director	S$40,000 per annum
Fee for appointment to Audit & Risk Committee	
ARC Chairman	S$30,000 per annum
ARC Member	S$15,000 per annum
Fee for appointment to Nominating & Remuneration Committee	
NRC Chairman	S$20,000 per annum
NRC Member	S$10,000 per annum
Attendance fee per Board meeting	S$1,000 per meeting[1]

1 The amount has been revised from S$500 in FY2012 to S$1,000 in FY2013

Executive Directors do not receive Directors' Fees from the Company. Their remuneration comprises a base salary, bonus and, in the case of the Group Managing Director (retired on 31 December 2013) only, participation in the Company's share-based incentive schemes.

The table below shows the gross remuneration of the Executive Directors, Non-Executive Directors as well as the top five key management personnel (who are not Directors or the CEO).

Name	Salary	Bonus	Other Benefits[1]	Long-term share-based Incentives	Directors' Fees	Total
Executive Directors						
Ho KwonPing	34.31%	3.93%	60.57%[2]	–	1.19%[3]	S$3,127,683
Ariel P Vera[4]	63.46%[5]	15.66%	12.72%	5.95%	2.21%[3]	S$734,000
Non-Executive Directors						
Chia Chee Ming Timothy	–	–	2.61%	–	97.39%	S$81,113
Fang Ai Lian	–	–	5.33%	–	94.67%	S$89,785
Elizabeth Sam	–	–	0.61%	–	99.39%	S$69,425
Chan Heng Wing	–	–	1.93%	–	98.07%	S$71,376
Tham Kui Seng	–	–	1.74%	–	98.26%	S$71,240
Top 5 Key Management Personnel S$750,000 to S$1,000,000						
Abid Butt	43.83%	11.97%	35.86%	8.34%	–	100%
S$500,000 to S$750,000						
Eddy See Hock Lye	57.71%	17.88%	16.80%	4.52%	3.09%[3]	100%
S$250,000 to S$500,000						
Shankar Chandran	49.03%	13.16%	26.89%	7.52%	3.40%[3]	100%
S$550,000 to S$600,000						
Ho KwonCjan	66.96%	5.32%	24.82%	–	2.90%[3]	100%
S$450,000 to S$500,000						
Claire Chiang	68.27%	7.88%	23.85%	–	–	100%

1 Including complimentary accommodation, spa and gallery benefits
2 Including Founder's Grant
3 Directors' fees received from LRH
4 Resigned as Group Managing Director on 31 December 2013 and remains as a Non-Executive Director
5 Including adjustments for payments of unused annual leave at retirement and for short payment in prior year, totalling S$86,400 (11.80% of total remuneration)

The aggregate amount of the total remuneration paid to the top five key management personnel (who are not Directors or CEO) is S$2,811,947.

During the year, there were three employees, namely Mr Ho KwonCjan (brother), Ms Claire Chiang (spouse) and Mr Ho Ren Hua (son) who are immediate family members of the Executive Chairman. The disclosure of the remuneration of Mr Ho KwonCjan and Ms Claire Chiang is made within bands of S$50,000 as shown on page 94. Mr Ho Ren Hua's remuneration falls within the band of S$200,000 to S$250,000. Mr Ho KwonPing was not involved in the determination of his family members' remuneration.

The Company adopts a remuneration framework that is responsive to the market elements and performance of the Company and its Business Units respectively. The Company adopts a remuneration policy comprising a fixed component, variable component, and benefits-in-kind. The fixed component is in the form of salary whereas the variable component in the form of various bonus and incentive payments which is linked to the Company's and individual's performance. The benefits-in-kind include transport allowances and the accommodation, spa and gallery vouchers issued by the Company to its employees.

The above remuneration framework also includes performance shares under its Long-Term Share Incentives as well as Founder's Grant for its Executive Chairman.

LONG-TERM SHARE INCENTIVES

The NRC sets the remuneration guidelines of the Group for each annual period including the Banyan Tree Share Option Scheme and the Banyan Tree Performance Share Plan (the "Plan"). The Plan comprises the Performance Share Plan ("PSP") and Restricted Share Plan ("RSP"). The PSP and RSP were introduced to strengthen the Company's competitiveness in attracting and retaining talented key executives. The PSP and RSP are also aimed at aligning the interests of key executives with that of shareholders, improving performance and achieving sustainable growth for the Company, and fostering an ownership culture among key executives. The Plan contemplates the award of fully paid shares or their cash equivalent, when and after pre-determined performance or service conditions are met. The selection of a participant and the number of shares to be awarded under the PSP or RSP are determined at the discretion of the NRC. The NRC reviews and sets the performance conditions and targets where it thinks appropriate and after considering prevailing business conditions. Details of the Company's PSP and RSP can be found in the Directors' Report and Note 44 to the financial statements.

The Company has not issued any options to eligible participants pursuant to the Banyan Tree Share Option Scheme.

FOUNDER'S GRANT

Prior to official listing on the SGX-ST, as stated in the prospectus dated 26 May 2006 for the Company's initial public offering, the independent shareholders of the Company approved the incentive for the Executive Chairman, Mr Ho, which has been included in his employment agreement. Pursuant to the incentive, Mr Ho shall be entitled to, for each financial year for a period of ten years beginning from the financial year ended 31 December 2010, an amount equivalent to 5% of the profit before tax of the Group, such amount to be payable in cash or in shares at the sole discretion of the Company ("Founder's Grant"). The Founder's Grant aims to secure the continuing commitment of Mr Ho to the Group and to reward him for founding, leading and building up the Group. FY2010 was the first financial year in which the Founder's Grant was paid. In respect of FY2013, Mr Ho shall be paid a Founder's Grant of S$1,637,671 in cash.

Details of the Founder's Grant can be found in the Directors' Report and Note 44 to the financial statements.

(C) ACCOUNTABILITY AND AUDIT

PRINCIPLE 10: ACCOUNTABILITY

The Board, through its announcements of quarterly and full-year results, aims to provide shareholders with a balanced and clear assessment of the Group's performance and prospects on a quarterly basis. The Board also ensures timely and full disclosure of material corporate developments to shareholders.

Management provides the Board with management accounts and such explanation and information on a regular basis and as the Board may require from time to time enabling the Board to make a balanced and informed assessment of the Company's and the Group's performance, position and prospects. The management accounts consist of consolidated profit and loss accounts, operating profit, pre-tax profit by business segments compared against budgets, together with explanations for significant variances.

The Board reviews and approves the financial results as well as the announcements on the same before its release. The Board also reviews legal and regulatory compliance reports from Management to ensure that the Group complies with relevant legislative and regulatory requirements.

For the financial year under review, the Executive Chairman and the Chief Financial Officer have provided assurance to the Board on the integrity of the financial statements of the Company and its subsidiaries. In relation to the interim financial statements, the Board provides a negative assurance confirmation to shareholders in line with the Listing Rules.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the governance of risk and exercises oversight of the material risks involving the Group's businesses. During the year, the ARC assisted the Board in the oversight of the Group's risk management processes and activities to mitigate and manage risk at levels that are determined to be acceptable to the Board. The ARC is assisted by the Group Risk Management Committee, which is not a Board Committee and comprises appropriate members of Senior Management, which reports to the ARC on the Group's strategic and business risks and the measures taken to address them. On a quarterly basis, all significant risks to the Group and/or properties which have been identified and managed are highlighted at the ARC meetings.

The Board has approved a risk framework for the identification of key risks within the business known as the Committee of Sponsoring Organisations of the Treadway Commission Internal Controls Integrated Framework ("COSO Framework") for assessing the adequacy and effectiveness of BTH's internal control systems.

Under the COSO Framework, internal controls is broadly defined as a process effected by BTH's Board and its Management, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

a. effectiveness and efficiency of operations;
b. reliability of financial reporting;
c. compliance with applicable laws and regulations; and
d. safeguarding of assets.

Using the COSO Framework, Management, Risk Management and Internal Audit teams assessed the adequacy of internal controls in accordance with the 5 components of COSO, namely,

a. control environment;
b. risk assessment;
c. control activities;
d. information and communications; and
e. monitoring.

Major incidents and violations, if any, are also reported to the Board to facilitate the Board's oversight of the effectiveness of crisis management and the adequacy of mitigating measures taken by Management to address the underlying risks. The identification and management of risks lies with the respective Business Units and Management who assumes ownership and day-to-day management of these risks. Management is responsible for the effective implementation of risk management strategy, policies and processes to facilitate the achievement of business plans and goals within the risk tolerance established by the Board. Key business risks are proactively identified, addressed and reviewed on an ongoing basis. This includes reviewing the level of business risks and the appropriate framework and policies for management that are consistent with BTH's risk appetite. Certain operating risks are mitigated through insurance management by ensuring adequate coverage for, *inter alia*, its hotel/resorts and assets.

The ARC provides oversight of the financial reporting risk and the adequacy and effectiveness of the Group's internal control and compliance systems. The ARC also reviewed the effectiveness of the measures taken by Management including the review of adequacy and timelines of the actions in response to the recommendations made by the Group Internal Auditor and External Auditors. The system of internal control and risk management is continually being refined by Management, the ARC and the Board.

Based on the framework established and the reviews conducted by the Management, the Internal Auditors and External Auditors, the Board opines, with the concurrence of the ARC, that there are effective and adequate controls in place within the Group addressing material financial, operational, compliance and information technology risks to meet the needs of BTH Group in its current business environment.

The system of internal controls and risk management established by Management, provides reasonable, but not absolute, assurance that BTH will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against poor judgment in decision making, human error, losses, fraud or other irregularities.

The Board has received assurance from the Executive Chairman and the Chief Financial Officer that:

a. the financial records of BTH have been properly maintained and the financial statements for the year ended 31 December 2013 give a true and fair view of the Group's operations and finances; and
b. the system of risk management and internal controls in place within BTH is adequate and effective in addressing the material risks in the Group in its current business environment, including material financial, operational, compliance and information technology risks.

PRINCIPLE 12: AUDIT AND RISK COMMITTEE

The ARC is chaired by Mrs Fang and comprises Mr Chia, Mrs Sam, Mr Chan and Mr Tham, all of whom are Independent Directors. The Board considers that Mrs Fang, a qualified Chartered Accountant, is well qualified to chair the ARC. The members of the ARC collectively have strong accounting and related financial management expertise and experience. The ARC has adopted a Charter that is approved by the Board, the responsibilities of which are detailed under the Directors' Report on page 105 of the Annual Report.

The ARC usually meets with the Head of Internal Audit first, followed by the External Auditors, prior to the commencement of each ARC meeting without the presence of Management. These meetings enable both the Head of Internal Audit and External Auditors to raise issues encountered in the course of their work directly to the ARC.

The ARC reviews, with the Head of Internal Audit and External Auditors, their audit plans, the system of internal controls, audit reports, management letter and the Management's response. The ARC also reviews the quarterly, half-year, and full-year results, as well as financial statements of the Company and the Group before submission to the Board for its approval, focusing in particular on changes in accounting policies and procedures, major operating risk areas and overview of all Group risks on an integrated basis, including all matters affecting the Group's performance and the effectiveness of the Group's key internal controls including financial, operational, compliance and information technology controls. The ARC also reviews all interested person transactions.

The ARC commissions and reviews the findings of internal investigations into matters on suspected fraud, irregularity, failure of internal controls, and the infringement of any law, rule or regulation which has or is likely to have a material impact on the Company's results and/or financial position.

The ARC oversees the Group's Whistle-Blowing Policy which provides the mechanism by which employees and the public may, in confidence, raise concerns about possible improprieties. The ARC is satisfied that arrangements are in place for the independent investigations of such improprieties and for appropriate follow-up actions and resolutions. The Whistle-Blowing Policy, including the dedicated whistle-blowing hotline at (+65) 6389 1377 and email address at ethics@banyantree.com are made available on BTH's website. Anonymous disclosures will be accepted and anonymity and confidentiality will be honoured throughout the process.

The ARC has full access to and the co-operation of Management and full discretion to invite any Director or the Company's Senior Management to attend its meetings. The Company has an Internal Audit team that, together with the External Auditors, reports its findings and recommendations independently to the ARC. The ARC also reviews and considers the performance and compensation of the Head of Internal Audit as well as her independence from Management. In FY2013, the ARC has assessed the strength of the internal audit team and confirmed that the team is adequately resourced and suitably qualified to discharge its duty.

The ARC has undertaken a review of the nature and extent of all non-audit services performed by the External Auditors during the year and is satisfied that such services have not affected their independence. It recommends the re-appointment of the External Auditors. The ARC has also approved the remuneration and terms of the engagement of the External Auditors. The details of the aggregate amount of fees paid to the External Auditors for FY2013 and the breakdown of fees paid in total for audit and non-audit services respectively can be found in the Note 7 to the financial statements. In addition, the ARC also reviewed the appointment of different auditors for its subsidiaries or significant associated companies to ensure that the appointment would not compromise the standard and effectiveness of the audit of the Company or its subsidiaries or significant associated companies. The date of appointment and name of the audit partner in charge of the Group's audit can be found on page 219 of the Annual Report. Also, the names of the auditing firms for its significant subsidiaries and associated companies can be found in Note 15 and Note 16 to the financial statements respectively.

In the opinion of the Directors, the Group complies with the Code's guidelines on audit committees as well as Rules 712, 715, 716 and 717 of the SGX-ST Listing Manual.

PRINCIPLE 13: INTERNAL AUDIT
The Internal Audit is an independent function within the Company. The Internal Audit Department ("IAD") has unfettered access to all the Company's documents, records, properties and personnel, including access to the ARC. The Head of IAD reports directly to the ARC with a dotted-line relationship to the Group Managing Director of the Company for administrative matters. The Group Managing Director retired on 31 December 2013. As such, with effect from 1 January 2014, the Head of Internal Audit reports to the Chief Financial Officer for administrative matters.

The IAD is staffed by suitably qualified professional staff with the requisite skill sets and experience with 8 audit executives, including the Head of Internal Audit. The Head of Internal Audit ensures the standards as set out by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors are met.

The IAD assists the ARC and the Board by performing regular evaluations of the Group's internal controls, information technology, financial and accounting matters, compliance, business and risk management policies and procedures and ensuring that internal controls are adequate to meet the Group's requirement.

On a quarterly basis, the ARC reviews the IAD's reports, summary of findings and recommendations at the ARC meetings. The ARC also reviews and approves the annual internal audit plans which are made in consultation with, but independent of, Management. The proposed scope of the internal audit function under the categories of financial audit, information technology audit and revenue assurance audit, focused on the adequacy and effectiveness of internal controls addressing financial operational and compliance risks. The audit plan also covered resourcing, competency and KPIs of Internal Audit team.

The Board and Management of the Group attach high importance to having a sound system of internal controls and have been continuously enhancing the Group's internal audit capacities through additional staffing and/or outsourcing.

(D) SHAREHOLDERS' RIGHTS & RESPONSIBILITIES & COMMUNICATION WITH SHAREHOLDERS

PRINCIPLE 14: SHAREHOLDERS' RIGHTS
PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS
PRINCIPLE 16: CONDUCT OF SHAREHOLDERS' MEETINGS
All BTH shareholders are treated fairly and equitably and the Company looks to facilitate the exercise of their ownership rights. The shareholders are given opportunities to participate effectively in and vote at general meetings of shareholders. The Company informs shareholders of the rules, including voting procedures, governing such meetings.

The Company has in place an investor relations policy which serves to provide high quality, meaningful and timely information to improve the shareholders' and investors' understanding of the Company. It adopts the practice of regularly communicating major developments in its businesses and operations through SGXNET and, where appropriate, directly to shareholders, other investors, analysts, the media, the public and its employees. The Company holds quarterly media and analysts' briefing upon the release of its quarterly and full-year results. These releases are also available on the Company's website. It has an investor relations team that communicates with its shareholders and analysts regularly and attends to their queries. IR team can be reached at ir@banyantree.com. The IR team also manages the dissemination of corporate information to the media, the public, as well as institutional investors and public shareholders, and promotes relations with and acts as liaison for such entities and parties. Material information is published on SGXNET and through media releases.

Shareholders of the Company receive notices of general meetings which are also advertised in the newspapers and issued via SGXNET. The Board recognises that the AGM is an important forum at which shareholders have the opportunity to communicate their views and raise any queries with the Board and Management regarding the Company and its operations.

A registered shareholder may appoint one or two proxies to attend the AGM and vote. The Articles currently do not allow a shareholder to vote in absentia.

At general meetings, separate resolutions will be set out on distinct issues for approval by shareholders. All resolutions are conducted by poll in the presence of independent scrutineers. The results of the poll showing the number of votes cast for and against each resolution and the respective percentages are published on SGXNet. The minutes of the AGM are also made available to shareholders upon their request.

The Company presently does not allow corporations which provide nominee or custodial services to appoint more than two proxies, pending the amendments to the Companies Act. For those who hold their shares through CPF nominees and who are not registered as shareholders of the Company, they can attend the AGM as observers.

The Company is in full support of shareholder participation at AGMs. The Board and Management are in attendance at the Company's general meetings to address questions by shareholders. The External Auditors and legal advisers are also present at the AGM to assist the Board and Management in addressing shareholders' queries.

The Company's Dividend Policy was set out in its prospectus dated 26 May 2006 for the Company's initial public offering, and extracted as follows:

- in determining the dividend payout ratio in respect of any particular financial year, the Company will take into account its current desire to maintain and potentially increase dividend levels within its overall objective of maximising shareholder value over the longer term; and
- if BTH pays an annual dividend in respect of a financial year, the dividend would generally be paid in the second or third quarter of the following financial year.

In considering the level of dividend payments, if any, upon recommendation by the Board, the Company intends to take into account various factors, including:

- the level of its cash, gearing, return on equity and retained earnings;
- its expected financial performance;
- its projected levels of capital expenditure and other investment plans;
- the dividend yield of similar companies and comparable hospitality companies globally; and
- restrictions on payment of dividend that may be imposed on the Company by its financing arrangements.

DEALING IN SECURITIES

The Company has adopted an internal code on securities trading, which provides guidance and internal regulation with regards to dealings in the Company's securities by its Directors and officers. The Company's internal code is modelled on Rule 1207(19) of the SGX-ST Listing Manual. The Company's internal code prohibits its Directors and officers from dealing in listed securities of the Company while in possession of unpublished, material and price-sensitive information in relation to such securities and during the "closed period", which is defined as two weeks before the date of announcement of results for each of the first three quarters of the Company's financial year, and one month before the date of announcement of the full-year financial results. Directors and officers are also prohibited from dealing with the Company's securities on short-term considerations. They are also advised to be mindful of the law on insider trading and ensure that their dealings in securities do not contravene the laws on insider trading under the Securities and Futures Act, and the Companies Act.

INTERESTED PERSON TRANSACTIONS

Shareholders have adopted a Shareholders' Mandate in respect of interested person transactions of the Company. The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the ARC, and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. The Company's disclosure in respect of interested person transactions for the year is set out on page 100 of this Annual Report.

Interested Person Transactions

		Aggregate value of all interested person transactions for FY2013 (excluding transactions less than S$100,000 and transactions conducted under Shareholders' Mandate)	Aggregate value of all interested person transactions conducted under Shareholders' Mandate for FY2013 (excluding transactions less than S$100,000)
		(S$'000)	(S$'000)
A.	**Transactions with the Tropical Resorts Limited Group ("TRG")**		
a	Provision of Resort Management and Related Services to TRG	–	3,645
b	Provision of Spa Management and Related Services to TRG	–	794
c	Rental Income from TRG in respect of units in Banyan Tree Bintan and Angsana Bintan	–	2,022
d	Reimbursement of Expenses to TRG	–	521
B.	**Transactions with Qatar Investment Authority Group ("QIAG")**		
a	Royalty from QIAG in respect of sale of condominium units at Banyan Tree Signatures Pavilion, Kuala Lumpur	1,896	–
Total		**1,896**	**6,982**

FINANCIAL STATEMENTS

Directors' Report

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of Banyan Tree Holdings Limited ("the Company") and its subsidiary companies (collectively, "the Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2013.

Directors

The Directors of the Company in office at the date of this report are:

Ho KwonPing
Ariel P Vera
Chia Chee Ming Timothy
Fang Ai Lian
Elizabeth Sam
Chan Heng Wing
Tham Kui Seng

Arrangements to enable Directors to acquire shares and debentures

Except as disclosed in this report, 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 or debentures of the Company or any other body corporate, other than pursuant to the Banyan Tree Share Option Scheme, the Banyan Tree Performance Share Plan and the Founder's Grant.

Banyan Tree Share Option Scheme and Banyan Tree Performance Share Plan

There are two share-based incentive schemes for its Directors and employees, the Banyan Tree Share Option Scheme (the "Share Option Scheme") and a performance share plan known as the Banyan Tree Performance Share Plan (the "Plan"),(collectively, the "Schemes"). Ho KwonPing, the Executive Chairman and controlling shareholder*, is not entitled to participate in the Schemes.

At the date of this report, the Schemes are administered by the Nominating and Remuneration Committee ("NRC") which comprises Chia Chee Ming Timothy, Fang Ai Lian, Elizabeth Sam, Chan Heng Wing and Tham Kui Seng, all of whom are Independent Directors of the Company.

Under the Share Option Scheme, eligible participants are granted options to acquire shares in the Company whereas under the Plan, the Company's shares are issued to eligible participants. The Schemes enable eligible participants to participate in the equity of the Company with the aim of motivating them towards better performance.

More information about the Schemes and details of performance shares and awards granted to an Executive Director (retired on 31 December 2013) and eligible participants during the financial year under the Plan, can be found in Note 44 to the financial statements.

Founder's Grant

Ho KwonPing is entitled to, for each financial year for a period of ten years beginning from the financial year ended 31 December 2010, an amount equivalent to 5% of the profit before tax of the Group, such amount to be payable in cash or in shares at the sole discretion of the Company (the "Founder's Grant"). Ho KwonPing shall be paid a total amount of S$1,637,671 in cash pursuant to the Founder's Grant in respect of financial year ended 31 December 2013. Details of the Founder's Grant can be found in Note 44 to the financial statements.

* The term "controlling shareholder" shall have the meaning ascribed to it in the SGX-ST Listing Manual.

Directors' Report

Directors' interests in shares and debentures

The following Directors, who held office at the end of the financial year had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Companies Act, Chapter 50 of Singapore ("Companies Act"), an interest in shares of the Company and related corporations (other than wholly-owned subsidiary companies), as stated below:

Name of directors and companies in which interests are held	Holdings registered in the name of director or nominee: At the beginning of financial year	Holdings registered in the name of director or nominee: At the end of financial year	Holdings in which a director is deemed to have an interest: At the beginning of financial year	Holdings in which a director is deemed to have an interest: At the end of financial year
Banyan Tree Holdings Limited				
(Incorporated in Singapore)				
Ordinary shares				
Ho KwonPing	–	–	286,232,582	286,232,582
Ariel P Vera	919,600	990,000	699,400	675,500 [1]
Chia Chee Ming Timothy	257,000	257,000	–	–
Elizabeth Sam	156,000	156,000	–	–
Bangtao Development Limited				
(Incorporated in Thailand)				
Ordinary shares				
Ho KwonPing	1	1	–	–
Phuket Resort Development Limited				
(Incorporated in Thailand)				
Ordinary shares				
Ho KwonPing	1	1	–	–
Twin Waters Development Company Limited				
(Incorporated in Thailand)				
Ordinary shares				
Ho KwonPing	2	2	–	–

[1] The number of shares comprised in awards granted by the Company under the Banyan Tree Performance Share Plan, subject to performance conditions being met.

There was no change in any of the above-mentioned interests in the Company or in related corporations between the end of the financial year and 21 January 2014.

By virtue of Section 7 of the Companies Act, Ho KwonPing is deemed to have interests in shares of the subsidiaries held by the Company.

Directors' Report

Directors' interests in shares and debentures (continued)

Except as disclosed in the financial statements, since the end of the previous financial year, no Director who held office at the end of the financial year had interest in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

Directors' contractual benefits

Except for the following as disclosed in the financial statements, since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Contracts entered by the Company with its Directors are set out as follows:

(i) Ho KwonPing and Ariel P Vera have employment relationships with the Company and have received remuneration in that capacity. Ariel P Vera retired as Group Managing Director on 31 December 2013 and ceased to have an employment relationship with the Group. He remains a Non-Executive Director of the Company;

(ii) Fang Ai Lian is the chairman of Great Eastern Holdings Limited which provides insurance to the Group; and

(iii) Elizabeth Sam retired as a director of Boardroom Limited on 23 October 2013, of which its subsidiary, Boardroom Corporate & Advisory Services Pte. Ltd. is the share registrar and transfer agent of the Company.

Laguna Resorts & Hotels Public Company Limited ("LRH"), a listed subsidiary of the Company granted loans aggregating Baht 51,640,380 with interest at LRH Group's cost of funds plus 0.5% per annum to Ho KwonPing pursuant to a financing scheme which was offered to all the Directors and employees for the purchase of properties marketed by the Group. The principal and interest are payable monthly until these loans are settled in full. As at 31 December 2013, the amount outstanding under these loans is Baht 13,489,100.

Audit and Risk Committee ("ARC")

The members of the ARC at the end of the financial year were as follows:

Fang Ai Lian (Chairman)
Chia Chee Ming Timothy
Elizabeth Sam
Chan Heng Wing
Tham Kui Seng

All ARC members are non-executive Independent Directors.

Directors' Report

Audit and Risk Committee ("ARC") (continued)

The ARC has adopted a Charter that is approved by the Board of Directors ("the Board") and which clearly set out its responsibilities as follows:

1. assist the Board in the discharge of its statutory responsibilities on financial and accounting matters;

2. review of the audit plans, scope of work and results of the audits compiled by the internal and external auditors;

3. review of the co-operation given by the Company's officers to the external auditors;

4. nomination of the external auditors for re-appointment;

5. review of the integrity of any financial information presented to the Company's shareholders;

6. review of interested person transactions;

7. review and evaluation of the Company's administrative, operating and internal accounting controls and procedures;

8. review of the risk management structure and oversight of the risk management processes and activities to mitigate and manage risk at levels that are determined to be acceptable to the Board; and

9. where necessary, commission and review of the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position.

The ARC performed the functions specified in the Companies Act. The functions performed are detailed in the Report on Corporate Governance.

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the Board of Directors,

Ho KwonPing
Director

Fang Ai Lian
Director

Singapore
14 March 2014

Statement by Directors

We, Ho KwonPing and Fang Ai Lian, being two of the Directors of Banyan Tree Holdings Limited, do hereby state that, in the opinion of the Directors:

(a) the accompanying consolidated income statement, consolidated statement of comprehensive income, balance sheets, statements of changes in equity and consolidated cash flow statement together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; 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.

On behalf of the Board of Directors,

Ho KwonPing
Director

Fang Ai Lian
Director

Singapore
14 March 2014

Independent Auditor's Report

to the Members of Banyan Tree Holdings Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Banyan Tree Holdings Limited ("the Company") and its subsidiary companies ("the Group") set out on pages 108 to 213, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2013, the statements of changes in equity of the Group and Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the 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, Chapter 50 ("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 profit and loss accounts and balance sheets 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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 balance sheet and the 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 state of affairs of the Group and of the Company as at 31 December 2013 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

14 March 2014

Consolidated Income Statement

for the financial year ended 31 December 2013

	Note	GROUP 2013 $'000	GROUP 2012 $'000
Revenue	3	**356,147**	338,416
Other income	4	**22,691**	22,874
		378,838	361,290
Costs and expenses			
Cost of operating supplies		**(30,467)**	(25,958)
Cost of properties sold		**(13,618)**	(18,450)
Salaries and related expenses	5	**(120,162)**	(111,595)
Administrative expenses		**(57,942)**	(53,718)
Sales and marketing expenses		**(15,416)**	(14,155)
Other operating expenses	6	**(67,136)**	(62,964)
		(304,741)	(286,840)
Profit before interests, taxes, depreciation and amortisation		**74,097**	74,450
Depreciation of property, plant and equipment	12	**(19,762)**	(24,806)
Amortisation of lease rental and land use rights		**(2,694)**	(3,160)
Profit from operations and other gains	7	**51,641**	46,484
Finance income	8	**2,749**	3,378
Finance costs	9	**(23,296)**	(25,289)
Share of results of associated companies		**22**	137
Share of results of joint venture companies		**–**	7
Profit before taxation		**31,116**	24,717
Income tax expense	10	**(12,961)**	(9,363)
Profit after taxation		**18,155**	15,354
Attributable to:			
Owners of the Company		**18,146**	14,863
Non-controlling interests		**9**	491
		18,155	15,354
Earnings per share attributable to owners of the Company (in cents):			
Basic	11	**2.39**	1.96
Diluted	11	**2.38**	1.95

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

for the financial year ended 31 December 2013

	GROUP	
	2013 $'000	**2012 $'000**
Profit after taxation	**18,155**	15,354
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising from consolidation of foreign operations and net investment in foreign operations	**2,072**	(23,669)
Realisation of currency translation reserves	**2,767**	8,819
Actuarial (loss)/gains arising from defined benefit plan, net of deferred tax	**(437)**	1,628
Net change in fair value adjustment reserve	**9,995**	–
	14,397	(13,222)
Items that will not be reclassified to profit or loss		
Adjustment on property revaluation reserve and deferred tax	**(40,006)**	1,760
Other comprehensive income for the year, net of tax	**(25,609)**	(11,462)
Total comprehensive income for the year	**(7,454)**	3,892
Total comprehensive income attributable to:		
Owners of the Company	**10,044**	7,127
Non-controlling interests	**(17,498)**	(3,235)
	(7,454)	3,892

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets

as at 31 December 2013

		GROUP		COMPANY	
	Note	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Non-current assets					
Property, plant and equipment	12	**622,202**	729,558	**28**	18
Land use rights	13	**15,798**	13,499	**–**	–
Investment properties	14	**60,677**	60,184	**–**	–
Subsidiary companies	15	**–**	–	**428,263**	421,011
Associated companies	16	**282**	258	**869**	869
Joint venture companies	17	**–**	6,301	**–**	6,000
Prepaid island rental	18	**22,932**	22,911	**–**	–
Long-term trade receivables	19	**28,200**	21,783	**–**	–
Intangible assets	20	**28,805**	26,903	**–**	–
Long-term investments	21	**94,652**	74,046	**–**	–
Prepayments		**3,600**	3,425	**–**	–
Other receivables	22	**7,170**	10,239	**–**	–
Deferred tax assets	41	**10,063**	11,315	**–**	–
		894,381	980,422	**429,160**	427,898
Current assets					
Inventories	23	**12,527**	13,593	**–**	–
Trade receivables	24	**77,326**	85,096	**752**	726
Prepayments and other non-financial assets	25	**18,918**	17,601	**113**	319
Other receivables	26	**29,622**	12,709	**3,382**	436
Amounts due from subsidiary companies	27	**–**	–	**110,810**	62,695
Amounts due from associated companies	28	**123**	21	**–**	–
Amounts due from related parties	29	**8,416**	7,622	**–**	4
Property development costs	31	**168,858**	91,838	**–**	–
Cash and short-term deposits	32	**178,807**	120,824	**81,596**	19,297
		494,597	349,304	**196,653**	83,477
Assets of disposal group classified as held for sale	33	**–**	61,822	**–**	–
		494,597	411,126	**196,653**	83,477
Total assets		**1,388,978**	1,391,548	**625,813**	511,375

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets
as at 31 December 2013

	Note	GROUP 2013 $'000	GROUP 2012 $'000	COMPANY 2013 $'000	COMPANY 2012 $'000
Current liabilities					
Trade payables		**19,113**	15,840	**–**	–
Unearned income		**8,389**	7,985	**112**	112
Other non-financial liabilities	34	**34,880**	25,554	**357**	94
Other payables	35	**53,177**	41,714	**13,144**	5,274
Amounts due to subsidiary companies	27	**–**	–	**58,292**	25,766
Amounts due to associated companies	28	**4**	4	**–**	–
Amounts due to related parties	29	**587**	1,669	**–**	1
Interest-bearing loans and borrowings	36	**53,508**	80,681	**17,108**	3,642
Notes payable	38	**69,197**	48,820	**69,197**	48,820
Tax payable		**10,160**	9,608	**136**	–
		249,015	231,875	**158,346**	83,709
Net current assets/(liabilities)		**245,582**	179,251	**38,307**	(232)
Non-current liabilities					
Interest-bearing loans and borrowings	36	**163,459**	186,143	**45,394**	38,850
Deferred income	37	**8,844**	6,567	**–**	–
Notes payable	38	**168,003**	118,817	**168,003**	118,817
Deposits received		**1,594**	1,574	**–**	–
Amount due to a joint venture company	30	**–**	6,301	**–**	6,301
Other non-current liabilities	39	**8,898**	21,281	**6,024**	18,318
Defined and other long-term employee benefits	40	**2,578**	2,573	**–**	–
Deferred tax liabilities	41	**90,639**	104,020	**–**	–
		444,015	447,276	**219,421**	182,286
Total liabilities		**693,030**	679,151	**377,767**	265,995
Net assets		**695,948**	712,397	**248,046**	245,380
Equity attributable to owners of the Company					
Share capital	42	**199,995**	199,995	**199,995**	199,995
Treasury shares	43	**(1,827)**	(2,172)	**(1,827)**	(2,172)
Reserves	43	**351,029**	346,661	**49,878**	47,557
		549,197	544,484	**248,046**	245,380
Non-controlling interests		**146,751**	167,913	**–**	–
Total equity		**695,948**	712,397	**248,046**	245,380

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 December 2013

2013 GROUP	Share capital $'000	Treasury shares $'000	Share-based payment reserve $'000	Legal reserve $'000	Property revaluation reserve $'000	Currency translation reserve $'000	Other reserves $'000 Note 43(f)	Accumulated profits $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2013	199,995	(2,172)	8,893	9,740	166,690	(63,651)	(14,117)	239,106	544,484	167,913	712,397
Profit after taxation	–	–	–	–	–	–	–	18,146	18,146	9	18,155
Other comprehensive income for the year	–	–	–	–	(23,825)	9,438	6,572	(287)	(8,102)	(17,507)	(25,609)
Total comprehensive income for the year	–	–	–	–	(23,825)	9,438	6,572	17,859	10,044	(17,498)	(7,454)
Contributions by and distributions to owners											
Dividends paid on ordinary shares	–	–	–	–	–	–	–	(4,954)	(4,954)	–	(4,954)
Treasury shares reissued pursuant to Share-based Incentive Plan	–	1,323	(475)	–	–	–	(848)	–	–	–	–
Issuance of share grants pursuant to Share-based Incentive Plan	–	–	634	–	–	–	–	–	634	–	634
Expiry of share grants pursuant to Share-based Incentive Plan	–	–	(251)	–	–	–	–	251	–	–	–
Acquisition of Treasury shares	–	(978)	–	–	–	–	–	–	(978)	–	(978)
Total contributions by and distributions to owners	–	345	(92)	–	–	–	(848)	(4,703)	(5,298)	–	(5,298)
Changes in ownership interests in subsidiary											
Acquisition of non-controlling interests without a change in control	–	–	–	–	–	–	9	–	9	(3,367)	(3,358)
Total changes in ownership interests in subsidiary	–	–	–	–	–	–	9	–	9	(3,367)	(3,358)
Total transactions with owners in their capacity as owners	–	345	(92)	–	–	–	(839)	(4,703)	(5,289)	(3,367)	(8,656)
Other changes in equity											
Dividends paid to loan stockholders of a subsidiary company	–	–	–	–	–	–	–	(42)	(42)	–	(42)
Dividends paid to non-controlling shareholders of a subsidiary company	–	–	–	–	–	–	–	–	–	(297)	(297)
Transfer to legal reserve	–	–	–	27	–	–	–	(27)	–	–	–
Total other changes in equity	–	–	–	27	–	–	–	(69)	(42)	(297)	(339)
At 31 December 2013	199,995	(1,827)	8,801	9,767	142,865	(54,213)	(8,384)	252,193	549,197	146,751	695,948

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 December 2013

2012 GROUP	Share capital $'000	Treasury shares $'000	Share-based payment reserve $'000	Legal reserve $'000	Property revalua-tion reserve $'000	Currency translation reserve $'000	Other reserves $'000 Note 43(f)	Accumulated profits $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2012	199,995	(3,051)	9,091	9,689	165,361	(53,264)	(13,585)	222,861	537,097	171,148	708,245
Profit after taxation	–	–	–	–	–	–	–	14,863	14,863	491	15,354
Other comprehensive income for the year	–	–	–	–	1,530	(10,387)	–	1,121	(7,736)	(3,726)	(11,462)
Total comprehensive income for the year	–	–	–	–	1,530	(10,387)	–	15,984	7,127	(3,235)	3,892
Contributions by and distributions to owners											
Treasury shares reissued pursuant to Share-based Incentive Plan	–	879	(347)	–	–	–	(532)	–	–	–	–
Issuance of share grants pursuant to Share-based Incentive Plan	–	–	301	–	–	–	–	–	301	–	301
Expiry of share grants pursuant to Share-based Incentive Plan	–	–	(152)	–	–	–	–	152	–	–	–
Total transactions with owners in their capacity as owners	–	879	(198)	–	–	–	(532)	152	301	–	301
Other changes in equity											
Dividends paid to loan stockholders of a subsidiary company	–	–	–	–	–	–	–	(41)	(41)	–	(41)
Transfer to accumulated profits upon disposal of asset	–	–	–	–	(201)	–	–	201	–	–	–
Transfer to legal reserve	–	–	–	51	–	–	–	(51)	–	–	–
Total other changes in equity	–	–	–	51	(201)	–	–	109	(41)	–	(41)
At 31 December 2012	199,995	(2,172)	8,893	9,740	166,690	(63,651)	(14,117)	239,106	544,484	167,913	712,397

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 December 2013

COMPANY	Share capital $'000	Treasury shares $'000	Share-based payment reserve $'000	Other reserves $'000 Note 43(f)	Accumulated profits $'000	Total equity $'000
At 1 January 2013	**199,995**	**(2,172)**	**8,893**	**6,241**	**32,423**	**245,380**
Profit after taxation	**–**	**–**	**–**	**–**	**7,964**	**7,964**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**7,964**	**7,964**
Contributions by and distributions to owners						
Dividends paid on ordinary shares	**–**	**–**	**–**	**–**	**(4,954)**	**(4,954)**
Treasury shares reissued pursuant to Share-based Incentive Plan	**–**	**1,323**	**(475)**	**(848)**	**–**	**–**
Issuance of share grants pursuant to Share-based Incentive Plan	**–**	**–**	**634**	**–**	**–**	**634**
Expiry of share grants pursuant to Share-based Incentive Plan	**–**	**–**	**(251)**	**–**	**251**	**–**
Acquisition of Treasury shares	**–**	**(978)**	**–**	**–**	**–**	**(978)**
Total transactions with owners in their capacity as owners	**–**	**345**	**(92)**	**(848)**	**(4,703)**	**(5,298)**
At 31 December 2013	**199,995**	**(1,827)**	**8,801**	**5,393**	**35,684**	**248,046**
At 1 January 2012	199,995	(3,051)	9,091	6,773	44,041	256,849
Profit after taxation	–	–	–	–	(11,770)	(11,770)
Total comprehensive income for the year	–	–	–	–	(11,770)	(11,770)
Contributions by and distributions to owners						
Treasury shares reissued pursuant to Share-based Incentive Plan	–	879	(347)	(532)	–	–
Issuance of share grants pursuant to Share-based Incentive Plan	–	–	301	–	–	301
Expiry of share grants pursuant to Share-based Incentive Plan	–	–	(152)	–	152	–
Total transactions with owners in their capacity as owners	–	879	(198)	(532)	152	301
At 31 December 2012	199,995	(2,172)	8,893	6,241	32,423	245,380

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

for the financial year ended 31 December 2013

	Note	2013 $'000	2012 $'000
Cash flows from operating activities			
Profit before taxation		**31,116**	24,717
Adjustments for:			
Share of results of associated companies		**(22)**	(137)
Share of results of joint venture companies		**–**	(7)
Depreciation of property, plant and equipment	12	**19,762**	24,806
Gain on disposal of property, plant and equipment, net	7	**(16,080)**	(1)
Provision for impairment in other investment	21	**1,500**	–
Impairment loss on property, plant and equipment	7	**–**	127
Finance income	8	**(2,749)**	(3,378)
Finance costs	9	**23,296**	25,289
Amortisation of lease rental and land use rights		**2,694**	3,160
Allowance for doubtful debts	7	**4,161**	4,474
(Write-back of)/Allowance for inventory obsolescence	7	**(50)**	80
Defined and other long term employee benefits expense	40	**697**	278
Share-based payment expenses	5	**955**	16
Gain on bargain purchase on acquisition of HVR and LVL Group	4	**–**	(16,050)
Net fair value gains on investment properties	14	**(982)**	(3,262)
Currency realignment		**4,903**	(5,126)
		38,085	30,269
Operating profit before working capital changes		**69,201**	54,986
Decrease in inventories		**1,044**	623
(Increase)/decrease in trade and other receivables		**(59,950)**	519
(Increase)/decrease in amounts due from related parties		**(1,879)**	2,703
Increase in trade and other payables		**14,521**	1,072
		(46,264)	4,917
Cash flows generated from operating activities		**22,937**	59,903
Interest received		**2,743**	3,361
Interest paid		**(22,254)**	(25,356)
Tax paid		**(7,737)**	(5,990)
Payment of employee benefits	40	**(1,170)**	(881)
Payment of cash settled share grants		**(202)**	(74)
Net cash flows (used in)/generated from operating activities		**(5,683)**	30,963

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

for the financial year ended 31 December 2013

	Note	2013 $'000	2012 $'000
Cash flows from investing activities			
Purchase of property, plant and equipment	12	**(17,711)**	(26,802)
Proceeds from disposal of property, plant and equipment		**89,102**	201
Payment of lease rental	18	**(1,496)**	(1,455)
Increase in long-term investments		**(11,441)**	(32,583)
Acquisition of non-controlling interest	15	**(3,181)**	–
Acquisition of subsidiaries, net of cash acquired	15	**–**	(3,815)
Deferred cash settlement on acquisition of subsidiaries		**(6,406)**	–
Net cash flows generated from/(used in) investing activities		**48,867**	(64,454)
Cash flows from financing activities			
Proceeds from bank loans		**53,095**	83,745
Repayment of bank loans		**(106,419)**	(65,857)
Proceeds from issuance of notes payable		**120,000**	50,000
Repayments of notes payable		**(50,000)**	(50,000)
Payment of dividends			
– by subsidiary companies to non-controlling interests		**(297)**	–
– by subsidiary companies to loan stockholders		**(295)**	–
– by Company to shareholders		**(4,954)**	–
Purchase of treasury shares		**(978)**	–
Net cash flows generated from financing activities		**10,152**	17,888
Net increase/(decrease) in cash and cash equivalents		**53,336**	(15,603)
Net foreign exchange difference		**2,663**	(3,450)
Cash and cash equivalents at beginning of year		**120,824**	139,877
Cash and cash equivalents at end of year	32	**176,823**	120,824

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

for the financial year ended 31 December 2013

1. Corporate information

Banyan Tree Holdings Limited ("the Company") is a limited liability Company, which is incorporated and domiciled in the Republic of Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX–ST).

The registered office of the Company is located at 211 Upper Bukit Timah Road, Singapore 588182.

The principal activities of the Company are those of investment holding and the provision of project design and management services. The principal activities of the subsidiary companies are set out in Note 15 to the financial statements. There have been no significant changes in the nature of these activities during the year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $) and all values in the tables are rounded to the nearest thousand ($'000) as indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for the annual periods beginning on or after 1 January 2013. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

Accordingly to the transition provisions of FRS 113 Fair Value Measurement, FRS 113 has been applied prospectively by the Group on 1 January 2013.

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Revised FRS 27 *Separate Financial Statements*	1 January 2014
Revised FRS 28 *Investments in Associates and Joint Ventures*	1 January 2014
FRS 110 *Consolidated Financial Statements*	1 January 2014
FRS 111 *Joint Arrangements*	1 January 2014
FRS 112 *Disclosure of Interests in Other Entities*	1 January 2014
Amendments to FRS 32 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to FRS 19 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Improvements to FRSs (January 2014)	1 July 2014
Improvements to FRSs (February 2014)	1 July 2014

The Directors expect that the adoption of the standards above will have no material impact to the financial statements in the period of initial application.

Notes to the Financial Statements
for the financial year ended 31 December 2013

2. Summary of significant accounting policies (continued)

2.3 Significant accounting estimates and judgments

Estimates, assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) 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 are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are 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.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. Further details of the key assumptions applied in the impairment assessment of goodwill and trademarks including a sensitivity analysis, are given in Note 20 to the financial statements.

(ii) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over their useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 and 50 years. The carrying amounts of the Group's property, plant and equipment at 31 December 2013 are $622,202,000 (2012: $729,558,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(iii) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's loans and receivables at the end of each reporting period are disclosed in Note 49 (g) to the financial statements.

2. Summary of significant accounting policies (continued)

2.3 Significant accounting estimates and judgments (continued)

(a) Key sources of estimation uncertainty (continued)

(iv) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies. The carrying values of recognised tax losses and unrecognised tax losses at 31 December 2013 are $38,212,000 (2012: $35,272,000) and $19,450,000 (2012: $15,852,000) respectively.

(v) Revaluation of freehold and investment properties

The Group carries its freehold and investment properties at fair value, with changes in fair values being recognised in other comprehensive income and income statement respectively.

The Group engaged independent valuation specialists to determine the fair values for its freehold properties and investment properties in Singapore, Thailand, Seychelles, Sri Lanka and Morocco on a regular basis. The fair value is determined using recognised valuation techniques which require the use of estimates such as future cash flows and discount rates applicable to these assets. These estimates are based on local market conditions existing at each valuation date.

The carrying amount, key assumptions and valuation techniques used to determine the fair value of the freehold and investment properties of the Group are stated in Note 12 and Note 14 respectively.

(vi) Post employment benefits and other long term employment benefits plans

The cost of post employment benefits plan and other long term employment benefits plan are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, post employment benefits and other long term employment benefits are highly sensitive to the changes in these assumptions. All assumptions are reviewed at each reporting date. The net benefit liability as at 31 December 2013 is $2,578,000 (2012: $2,573,000). Further details are provided in Note 40.

The post employment benefits and other long term employment benefit plans pertains mainly to the Group's operations in Thailand.

In determining the appropriate discount rate, management considers the interest rates of Thailand government bonds with duration similar to that of the liabilities are used instead.

The mortality rate is based on publicly available mortality tables for Thailand and is modified accordingly with estimates of mortality improvements. Future salary increases are based on expected future inflation rates for Thailand.

Further details about the assumptions used are provided in Note 40.

Notes to the Financial Statements

for the financial year ended 31 December 2013

2. Summary of significant accounting policies (continued)

2.3 Significant accounting estimates and judgments (continued)

(b) Critical judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(i) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgment is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's income tax payables and net deferred tax liabilities at 31 December 2013 are $10,160,000 (2012: $9,608,000) and $80,576,000 (2012: $92,705,000) respectively.

(ii) Employee share grants

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the employee share grants at the date at which they are granted. Judgment is required in determining the most appropriate valuation model for the grants, depending on the terms and conditions of the grant. Management is also required to use judgment in determining the most appropriate inputs to the valuation model including expected life of the grant, volatility and dividend yield. The assumptions and model used are disclosed in Note 44.

(iii) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiary companies. In determining the functional currencies of the entities in the Group, judgment is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

2.4 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary companies and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Notes to the Financial Statements
for the financial year ended 31 December 2013

2. Summary of significant accounting policies (continued)

2.4 Foreign currency (continued)

(a) Transactions and balances (continued)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the consolidated income statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to the consolidated income statement of the Group on disposal of the foreign operation.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their income statement are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated income statement.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in the consolidated income statement. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to consolidated income statement.

2.5 Subsidiary companies

A subsidiary company is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less any impairment losses.

2.6 Basis of consolidation and business combinations

(a) Basis of consolidation

Basis of consolidation from 1 January 2010

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the end of the reporting period. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary company are attributed to the non-controlling interest even if that results in a deficit balance.

2. Summary of significant accounting policies (continued)

2.6 Basis of consolidation and business combinations (continued)

(a) Basis of consolidation (continued)

Basis of consolidation from 1 January 2010 (continued)

A change in the ownership interest of a subsidiary company, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary company, it:

– de-recognises the assets (including goodwill) and liabilities for the subsidiary company at their carrying amounts at the date when control is lost;

– de-recognises the carrying amount of any non-controlling interest;

– de-recognises the cumulative translation differences recorded in equity;

– recognises the fair value of the consideration received;

– recognises the fair value of any investment retained;

– recognises any surplus or deficit in income statement;

– re-classifies the Group's share of components previously recognised in other comprehensive income to income statement or retained earnings, as appropriate.

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

– Acquisition of non-controlling interests, prior to 1 January 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

– Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the owners of the Company.

– Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments as at 1 January 2010 have not been restated.

(b) Business combinations

Business combinations from 1 January 2010

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Notes to the Financial Statements
for the financial year ended 31 December 2013

2. Summary of significant accounting policies (continued)

2.6 Basis of consolidation and business combinations (continued)

(b) Business combinations (continued)

Business combinations from 1 January 2010 (continued)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in income statement or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not to be remeasured until it is finally settled within equity.

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

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of 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 net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.12(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in income statement on the acquisition date.

Business combinations prior to 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

Business combination under common control

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the equity of the acquired entity is reflected within the equity as merger reserve.

Notes to the Financial Statements

for the financial year ended 31 December 2013

2. Summary of significant accounting policies (continued)

2.7 Transaction with non-controlling interests

Non-controlling interest represents the equity in subsidiary companies not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. 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 attributed to owners of the Company.

2.8 Associated companies

An associated company is an entity, not being a subsidiary company or a joint venture company, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associated companies are accounted for using the equity method. Under the equity method, the investment in an associated company is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associated company. The Group's share of the profit or loss of the associated company is recognised in the consolidated income statement. Where there has been a change recognised in other comprehensive income by the associated company, the Group recognises its share of such changes in other comprehensive income. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associated company. The associated company is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associated company.

Goodwill relating to an associated company is included in the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the associated company in the period in which the investment is acquired.

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

The most recent available financial statements of the associated companies are used by the Group in applying the equity method. The reporting dates of the associated companies and the Group are identical and the associated companies' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Upon loss of significant influence over the associated company, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associated company upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in income statement.

In the Company's separate financial statements, investments in associated companies are accounted for at cost less impairment losses.

Notes to the Financial Statements

for the financial year ended 31 December 2013

2. Summary of significant accounting policies (continued)

2.9 Joint venture companies

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

The Group's investments in joint venture companies are accounted for using the equity method. Under the equity method, the investment in joint venture company is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint venture company. The Group's share of the profit or loss of the joint venture company is recognised in the consolidated income statement. Where there has been a change recognised in other comprehensive income by the joint venture company, the Group recognises its share of such changes in other comprehensive income. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the joint venture company. The joint venture company is equity accounted for from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture company.

Goodwill relating to a joint venture company is included in the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the joint venture company's identifiable assets, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the joint venture company in the period in which the investment is acquired.

When the Group's share of losses in a joint venture company equals or exceeds its interest in the joint venture company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture company.

The most recent available financial statements of the joint venture companies are used by the Group in applying the equity method. The reporting dates of the joint venture companies and the Group are identical and the joint venture companies' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Upon loss of joint control, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the former jointly controlled entity upon loss of joint control and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in income statement.

In the Company's separate financial statements, interests in joint venture companies are accounted for at cost less impairment losses.

2.10 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.21. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment other than freehold land and buildings are measured at cost or valuation less accumulated depreciation and any accumulated impairment losses. The Group segregates land and buildings into two classes: leasehold and freehold. For leasehold land and buildings, the Group adopts the cost model and no revaluation will be carried out on these classes of assets. For freehold land and buildings, the Group adopts the revaluation model. Fair value is determined based on appraisal undertaken by professionally qualified valuers, using market-based evidence.

Notes to the Financial Statements

for the financial year ended 31 December 2013

2. Summary of significant accounting policies (continued)

2.10 Property, plant and equipment (continued)

Valuations are performed with sufficient regularity to ensure that their carrying amounts do not differ materially from their fair values at the end of the reporting period.

When an asset is revalued, any increase in the carrying amount is credited to other comprehensive income and accumulated in equity under the property revaluation reserve. However, the increase is recognised in the income statement to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in the income statement. However, the decrease is debited to other comprehensive income and accumulated in equity under the property revaluation reserve to the extent of any credit balance existing in the reserve in respect of that asset.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the property revaluation reserve in respect of an asset is transferred directly to accumulated profits on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated. Construction-in-progress included in property, plant and equipment are not depreciated as these assets are not available for use. Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful lives of the asset as follows:

Freehold buildings	–	40 to 50 years
Leasehold buildings	–	10 to 50 years
Furniture, fittings and equipment	–	3 to 20 years
Computers	–	3 years
Motor vehicles	–	5 to 10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in income statement in the year the asset is derecognised.

2.11 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in income statement in the year in which they arise.

Notes to the Financial Statements
for the financial year ended 31 December 2013

2. Summary of significant accounting policies (continued)

2.11 Investment properties (continued)

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in income statement in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.10 up to the date of change in use.

2.12 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the income statement. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments which arose on acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.4.

Goodwill and fair value adjustments which arose on acquisitions of foreign operations before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in SGD at the rates prevailing at the date of acquisition.

(b) Trademarks

The trademarks acquired are measured on initial recognition at cost. Following initial recognition, the trademarks are carried at cost less any accumulated impairment loss. The useful life of trademarks is estimated to be indefinite as management believes that there is no foreseeable limit to the period over which the trademarks are expected to generate net cash flows for the Group. As such, the trademarks are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful lives of the trademarks are reviewed annually to determine whether the useful life assessment continues to be supportable.

Notes to the Financial Statements
for the financial year ended 31 December 2013

2. Summary of significant accounting policies (continued)

2.12 Intangible assets (continued)

(c) Other intangible assets

Sales commission costs arising from property sales are recognised as an intangible asset when the Group can demonstrate that these are incremental costs directly attributable to securing a property sales contract and are recoverable in the gross margin of the contract. Incremental cost is one that would not have been incurred if the Group had not secured the property sales contract.

Following initial recognition of the sales commission costs as an intangible asset, it is carried at cost and expensed off to income statement upon the recognition of revenue from property sales.

2.13 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the income statement or treated as a revaluation decrease in other comprehensive income for assets carried at revalued amount to the extent that the impairment loss does not exceed the amount held in the revaluation reserve for that same asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss previously recognised through the income statement is treated as a revaluation increase recognised in other comprehensive income. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.14 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are classified as either loans and receivables, or available-for-sale financial assets, as appropriate. Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Notes to the Financial Statements
for the financial year ended 31 December 2013

2. Summary of significant accounting policies (continued)

2.14 Financial instruments (continued)

(a) Financial assets (continued)

Initial recognition and measurement (continued)

When financial assets are recognised initially, they are measured at fair value, plus in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

Subsequent measurement

The subsequent measurement of financial assets depend on their classification as follows:

(i) ***Loans and receivables***

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, such assets are carried at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, and through the amortisation process.

The Group and Company classify the following financial assets as loans and receivables:

- trade and other receivables, including amounts due from subsidiary, associated, joint venture companies and related parties; and
- cash and short-term deposits.

(ii) ***Available-for-sale financial assets***

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income and accumulated under fair value adjustment reserve in equity, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in the income statement. The cumulative gain or loss previously recognised in equity is recognised in the income statement when the financial asset is derecognised.

The fair value of investments that are actively traded in organised financial markets is determined by reference to the relevant Exchange's quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market and where fair value cannot be reliably determined, they are measured at cost, less any impairment losses.

Please see Note 2.22(a) for policy on de-recognition of financial assets.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

Notes to the Financial Statements

for the financial year ended 31 December 2013

2. Summary of significant accounting policies (continued)

2.14 Financial instruments (continued)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities include trade payables, which are normally settled on 30 to 90 day terms, other payables, amounts due to subsidiary, associated, joint venture and related companies, interest-bearing loans and borrowings, and notes payable. Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are initially recognised at fair value of consideration received less directly attributable transaction costs.

Subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method with any gains or losses arising from changes in fair value recognised in income statement except for derivatives which are measured at fair value.

Please see Note 2.22 (b) for policy on de-recognition of financial liabilities.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.15 Long-term investments

Investment securities under long-term investments are classified as available-for-sale financial assets.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.17 Property development costs

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation. Development properties are held as inventories and are measured at the lower of cost and net realisable value. Costs comprise cost of land, design fee, infrastructure and construction and related interest and are assigned by using specific identification. Included in the property development costs are completed properties which are held for sale in the ordinary course of business.

Net realisable value of the development properties is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in income statement on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Notes to the Financial Statements
for the financial year ended 31 December 2013

2. Summary of significant accounting policies (continued)

2.18 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the income statement.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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

(b) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost had been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

Notes to the Financial Statements

for the financial year ended 31 December 2013

2. Summary of significant accounting policies (continued)

2.18 Impairment of financial assets (continued)

(c) Available-for-sale financial assets (continued)

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from other comprehensive income and recognised in the income statement. Reversals of impairment losses in respect of equity instruments are not recognised in the income statement; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in income statement. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed in income statement.

2.19 Inventories

Inventories are stated at the lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Food and beverage – cost of purchase on a first-in, first-out basis;
- Trading goods and supplies – cost of purchase on a weighted average basis; and
- Materials and others – cost of purchase on a weighted average basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.20 Segment reporting

For management reporting purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 50, including the factors used to identify the reportable segments and the measurement basis of segment information.

Notes to the Financial Statements
for the financial year ended 31 December 2013

2. Summary of significant accounting policies (continued)

2.21 Borrowing costs

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying 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 being incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.22 Derecognition of financial assets and liabilities

(a) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The contractual rights to receive cash flows from the asset has expired;
- The Group retains the contractual rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'past-through' arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that has been recognised directly in equity is recognised in the consolidated income statement.

(b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. For financial liabilities other than derivatives, gains and losses are recognised in the income statement when the liabilities are derecognised or impaired, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the income statement. Net gains or losses on derivatives include exchange differences.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Notes to the Financial Statements

for the financial year ended 31 December 2013

2. Summary of significant accounting policies (continued)

2.23 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.24 Financial guarantee

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 debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially at fair value. Subsequent to initial recognition, financial guarantees are recognised as income in the income statement over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the income statement.

2.25 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes and defined contribution plans are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

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

(c) Share-based payment

Performance share plan and restricted share plan

The Group's Performance Share Plan ("PSP") and Restricted Share Plan ("RSP") are both equity-settled and cash-settled share-based payment transactions.

The cost of these equity-settled share-based payment transactions is measured by reference to the fair value at the date of grant. This cost is recognised in the income statement, with a corresponding increase in the share-based payment reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of shares that will ultimately vest. At the end of each reporting period, the Group revises its estimates of the number of PSP and RSP shares that are expected to vest on vesting date. Any revision of this estimate is included in the income statement and a corresponding adjustment to equity over the remaining vesting date. The charge or credit to the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Notes to the Financial Statements
for the financial year ended 31 December 2013

2. Summary of significant accounting policies (continued)

2.25 Employee benefits (continued)

(c) Share-based payment (continued)

Performance share plan and restricted share plan (continued)

The cost of cash-settled share-based payment transactions is measured initially at fair value at the grant date. This fair value is recognised in the income statement over the vesting period with recognition of a corresponding liability. At the end of each reporting period, the Group revises its estimates of the number of PSP and RSP shares that are expected to vest by the vesting date. Any revision of this estimate is included in the income statement and a corresponding adjustment to liability over the remaining vesting period. Until the liability is settled, it is re-measured at each reporting date with changes in fair value recognised in the income statement and a corresponding adjustment to liability for the period.

The share-based payment reserve is transferred to accumulated profits reserve upon expiry of the plan. Where shares are issued under the PSP or RSP, the share-based payment reserve is transferred to share capital if new shares are issued, or to treasury shares if the plan is satisfied by the reissuance of treasury shares.

No expense is recognised for shares under both PSP and RSP that do not ultimately vest, except where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in the income statement upon cancellation.

(d) Post employment benefits and other long term employment benefits plans

The subsidiaries in Thailand operate two unfunded benefit schemes, Legal Severance Pay ("LSP") and Long Service Award ("LSA") for qualifying employees.

The LSP scheme is a defined benefit plan which pays employees a lump sum benefit computed based on their number of years of service and their basic salary upon retirement or early termination of their employment contracts.

The LSA scheme is a long-term employee benefit which rewards employees in cash and/or in gold. To be entitled to the award, employees will have to complete certain number of years of service with the Group.

The benefit schemes are assessed using the projected unit credit actuarial valuation method. The cost of providing for the employee benefits are charged to the income statement so as to spread the service cost over the service lives of employees in accordance with the actuarial valuation carried out during the year. The provision for the employee benefits is measured as the present value of the estimated future cash outflows by reference to the interest rates of government bonds in Thailand that have terms to maturity approximating the terms of the related liabilities. Actuarial gains and losses arising from LSP are recognised in other comprehensive income and for those arising from LSA to be recognised in the consolidated income statement in the year these gains and losses arise. The employee benefit expenses are included as part of staff costs.

The unvested past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested, immediately following the introduction of, or changes to, a scheme, past service costs are recognised immediately.

Notes to the Financial Statements

for the financial year ended 31 December 2013

2. Summary of significant accounting policies (continued)

2.26 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(a) As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term. The accounting policy for rental income is set out in Note 2.30 (i).

2.27 Prepaid island rental and land use rights

Prepaid island rental and land use rights are initially measured at cost. Following initial recognition, prepaid island rental and land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The prepaid island rental and land use rights are amortised over the lease term as stipulated in the respective island rental and land use rights agreements.

2.28 Deferred income

Deferred income relates to the government grants that are recognised at their fair value when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred income on the balance sheet and is amortised to the income statement over the expected useful life of the relevant asset by equal annual instalments.

2.29 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Property, plant and equipment and prepaid island rental once classified as held for sale are not depreciated or amortised.

Notes to the Financial Statements
for the financial year ended 31 December 2013

2. Summary of significant accounting policies (continued)

2.30 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(a) Hotel investments

Revenue from hotel investments mainly comprises room rental, food and beverage sales and auxiliary activities, and represents the invoiced value of services rendered after deducting discounts. Revenue is recognised when the services are rendered.

(b) Property sales

– *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.

– *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 management consider when the contract comprises:

– A contract to construct a property; or

– A contract for the sale of completed property

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

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

(c) Management services

Management services comprises the management of hotels and resorts, the management of an asset-backed club, the management of private-equity funds and the management of golf courses.

Revenue from management services is recognised as and when the relevant services are rendered.

(d) Spa operation

Revenue from operating spas is recognised as and when the relevant services are rendered.

(e) Merchandise sales

Revenue is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer, and generally coincides with delivery and acceptance of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or possible return of goods.

Notes to the Financial Statements

for the financial year ended 31 December 2013

2. Summary of significant accounting policies (continued)

2.30 Revenue (continued)

(f) Project and design services

Revenue from the provision of project design and design services is recognised using the percentage of completion method. Under the percentage of completion method, contract revenue and expenses are recognised according to the stage of completion as certified by qualified professionals.

(g) Dividend income

Dividend income is recognised in the consolidated income statement when the Group's right to receive payment is established.

(h) Interest income

Interest income is recognised using the effective interest method.

(i) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

2.31 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in income statement except to the extent that the tax relates to items recognised outside income statement, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are recognised for all temporary differences, except:

- Where the deferred tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiary companies, associated companies and interests in joint venture companies, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and
- In respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences, and carry-forward of unused tax credits and unused tax losses can be utilised.

2. Summary of significant accounting policies (continued)

2.31 Taxes (continued)

(b) Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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 tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside the income statement is recognised outside the income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction of goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in income statement.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.32 Share capital and share issue expenses

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

2.33 Treasury shares

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. When treasury shares are subsequently sold or reissued pursuant to equity compensation plans, the cost of treasury shares is reversed from treasury shares account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transactions costs, is recognised in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

Notes to the Financial Statements

for the financial year ended 31 December 2013

2. Summary of significant accounting policies (continued)

2.34 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.35 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Company if that person:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Notes to the Financial Statements
for the financial year ended 31 December 2013

3. Revenue

Revenue of the Group represents revenue from operation and management of hotels, property sales and fee-based segment after eliminating intercompany transactions. The amount of each significant category of revenue recognised during the year is as follows:

	GROUP	
	2013 $'000	**2012 $'000**
Hotel investments	**221,163**	187,726
Property sales	**33,165**	42,656
Management services	**34,617**	37,095
Spa operation	**25,351**	26,628
Project and design services	**29,398**	31,808
Merchandise sales	**8,797**	8,786
Rental income	**3,656**	3,717
	356,147	338,416

4. Other income

	GROUP	
	2013 $'000	**2012 $'000**
Management and service fees	**135**	89
Course and academy fees	**342**	781
Insurance claims	**313**	–
Net fair value gains on investment properties (Note 14)	**982**	3,262
Gain on bargain purchase on acquisition of HVR and LVL Group (Note 15)	**–**	16,050
Amortisation of deferred income (Note 37)	**202**	192
Gain on disposal of property, plant and equipment *	**17,367**	–
Dividend income	**521**	–
Others	**2,829**	2,500
	22,691	22,874

* *Gain on disposal of property, plant and equipment relates to the gain on disposal of fixed assets and island lease of Maldives Bay Pvt Ltd on 31 January 2013.*

5. Salaries and related expenses

	GROUP	
	2013 $'000	**2012 $'000**
Salaries, wages and other related costs	**113,764**	106,996
Defined and other long term benefit expenses (Note 40)	**697**	278
Share-based payment expenses	**955**	16
Contributions to defined contribution plans	**4,746**	4,305
The above amounts include salaries and related expenses of key management personnel	**120,162**	111,595

Notes to the Financial Statements
for the financial year ended 31 December 2013

6. Other operating expenses

The following items have been included in arriving at other operating expenses:

	GROUP 2013 $'000	GROUP 2012 $'000
Utilities and communication	**20,462**	18,796
Repair and maintenance	**12,169**	11,399
Printing and stationery	**2,344**	2,423
Travelling and transportation	**2,692**	3,139
Commission expenses	**6,400**	5,514
Laundry and valet	**1,755**	1,752
Guest expendable supplies	**5,854**	4,087

7. Profit from operations and other gains

Profit from operations is stated after charging/(crediting):

	GROUP 2013 $'000	GROUP 2012 $'000
Audit fees:		
– Auditors of the Company	**409**	413
– Other auditors	**825**	799
Non-audit fees:		
– Auditors of the Company	**48**	50
– Other auditors	**68**	61
Allowance for doubtful debts – trade, net (Note 24)	**2,415**	4,474
Allowance for doubtful debts – non-trade	**1,746**	–
(Write-back of)/allowance for inventory obsolescence (Note 23)	**(50)**	80
Impairment loss on property, plant and equipment (Note 12)	**–**	127
Exchange (gain)/loss	**(2,089)**	4,274
Gain on disposal of property, plant and equipment, net	**(16,080)**	(1)
Provision for impairment in other investment	**1,500**	–

8. Finance income

	GROUP 2013 $'000	GROUP 2012 $'000
Interest received and receivable from:		
– banks	**700**	1,545
– related parties	**15**	539
– others	**2,034**	1,294
	2,749	3,378

The finance income of the Group is solely derived from loans and receivables.

Notes to the Financial Statements
for the financial year ended 31 December 2013

9. Finance costs

	GROUP	
	2013 $'000	2012 $'000
Interest paid and payable to:		
– banks	**11,967**	14,035
– holders of notes payable	**10,969**	10,956
– others	**360**	298
	23,296	25,289

10. Income taxes

Major components of income taxes for the years ended 31 December 2013 and 2012 are:

	GROUP	
	2013 $'000	2012 $'000
Consolidated income statement:		
Current tax expense		
Current taxation	**7,158**	4,441
Under provision in respect of prior years	**495**	488
	7,653	4,929
Deferred tax expense		
Origination and movement in temporary differences	**(508)**	2,384
Expiry of recognised tax losses	**1,531**	48
Effect of reduction in tax rate	**–**	(210)
	1,023	2,222
Withholding tax expense		
Current year provision	**4,183**	2,166
Under provision in respect of prior years	**102**	46
	4,285	2,212
Income tax expense recognised in the consolidated income statement	**12,961**	9,363

	GROUP	
	2013 $'000	2012 $'000
Statement of comprehensive income:		
Deferred tax expense/(credit) related to other comprehensive income:		
– Reduction in corporate tax rate in Thailand	**–**	(25)
– Adjustment on property revaluation reserve	**(11,825)**	195
– Actuarial (loss)/gain on LSP	**(109)**	380

Notes to the Financial Statements
for the financial year ended 31 December 2013

10. Income taxes (continued)

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2013 and 2012 respectively are as follows:

	GROUP 2013 $'000	GROUP 2012 $'000
Accounting profit before taxation	**31,116**	24,717
Income tax using Singapore tax rate of 17% (2012: 17%)	**5,290**	4,202
Effect of different tax rates in other countries	**(314)**	386
Expenses not deductible for tax purposes	**3,907**	5,823
Tax exempt income	**(2,821)**	(4,497)
Effect of reduction in tax rate	**–**	(210)
Underprovision in respect of prior years	**495**	488
Deferred tax assets not recognised	**588**	911
Withholding tax	**4,285**	2,212
Expiry of recognised tax losses	**1,531**	48
Income tax expense recognised in the consolidated income statement	**12,961**	9,363

Group royalty fees income derived from Indonesia, Thailand and Maldives is subject to withholding tax at 15%, 15% and 10% respectively (2012: 15%, 15% and 10%). The Group also incurred withholding tax on rental income and dividend income received from Indonesia and Thailand at 20% and 10% respectively (2012: 20% and 10%).

11. Earnings per share

Basic earnings per share amounts are calculated by dividing profit after taxation for the year that is attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

Diluted earnings per share amounts are calculated by dividing profit after taxation for the year that is attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the profit after taxation and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	GROUP 2013 $'000	GROUP 2012 $'000
Profit after taxation attributable to owners of the Company used in computation of basic and diluted earnings per share	**18,146**	14,863

	No. of shares	No. of shares
Weighted average number of ordinary shares for basic earnings per share computation	**760,290,234**	760,019,586
Effect of dilution:		
– Contingently issuable shares under Banyan Tree Performance Share Plan	**2,421,147**	2,280,229
Weighted average number of ordinary shares for diluted earnings per share computation	**762,711,381**	762,299,815

Notes to the Financial Statements

for the financial year ended 31 December 2013

11. Earnings per share (continued)

Earnings per share computation

The basic earnings per share is calculated by dividing the profit after taxation for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares. The diluted earnings per share is calculated by dividing the profit after taxation for the year that is attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

12. Property, plant and equipment

GROUP	Freehold land $'000	Freehold buildings $'000	Leasehold buildings $'000	Furniture, fittings and equipment $'000	Computers $'000	Motor vehicles $'000	Construction-in-progress $'000	Total $'000
Cost or valuation:								
At 1 January 2012	370,807	226,293	137,635	193,222	13,716	10,070	22,384	974,127
Additions	–	–	6,373	6,466	1,238	616	12,109	26,802
Disposals	–	–	(71)	(1,298)	(338)	(695)	(8)	(2,410)
Acquisition of subsidiaries (Note 15)	12,299	46,792	–	1,265	–	650	–	61,006
Transfer to Assets of disposal group classified as held for sale (Note 33)	–	–	(47,846)	(9,673)	–	–	(561)	(58,080)
Revaluation surplus/(deficit)	3,164	(1,234)	–	–	–	–	–	1,930
Elimination of accumulated depreciation on revaluation	–	(3,095)	–	–	–	–	–	(3,095)
Transfer to Property development costs	(1,256)	(2,961)	–	(559)	–	–	(262)	(5,038)
Transfer to Investment properties (Note 14)	(7,833)	–	–	–	–	–	–	(7,833)
Transfer in/(out)	23,911	(6,751)	109	8,526	831	125	(26,751)	–
Net exchange differences	(9,448)	(6,953)	(5,335)	(7,423)	926	(277)	(92)	(28,602)
At 31 December 2012 and 1 January 2013	**391,644**	**252,091**	**90,865**	**190,526**	**16,373**	**10,489**	**6,819**	**958,807**
Additions	**–**	**421**	**1,936**	**8,348**	**1,314**	**495**	**5,197**	**17,711**
Disposals	**(728)**	**(1)**	**(1,162)**	**(44,402)**	**(1,544)**	**(1,192)**	**(418)**	**(49,447)**
Revaluation (deficit)/surplus	**(45,889)**	**(5,667)**	**–**	**361**	**–**	**–**	**(636)**	**(51,831)**
Elimination of accumulated depreciation on revaluation	**–**	**(2,648)**	**–**	**(286)**	**–**	**–**	**–**	**(2,934)**
Transfer (to)/from Property development costs	**(46,917)**	**2,444**	**–**	**325**	**–**	**–**	**–**	**(44,148)**
Transfer (out)/in	**–**	**1,545**	**200**	**1,415**	**482**	**44**	**(3,686)**	**–**
Net exchange differences	**(3,179)**	**(2,476)**	**4,804**	**(5,078)**	**(127)**	**2,016**	**144**	**(3,896)**
At 31 December 2013	**294,931**	**245,709**	**96,643**	**151,209**	**16,498**	**11,852**	**7,420**	**824,262**

Transfer to Property development cost relates to land surrounding hotel resorts that the Group reconsidered to be developed for property sales.

Notes to the Financial Statements

for the financial year ended 31 December 2013

12. Property, plant and equipment (continued)

GROUP (continued)	Freehold land $'000	Freehold buildings $'000	Leasehold buildings $'000	Furniture, fittings and equipment $'000	Computers $'000	Motor vehicles $'000	Construction-in-progress $'000	Total $'000
Accumulated depreciation and impairment losses:								
At 1 January 2012	–	35,784	32,368	146,379	10,343	8,193	263	233,330
Depreciation charge for the year	–	8,358	3,364	9,939	2,160	985	–	24,806
Disposals	–	–	(51)	(1,175)	(324)	(660)	–	(2,210)
Transfer to Assets of disposal group classified as held for sale (Note 33)	–	–	(8,112)	(6,488)	–	–	–	(14,600)
Elimination of accumulated depreciation on revaluation	–	(3,095)	–	–	–	–	–	(3,095)
Impairment loss (Note 7)	–	–	–	–	–	–	127	127
Transfer to Property development costs	–	(351)	–	(559)	–	–	–	(910)
Transfer in/(out)	–	–	109	(159)	50	–	–	–
Net exchange differences	–	(1,311)	(1,650)	(5,254)	255	(215)	(24)	(8,199)
At 31 December 2012 and 1 January 2013	**–**	**39,385**	**26,028**	**142,683**	**12,484**	**8,303**	**366**	**229,249**
Depreciation charge for the year	**–**	**6,024**	**2,432**	**8,733**	**1,914**	**659**	**–**	**19,762**
Disposals	**–**	**–**	**(926)**	**(43,188)**	**(1,527)**	**(1,173)**	**–**	**(46,814)**
Elimination of accumulated depreciation on revaluation	**–**	**(2,648)**	**–**	**(286)**	**–**	**–**	**–**	**(2,934)**
Transfer to Property development costs	**–**	**–**	**–**	**(135)**	**–**	**–**	**–**	**(135)**
Transfer (out)/in	**–**	**–**	**–**	**(320)**	**320**	**–**	**–**	**–**
Net exchange differences	**–**	**2,845**	**1,092**	**(2,476)**	**(104)**	**1,567**	**8**	**2,932**
At 31 December 2013	**–**	**45,606**	**28,626**	**105,011**	**13,087**	**9,356**	**374**	**202,060**
Net carrying amount:								
At 31 December 2013	**294,931**	**200,103**	**68,017**	**46,198**	**3,411**	**2,496**	**7,046**	**622,202**
At 31 December 2012	391,644	212,706	64,837	47,843	3,889	2,186	6,453	729,558

Notes to the Financial Statements

for the financial year ended 31 December 2013

12. Property, plant and equipment (continued)

The freehold land, freehold buildings and certain furniture, fittings and equipment of the Group are carried at valuation. The remaining items of property, plant and equipment are carried at cost.

Freehold land and buildings in Singapore were revalued in 30 April 2013 by an accredited independent property valuer, at open market value.

Freehold land and buildings in Thailand were revalued by a professional independent appraisal company on 24 December 2013. The basis of the revaluation was as follows:

- Land was revalued using the market value approach
- Hotel buildings and other buildings were revalued using a fair value approach

The hotel properties, which comprise of freehold land and buildings in Morocco and Seychelles was appraised by a professional independent appraisal company on 20 December 2013 and 3 April 2012 respectively using the income approach.

The hotel properties, which comprise of freehold land and buildings in Sri Lanka was appraised by a professional independent appraisal company on 7 October 2013 using the market value approach.

Details of valuation techniques and inputs used are disclosed in Note 49.

If the freehold land, freehold buildings and furniture, fittings and equipment in the freehold properties were measured using the cost model, the carrying amounts would be as follows:

	GROUP	
	2013 **$'000**	**2012** **$'000**
Freehold land at 31 December		
– Cost and net carrying amount	**89,186**	92,023
Freehold buildings at 31 December		
– Cost	**243,556**	241,079
– Accumulated depreciation	**(56,102)**	(52,286)
– Net carrying amount	**187,454**	188,793
Furniture, fittings and equipment at 31 December		
– Cost	**131,284**	171,703
– Accumulated depreciation	**(94,533)**	(133,292)
– Net carrying amount	**36,751**	38,411

As at 31 December 2013, certain properties with net book value amounting to $368,953,000 (2012: $471,445,000) were mortgaged to banks to secure credit facilities for the Group (Note 36).

Notes to the Financial Statements
for the financial year ended 31 December 2013

12. Property, plant and equipment (continued)

COMPANY	Furniture, fittings and equipment $'000	Computers $'000	Total $'000
Cost:			
At 1 January 2012	13	152	165
Additions	–	21	21
At 31 December 2012 and 1 January 2013	**13**	**173**	**186**
Additions	**4**	**20**	**24**
At 31 December 2013	**17**	**193**	**210**
Accumulated depreciation:			
At 1 January 2012	13	142	155
Depreciation charge for the year	–	13	13
At 31 December 2012 and 1 January 2013	**13**	**155**	**168**
Depreciation charge for the year	**1**	**13**	**14**
At 31 December 2013	**14**	**168**	**182**
Net carrying amount:			
At 31 December 2013	**3**	**25**	**28**
At 31 December 2012	–	18	18

13. Land use rights

	GROUP	
	2013 $'000	2012 $'000
Cost:		
At 1 January	**15,492**	16,125
Additions	**1,778**	–
Net exchange differences	**1,068**	(633)
At 31 December	**18,338**	15,492
Accumulated amortisation:		
At 1 January	**1,993**	1,674
Amortisation for the year	**406**	389
Net exchange differences	**141**	(70)
At 31 December	**2,540**	1,993
Net carrying amount	**15,798**	13,499
Amount to be amortised:		
– Within 1 year	**492**	410
– Between 2 to 5 years	**1,966**	1,640
– After 5 years	**13,340**	11,449

Notes to the Financial Statements
for the financial year ended 31 December 2013

13. Land use rights (continued)

The Group has land use rights over the following plots of land:

Location	Tenure 2013	2012
People's Republic of China		
Banyan Tree Lijiang	**31 years**	32 years
Banyan Tree Ringha	**30 years**	31 years
Zhongdian Jiantang Hotel	**35 years**	36 years
Tibet Lhasa Banyan Tree Resorts	**34 years**	35 years

14. Investment properties

	GROUP 2013 $'000	2012 $'000
Balance sheet:		
At 1 January	**60,184**	32,814
Net gains from fair value adjustments recognised in consolidated income statement (Note 4)	**982**	3,262
Transfer from property, plant and equipment (Note 12)	**–**	7,833
Acquisition of subsidiaries (Note 15)	**–**	17,696
Net exchange differences	**(489)**	(1,421)
At 31 December	**60,677**	60,184
Income statement:		
Rental income from investment properties		
– Minimum lease payments	**3,485**	3,593
Direct operating expense (including repairs and maintenance) arising from:		
– Rental generating properties	**2,261**	1,702
– Non-rental generating properties	**54**	38

Valuation of investment properties

Investment properties in Thailand are stated at fair value, which has been determined based on valuation report dated 1 November 2013 and 24 December 2013. The revaluations were performed by an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued.

The basis of valuation were as follows:

- Land was revalued using the market value approach.
- Shop rental building and office rental units were revalued using the income approach.

Land in Seychelles are stated at fair value, which has been determined based on valuation report dated 7 October 2013 using the fair market approach. The revaluations were performed by HVS, an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued.

Details of valuation techniques and inputs used are disclosed in Note 49.

Properties pledged as security

Certain investment properties amounting to $27,639,000 (2012: $27,640,000) are mortgaged to secure bank loans (Note 36).

Notes to the Financial Statements

for the financial year ended 31 December 2013

14. Investment properties (continued)

The investment properties held by the Group as at 31 December 2013 are as follows:

Description and Location	Existing Use	Tenure
Shopping centre with more than 50 leased outlets, Phuket, Thailand	Shops	Freehold
53 office units in a 24-storey office tower, Bangkok, Thailand	Offices	Freehold
Land located at the shopping centre, Phuket, Thailand	Land for shopping centre	Freehold
Land located in northern Thailand	Land awaiting development	Freehold
Land located in the eastern side of Hill View Resorts, Seychelles	Land awaiting development	Freehold
Land located in Takamaka Valley, Quatre Borne Hillside, Seychelles	Land awaiting development	Freehold
Land located in South Intendance Hillside, Seychelles	Senior Housing	Freehold

15. Subsidiary companies

	COMPANY 2013 $'000	COMPANY 2012 $'000
Unquoted shares, at cost	**113,562**	110,382
Quoted shares, at cost	**72,263**	72,263
Impairment losses	**(2,376)**	(1,998)
	183,449	180,647
Capital contribution through issue of ordinary shares to employees of subsidiary companies at no consideration under FRS 102 Share-based Payment	**5,863**	5,863
	189,312	186,510
Loans and receivables		
Loans to subsidiary companies	**238,951**	234,501
	428,263	421,011
Market value of quoted shares	**100,164**	128,617

In appointing the auditing firms for the Company and subsidiary companies, the Group have complied with Listing Rules 712 and 715.

Impairment testing of investment in subsidiary companies

An impairment loss of $378,000 (2012: $Nil) was recognised for the year ended 31 December 2013 to write down the investment in Banyan Tree Adventures Pte. Ltd. as this subsidiary company is in the process of being liquidated.

Included in the loans made to subsidiary companies is an unsecured loan of $39,124,000 (2012: $41,000,000) bearing interest at a rate of COF+2% to 7% (2012: 3% to 6.3%) with no fixed terms of repayment. Except for this loan, loans to subsidiary companies are unsecured, interest-free, with no fixed terms of repayment, and the Company will not demand repayment within the next twelve months.

At the end of the reporting period, the Company has provided an allowance of $8,102,000 (2012: $8,128,000) for impairment on the loans due from its subsidiary companies with a nominal amount of $34,361,000 (2012: $12,859,000). These subsidiary companies have been suffering significant financial losses.

Notes to the Financial Statements
for the financial year ended 31 December 2013

15. Subsidiary companies (continued)

Impairment testing of investment in subsidiary companies (continued)

During the financial year ended 31 December 2013, the Company has written back an allowance of $26,000 (2012: provided an allowance of $Nil).

Acquisition of subsidiary in 2012

On 30 March 2012, the Group acquired the remaining 70% equity interest in its 30% owned associated companies, Hill View Resorts Holdings Limited (HVR) and its subsidiary companies (HVR Group). Upon becoming a wholly-owned subsidiary of the Group, HVR acquired 100% equity interest in Lindere Villas Limited (LVL) and its subsidiary companies (LVL Group). Upon completion of the acquisition, the Group is the owner of Banyan Tree Seychelles resort.

The Group has acquired HVR Group and LVL Group as part of its continuing efforts to rebalance the Group's assets.

The fair value of the identifiable assets and liabilities of HVR Group and LVL Group as at the acquisition date were:

	Fair value recognised on acquisition 2012 $'000
Property, plant and equipment (Note 12)	61,006
Investment properties (Note 14)	17,696
Inventories	1,930
Trade receivables	1,450
Cash and short-term deposits	6,929
	89,011
Trade payables	(846)
Other payables	(1,471)
Interest-bearing loans and borrowings	(5,279)
Deferred tax liabilities	(2,302)
Amounts due to subsidiaries of the Group	(16,449)
	(26,347)
Total identifiable net assets at fair value	62,664
Gain on bargain purchase on acquisition of HVR Group and LVL Group (Note 4)	(16,050)
	46,614
Consideration transferred for the acquisition of HVR Group and LVL Group	
Cash paid	10,744
Deferred cash settlement	18,932
Cost of banker's guarantee included in the consideration	1,087
Total consideration transferred	30,763
Fair value of equity interest in HVR Group held by the Group immediately before acquisition	6,880
Less: Gain on remeasurement of 30% of HVR Group at fair value before acquisition	(1,207)
Add: Other related expenses	10,178
	46,614

Notes to the Financial Statements
for the financial year ended 31 December 2013

15. Subsidiary companies (continued)

	$'000
Effect of the acquisition of HVR Group and LVL Group on cash flows	
Total consideration for the equity interest acquired	30,763
Less: Deferred cash settlement	(18,932)
Less: Banker's guarantee included in the consideration	(1,087)
Consideration settled in cash	10,744
Less: Cash and short-term deposits of subsidiary acquired	(6,929)
Net cash outflow on acquisition	(3,815)

Impact of the acquisition on profit or loss

From the acquisition date, HVR Group and LVL Group have contributed $11,927,000 of revenue and $1,218,000 to the Group's profit after taxation for the year ended 31 December 2012. If the business combination had taken place on 1 January 2012, the revenue of the Group from continuing operations would have been $343,101,000 and the Group's profit after taxation from continuing operations would have been $15,613,000 for the year ended 31 December 2012.

Gain on bargain purchase

The acquisition of the above subsidiaries has resulted in a gain on bargain purchase for 2012 as the fair value of the identifiable net assets acquired exceeds the aggregate of the purchase consideration and the acquisition date fair value of the Group's previously held equity interest. The assets acquired consist primarily of the hotel property and investment properties, and were valued at $77,989,000 by HVS Consulting & Valuation in their report dated 3 April 2012. HVS Consulting & Valuation is an independent valuer with recognised and relevant professional qualification and experience to perform the valuation. In arriving at the fair value of the hotel property and investment properties, the valuer has taken into account the estimated future cash flows to be generated from these properties.

A gain on bargain purchase of $16,050,000 has been recognised in "Other income" line item in the Group's income statement for the year ended 31 December 2012.

Gain on remeasuring previously held equity interest in HVR Group at acquisition date

Included in the gain on bargain purchase for the year ended 31 December 2012 was a gain of $1,207,000 as a result of remeasuring at fair value the Group's 30% equity interest in HVR Group held before the business combination.

Trade receivables acquired

Trade receivables acquired of $1,450,000 represents both the fair value and gross contractual amounts. The entire amount is expected to be collected.

Notes to the Financial Statements
for the financial year ended 31 December 2013

15. Subsidiary companies (continued)

Acquisition of non-controlling interests

On 28 March 2013, the Group acquired the remaining 6.57% equity interest in Maldives Bay Pvt Ltd (MBPL) from its non-controlling interests for a cash consideration of $3,181,000. As a result of this acquisition, MBPL became a wholly-owned subsidiary of the Group. The carrying value of the net assets of MBPL at 28 March 2013 was $48,544,000 and the carrying value of the additional interest acquired was $3,190,000. The difference of $9,000 has been recognised as credit to "Premium paid on acquisition of non-controlling interests" within the statement of changes in equity.

The following summarises the effect of the change in the Group's ownership interest in MBPL on the equity attributable to owners of the Company:

	S$'000
Consideration paid for acquisition of non-controlling interests	3,181
Decrease in equity attributable to non-controlling interests	(3,190)
Increase in equity attributable to owners of the Company	(9)

Details of the subsidiary companies at the end of the financial year are as follows:

	Name of subsidiary company	Principal activities	Place of incorporation	Cost of investment 2013 $'000	Cost of investment 2012 $'000	Effective equity held by the Group 2013 %	Effective equity held by the Group 2012 %
(i)	***Held by the Company***						
1	Banyan Tree Corporate Pte. Ltd.	Provision of resort, spa, project and golf management services	Singapore	**5,466**	5,466	**100**	100
1	Banyan Tree Investments Pte. Ltd.	Property holding	Singapore	**10,673**	10,673	**100**	100
1	Banyan Tree Spas Pte. Ltd.	Operation of spas	Singapore	**	**	**100**	100
17	Banyan Tree Adventures Pte. Ltd.	Provision of travel agency services	Singapore	**736**	736	**100**	100
1	Banyan Tree China Holdings Pte. Ltd.	Investment holding	Singapore	**	**	**100**	100
1	Banyan Tree Capital Pte. Ltd.	Business management and consultancy services	Singapore	**500**	500	**100**	100
1	Brand Services (Singapore) Pte. Ltd.	Own and manage intellectual property for and on behalf of Banyan Tree Group	Singapore	**	**	**100**	100
1	Banyan Tree Indochina Holdings Pte. Ltd.	Investment holding	Singapore	**	**	**100**	100
1	Banyan Tree Indochina Management (Singapore) Pte. Ltd.	Investment holding	Singapore	**	**	**100**	100

Notes to the Financial Statements

for the financial year ended 31 December 2013

15. Subsidiary companies (continued)

	Name of subsidiary company	Principal activities	Place of incorporation	Cost of investment 2013 $'000	Cost of investment 2012 $'000	Effective equity held by the Group 2013 %	Effective equity held by the Group 2012 %
(i)	***Held by the Company*** (continued)						
1	Laguna Tours and Travel Pte. Ltd.	Property development and investments	Singapore	**	**	**100**	100
1	Banyan Tree Services Pte. Ltd.	Investment holding	Singapore	**	**	**100**	100
2	Laguna Resorts & Hotels Public Company Limited	Hotel and property development business	Thailand	**71,619**	71,619	**65.75**	65.75
12	Tibet Lhasa Banyan Tree Resorts Limited	Construction and management of hotels and spas	China	**5,097**	5,097	**100**	100
2	Banyan Tree Investment Holdings (HK) Limited	Investment holding	Hong Kong	**39**	39	**100**	100
2	Banyan Tree Properties (HK) Limited	Investment holding	Hong Kong	**	**	**100**	100
2	Vabbinvest Maldives Pvt Ltd	Operation of holiday resorts	Maldives	**4,163**	4,163	**100**	100
2	Maldives Bay Pvt Ltd	Development and management of resorts, hotels and spas	Maldives	**49,934**	46,754	**100**	93.43
2	Maldives Cape Pvt Ltd	Development and management of resorts, hotels and spas	Maldives	**	**	**100**	100
9	Hill View Resorts Holdings Limited	Investment holding	British Virgin Islands	**25,751**	25,751	**100**	100
2	Banyan Tree Resorts & Spas (Morocco) S.A.	Provision of management, operation services and ancillary services related to the hospitality industry	Morocco	**9,883**	9,883	**100**	100
3	Beruwela Walk Inn PLC	Operation of hotel resorts	Sri Lanka	**645**	645	**79.85**	79.85
10	Integrated Investments Limited	Investment holding	New Zealand	**	**	**100**	100
2	PT. Heritage Resorts & Spas	Tourism management consultancy services	Indonesia	**1,319**	1,319	**100**	100
				185,825	182,645		

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for the financial year ended 31 December 2013

15. Subsidiary companies (continued)

	Name of subsidiary company	Principal activities	Place of incorporation	Effective equity held by the Group 2013 %	2012 %
(ii)	***Held through subsidiary companies***				
1	Resort Planning Services Pte. Ltd.	Provision of consultancy services	Singapore	**100**	100
1	Hotelspa Pte. Ltd.	Investment holding	Singapore	**100**	100
1	Banyan Tree Gallery (Singapore) Pte Ltd	Sale of merchandise	Singapore	**82.53**	82.53
1	Banyan Tree Dunhuang (S) Pte. Ltd.	Investment holding	Singapore	**100**	100
1	Sanctuary Chengdu Development Company No. 3 (S) Pte. Ltd.	Investment holding	Singapore	**100**	100
1	Sanctuary Chengdu Development Company No. 1 (S) Pte. Ltd.	Investment holding	Singapore	**100**	100
1	Sanctuary Lijiang (S) Pte. Ltd.	Investment holding	Singapore	**100**	100
1	Sanctuary Jiwa Renga (S) Pte. Ltd.	Investment holding	Singapore	**100**	100
1	Sanctuary Chengdu Development Company No. 2 (S) Pte. Ltd.	Investment holding	Singapore	**100**	100
1	Banyan Tree Indochina Pte. Ltd.	Business management and consultancy services	Singapore	**100**	100
1	Architrave Design & Planning Services Pte. Ltd.	Provision of design, planning and consultancy services for hotels, resorts and spas	Singapore	**100**	100
1	GPS Development Services Pte. Ltd.	Provision of purchasing and project services for hotels, resorts and spas	Singapore	**100**	100
1	Banyan Tree Marketing Group Pte. Ltd.	Provision of marketing services	Singapore	**100**	100
1	Banyan Tree Hotels & Resorts Pte. Ltd	Hotel management consultancy services	Singapore	**100**	100
17	Banyan Tree Marketing Group (Worldwide) Pte. Ltd.	Investment holding	Singapore	**100**	100
1	Sanctuary Chengdu Development Company No. 4 (S) Pte. Ltd.	Investment holding	Singapore	**100**	100
2	Banyan Tree Mkg (HK) Limited	Provision of marketing services	Hong Kong	**100**	100
2	Banyan Tree Resorts & Spas (Thailand) Company Limited	Provision of spa services	Thailand	**100**	100
2	Banyan Tree Hotels & Resorts (Thailand) Limited	Provision of hotel management services	Thailand	**100**	100
2	TWR – Holdings Limited	Investment holding and property development	Thailand	**65.75**	65.75
2	Laguna Holiday Club Limited	Holiday club membership and property development	Thailand	**65.75**	65.75
2	Laguna (3) Limited	Property development	Thailand	**65.75**	65.75
2	Banyan Tree Gallery (Thailand) Limited	Sale of merchandise	Thailand	**82.53**	82.53
2	Pai Samart Development Company Limited	Property development	Thailand	**65.75**	65.75
2	Mae Chan Property Company Limited	Property development	Thailand	**65.75**	65.75

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for the financial year ended 31 December 2013

15. Subsidiary companies (continued)

	Name of subsidiary company	Principal activities	Place of incorporation	Effective equity held by the Group 2013 %	Effective equity held by the Group 2012 %
(ii)	***Held through subsidiary companies*** (continued)				
2	Phuket Resort Development Limited	Property development	Thailand	**65.75**	65.75
2	Laguna Grande Limited	Operation of golf club and property development	Thailand	**65.75**	65.75
2	Laguna Banyan Tree Limited	Hotel operations and property development	Thailand	**65.75**	65.75
2, 8	Talang Development Company Limited	Property development	Thailand	**32.88**	32.88
2	Twin Waters Development Company Limited	Property development	Thailand	**65.75**	65.75
2	Bangtao (1) Limited	Property development	Thailand	**65.75**	65.75
2	Bangtao (2) Limited	Property development	Thailand	**65.75**	65.75
2	Bangtao (3) Limited	Property development	Thailand	**65.75**	65.75
2	Bangtao (4) Limited	Property development	Thailand	**65.75**	65.75
2	Bangtao Development Limited	Property development	Thailand	**65.75**	65.75
2	Bangtao Grande Limited	Hotel operations	Thailand	**65.75**	65.75
2	Laguna Central Limited	Dormant	Thailand	**55.89**	55.89
2, 8	Laguna Service Company Limited	Provision of utilities and other services to hotels owned by the subsidiaries	Thailand	**47.93**	47.93
2	Thai Wah Plaza Limited	Hotel operations, lease of office building space and property development	Thailand	**65.75**	65.75
2	Thai Wah Tower Company Limited	Lease of office building space	Thailand	**65.75**	65.75
2	Thai Wah Tower (2) Company Limited	Property development	Thailand	**65.75**	65.75
2, 8	Laguna Excursions Limited	Travel operations	Thailand	**32.22**	32.22
2	Laguna Lakes Limited	Property development	Thailand	**62.40**	62.40
2	Laguna Village Limited	Hotel operations	Thailand	**65.75**	65.75
17	LVCL (Thailand) Co., Ltd	Provision of project development services	Thailand	**100**	100
2	Wanyue Leisure Health (Shanghai) Co., Ltd	Operation of spas	China	**100**	100
2	Zhongdian Jiantang Hotel Limited	Hotel services	China	**80**	80
2	Jiwa Renga Resorts Limited	Hotel construction and operation	China	**96**	96
2	Banyan Tree Hotels Management (Beijing) Co., Ltd	Provision of operation and management services for property, spas and food and beverage, and consulting services for hotel design and tourism information	China	**100**	100
2	Lijiang Banyan Tree Property Service Company Limited	Hotel management	China	**87.04**	87.04
2	Lijiang Banyan Tree Hotel Co., Ltd	Hotel construction and operation	China	**83.20**	83.20
14	Dunhuang Banyan Tree Hotel Company Limited	Develop, own and operate hotels and resorts in China	China	**100**	100

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for the financial year ended 31 December 2013

15. Subsidiary companies (continued)

	Name of subsidiary company	Principal activities	Place of incorporation	Effective equity held by the Group 2013 %	Effective equity held by the Group 2012 %
(ii)	***Held through subsidiary companies*** (continued)				
2	Banyan Tree Lijiang International Travel Service Co., Ltd	Provision of travel agency services	China	**83.20**	83.20
2	Lijiang Banyan Tree Gallery Trading Company Limited	Provision of trading and retailing of consumer goods in resorts	China	**82.53**	82.53
2	Tianjin Banyan Tree Capital Investment Management Co., Ltd.	Investment management and related consulting services	China	**100**	100
2	Banyan Tree Hotels Management (Tianjin) Co., Ltd.	Consultant and operator of hotels/resorts, residences, spas, food and beverage including ancillary services related to the hospitality industry	China	**100**	100
2	Yueliang Architectural Design Consulting (Shanghai), Co. Ltd	Provision of spas architect & design services	China	**100**	100
2	Xiangrong Business Consulting (Shanghai) Co., Ltd	Provision of project management and materials procurement services	China	**100**	100
11	Chengdu Banyan Tree No. 1 Property Co., Ltd	Residential Property Development	China	**100**	–
11	Chengdu Banyan Tree No. 4 Property Co., Ltd	Residential Property Development	China	**100**	–
11	Banyan Tree Marketing (Shanghai) Co., Ltd	Provision of marketing services	China	**100**	–
2	Banyan Tree Resorts Limited	Provision of resort management services	Hong Kong	**100**	100
2	Banyan Tree Spa (HK) Limited	Provision of spa management services	Hong Kong	**100**	100
4	Cheer Golden Limited	Investment holding	Hong Kong	**65.75**	65.75
2	Triumph International Holdings Limited	Investment holding	Hong Kong	**80**	80
11	Banyan Tree Hotels & Resorts Korea Limited	Provision of hotel management services	Korea	**100**	–
17	Sanctuary Lijiang (Cayman) Limited	Investment holding	Cayman Islands	**100**	100
16	Sanctuary Chengdu Development Company No. 1 (Cayman) Limited	Investment holding	Cayman Islands	**-**	100
17	Sanctuary Jiwa Renga (Cayman) Limited	Investment holding	Cayman Islands	**100**	100
16	Sanctuary Gyalthang Dzong (Cayman) Limited	Investment holding	Cayman Islands	**–**	100
16	Sanctuary Dunhuang (Cayman) Limited	Investment holding	Cayman Islands	**–**	100
16	Sanctuary Chengdu Development Company No. 3 (Cayman) Limited	Investment holding	Cayman Islands	**–**	100
1	Banyan Tree Indochina (GP) Company Limited	Manage and operate the Banyan Tree Indochina Hospitality Fund, L.P.	Cayman Islands	**100**	100
16	Sanctuary Chengdu Development Company No. 2 (Cayman) Limited	Investment holding	Cayman Islands	**–**	100
9	Jayanne International Limited	Investment holding	British Virgin Islands	**100**	100

Notes to the Financial Statements

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15. Subsidiary companies (continued)

	Name of subsidiary company	Principal activities	Place of incorporation	Effective equity held by the Group 2013 %	Effective equity held by the Group 2012 %
(ii)	***Held through subsidiary companies*** (continued)				
9	Club Management Limited	Provision of resort and hotel management and operation services and ancillary services related to the hospitality industry	British Virgin Islands	**100**	100
9	Lindere Villas Limited	Investment holding	British Virgin Islands	**100**	100
15	PT. AVC Indonesia	Holiday club membership	Indonesia	**65.75**	65.75
2	PT. Management Banyan Tree Resorts & Spas	Provision of consultation and management services of the international hotels marketing	Indonesia	**100**	100
2	PT. Banyan Tree Management	Provision of hotel management services	Indonesia	**100**	100
2	Banyan Tree MX S.A. De C.V.	Provision of business management services, resort and hotel management, operation services and ancillary services related to the hospitality industry	Mexico	**100**	100
9	Banyan Tree Servicios S.A. De C.V.	Provision of business management services, resort and hotel management, operation services and ancillary services related to the hospitality industry	Mexico	**100**	100
2	Banyan Tree Guam Limited	Provision of spa and other associated services	Guam	**100**	100
2	Banyan Tree Spas Sdn. Bhd.	Operation of spas	Malaysia	**100**	100
9	Banyan Tree Japan Yugen Kaisha	Operation of spas	Japan	**100**	100
2	Heritage Spas Egypt LLC	Operation and investment in resorts, spas and retail outlets	Egypt	**100**	100
2	Banyan Tree (Private) Limited	Operation of spas	Sri Lanka	**100**	100
6	Heritage Spas South Africa (Pty) Ltd	Operation and investment in resorts, spas and retail outlets	South Africa	**100**	100
2	Heritage Spas Dubai LLC	Operation of spas	Dubai	**100**	100
2	Maldives Angsana Pvt Ltd	Operation of holiday resorts	Maldives	**100**	100
5	Keelbay Pty Ltd	Operation of spas	Australia	**100**	100
7	Jayanne (Seychelles) Limited	Own, buy, sell, take on lease, develop or otherwise deal in immovable property	Seychelles	**100**	100
7	Hill View Resorts (Seychelles) Limited	Resort development	Seychelles	**100**	100
17	Ocean Estate (Seychelles) Limited	Development of residences for sale	Seychelles	**100**	100

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15. Subsidiary companies (continued)

	Name of subsidiary company	Principal activities	Place of incorporation	Effective equity held by the Group 2013 %	Effective equity held by the Group 2012 %
(ii)	***Held through subsidiary companies*** (continued)				
7	Lindere Villas (Seychelles) Limited	Investment holding	Seychelles	**100**	100
2	Banyan Tree Mkg (UK) Ltd	Provision of marketing services	United Kingdom	**100**	100
9	Banyan Tree Mkgt (USA), Inc	Provision of marketing services	United States of America	**100**	100
2	BT Investments Holdings Phils. Inc.	Investment holding	Philippines	**97.85**	97.85
2	Banyan Tree Hotels (Cyprus) Ltd	Provision of management consultancy and hotel design services	Cyprus	**100**	100
13	Green Transportation SARL AU	Provision of tourist transportation activities	Morocco	**100**	100
2	Banyan Tree Indochina Co., Ltd.	Provision of project supervision and management service	Vietnam	**100**	100

1 *Audited by Ernst & Young LLP, Singapore.*

2 *Audited by member firms of Ernst & Young Global in the respective countries.*

3 *Audited by Tudor V.P. & Co.*

4 *Audited by RSM Nelson Wheeler.*

5 *Not required to be audited as the company exempted from audit.*

6 *Audited by Mazars.*

7 *Audited by BDO Seychelles.*

8 *These companies are subsidiary companies of LRH which in turn are subsidiary companies of the Group. Management of the Group is of the view that these companies should be consolidated as subsidiaries in the consolidated financial statements as the Group has control over them through LRH.*

9 *Not required to be audited under the laws of country of incorporation.*

10 *Audited by KPMG, New Zealand.*

11 *Incorporated/Acquired during the year.*

12 *Audited by Tibet Zhongrong Certified Public Accountant.*

13 *Not required to be audited as the company has not commenced operation as at 31 December 2013.*

14 *Audited by Dunhuang Fang Zheng Certified Public Accountant.*

15 *Audited by RSM AAJ Associates.*

16 *Liquidated during the year.*

17 *In the process of voluntary liquidation.*

** *Cost of investment is less than $1,000.*

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16. Associated companies

	GROUP		COMPANY	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Unquoted equity shares, at cost	**942**	942	**869**	869
Share of post-acquisition reserves	**54**	32	**–**	–
Impairment loss	**(586)**	(586)	**–**	–
Net exchange differences	**(128)**	(130)	**–**	–
	282	258	**869**	869

The details of the associated companies at the end of the financial year are as follows:

	Name of associated company	Principal activities	Place of incorporation	Effective equity held by the Group 2013 %	2012 %
	Held through subsidiary companies				
[2]	Lotes 3 Servicios S.A. De C.V.	Provision of business management and services	Mexico	**20**	20
[1, 3]	Tropical Resorts Limited	Resort investment and development	Hong Kong	**17**	17
[1, 3]	Diwaran Resorts Phil. Inc.	Investment holding	Philippines	**9.09**	9.09

[1] *Audited by member firms of Ernst & Young Global in the respective countries.*

[2] *Audited by Deloitte Touche Tomatsu, Mexico.*

[3] *Companies are considered associates as the investments were held through subsidiary companies which have significant influence over the operating and financial policies of these companies.*

The Group has not recognised its share of losses and deficit in the currency translation reserve relating to Tropical Resorts Limited where its share of deficit in equity has exceeded the Group's interest in this associated company. At the end of the reporting period, the Group's cumulative share of unrecognised losses and currency translation deficit were $3,256,000 (2012: $1,971,000) and $626,000 (2012: $799,000) respectively.

The Group has no obligation in respect of these losses.

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16. Associated companies (continued)

The summarised financial information of associated companies, not adjusted for the proportion of ownership interests held by the Group, is as follows:

	2013 $'000	2012 $'000
Assets and liabilities:		
Current assets	**17,843**	19,679
Non-current assets	**55,088**	53,263
Total assets	**72,931**	72,942
Current liabilities	**(22,101)**	(16,843)
Non-current liabilities	**(58,906)**	(59,047)
Total liabilities	**(81,007)**	(75,890)
Results:		
Revenue	**25,958**	32,112
Loss for the year	**(19,040)**	(16,052)

The Group's share of the capital commitments and contingent liabilities of the associated companies is Nil (2012: Nil).

17. Joint venture companies

	GROUP		COMPANY	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Shares at cost	–	6,000	–	6,000
Share of post-acquisition reserves	–	1,953	–	–
Net exchange differences	–	(1,652)	–	–
	–	6,301	–	6,000

The details of the joint venture companies at the end of the financial year are as follows:

	Name of joint venture company	Principal activities	Place of incorporation	Effective equity held by the Group 2013 %	Effective equity held by the Group 2012 %
	Held by the Company				
[1, 2]	Seychelles Tropical Resorts Holdings Limited and its subsidiary company	Investment holding	British Virgin Islands	–	50

[1] *Not required to be audited under the laws of country of incorporation.*

[2] *Liquidated during the year.*

Notes to the Financial Statements
for the financial year ended 31 December 2013

17. Joint venture companies (continued)

The summarised financial information of joint venture companies, not adjusted for the proportion of ownership interests held by the Group, is as follows:

	2013 $'000	2012 $'000
Assets and liabilities:		
Non-current assets	–	12,602
Total assets	–	12,602
Current liabilities	–	–
Total liabilities	–	–
Results:		
Profit for the year	–	14

The Group's share of the capital commitments and contingent liabilities of the joint venture companies is Nil (2012: Nil).

18. Prepaid island rental

	GROUP	
	2013 $'000	2012 $'000
At 1 January	**24,675**	46,949
Net exchange differences	**899**	(2,616)
Payment of island rental during the year	**1,496**	1,455
	27,070	45,788
Less: Amount charged to expenses during the year	**(2,288)**	(2,771)
Less: Transfer to Assets of disposal group classified as held for sale (Note 33)	–	(18,342)
At 31 December	**24,782**	24,675
Amount chargeable within 1 year (Note 25)	**1,850**	1,764
Amount chargeable after 1 year	**22,932**	22,911
	24,782	24,675

The above amounts were paid to the owners of the Vabbinfaru Island, Ihuru Island, Velavaru Island and Madivaru Island as operating lease rentals.

At the end of the reporting period, the lease periods are as follows:

Island	Lease period 2013	Lease period 2012
Maldives		
Vabbinfaru Island	**1 May 1993 – 31 Mar 2045**	1 May 1993 – 31 Mar 2045
Ihuru Island	**16 Oct 2000 – 22 Mar 2045**	16 Oct 2000 – 22 Mar 2045
Velavaru Island	–	24 Jul 2005 – 25 Aug 2047
Madivaru Island	**5 May 2006 – 17 Aug 2022**	5 May 2006 – 17 Aug 2022

Notes to the Financial Statements
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19. Long-term trade receivables

	GROUP	
	2013 $'000	**2012 $'000**
Loans and receivables		
Long-term trade receivables are repayable as follows:		
Within 12 months (Note 24)	**5,457**	5,916
Between 2 to 5 years	**17,539**	10,706
After 5 years	**10,661**	11,077
	28,200	21,783

Long-term trade receivables consist of:

(i) Receivables from property sales bear interest at rates ranging from 5% to 12%, Minimum Lending Rate (MLR) plus 0.5% to 1% and the Group's cost of funds plus 0.5% per annum (2012: 7 to 12%, MLR plus 0.5% to 1% and the Group's cost of funds plus 0.5% per annum) and are repayable over an instalment period of 3 to 15 years.

(ii) The Group has purchased certain properties on behalf of a third party who is in the business of selling club memberships. A subsidiary company of the Group acts as the manager of these properties on behalf of the third party. As at 31 December 2013, the amounts due from the third party are $21,428,000 (2012: $14,173,000), out of which an amount of $14,774,000 (2012: $14,173,000) bears an interest rate of 6% per annum (2012: 6%) and are repayable over 13.5 to 15 years, commencing from 2008. The remaining amount due from the third party is interest-free, unsecured and repayable between 2 to 5 years.

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for the financial year ended 31 December 2013

20. Intangible assets

GROUP	Goodwill $'000	Trademarks $'000	Other intangible assets $'000	Total $'000
Cost:				
At 1 January 2012, 31 December 2012 and 1 January 2013	2,603	24,300	–	26,903
Additions	–	–	1,987	1,987
Net exchange differences	–	–	(85)	(85)
At 31 December 2013	2,603	24,300	1,902	28,805
Accumulated amortisation and impairment losses:				
At 1 January 2012, 31 December 2012, 1 January 2013 and 31 December 2013	–	–	–	–
Net carrying amount:				
At 31 December 2012	2,603	24,300	–	26,903
At 31 December 2013	2,603	24,300	1,902	28,805

Other intangible assets

Other intangible assets relate to sales commission incurred that are directly attributable to securing the property sale contract. The sales commission will be amortised as the Group recognised the related revenue.

Impairment testing of goodwill

Goodwill acquired through business combination was related to Thai Wah Plaza Limited, which has been identified as the single cash generating unit ("CGU") for impairment testing.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rates stated below.

Key assumptions used for value-in-use calculations:

	Thai Wah Plaza Limited	
	2013	**2012**
Growth rate	**0%**	0%
Discount rate	**9.9%**	8.5%

The above assumptions have been used for analysis of the CGU. Management determined the budgeted growth rate based on past performance and its expectation for market development. The discount rate reflects weighted average cost of capital rate used and is consistent with forecasts used in industry reports. The discount rate used reflects the specific risks relating to the relevant company.

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20. Intangible assets (continued)

Impairment testing of goodwill (continued)

Sensitivity to changes in assumptions

With regards to the assessment of value in use, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

Impairment testing of trademarks

The trademarks comprise of "Banyan Tree" and "Angsana" brands. Trademarks have been allocated to individual cash-generating units, which are the Group's reportable operating segments, for impairment testing as follows:

- Property Sales Segment;
- Fee-based Segment

Carrying amounts of trademarks are allocated to each of the Group's cash-generating units based on a valuation performed by a professional and independent valuer at acquisition date, using the projected discounted cashflows on future royalties from each of the reportable operating segments. The allocated amounts to each cash-generating unit are as follows:

	Property Sales Segment		Fee-based Segment		Total	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Carrying amount of trademarks	**630**	630	**23,670**	23,670	**24,300**	24,300

The recoverable amount for all the individual reportable operating segments is determined based on a value in use calculation using cash flow projections based on financial budgets approved by management covering a five-year period.

The discount rate applied to the cash flow projections of each reportable operating segment is 9.48% (2012: 11.3%). The growth rate used to extrapolate the cash flows of each business segment beyond the five-year period is 2% (2012: 2%). Management determined the budgeted growth rate based on past performance and its expectation for market development. The discount rate, which reflects weighted average cost of capital rate used, is consistent with forecasts used in industry reports. The discount rate reflects specific risks relating to the relevant companies.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of trademarks:

- Budgeted hotel occupancy rates – the basis used to determine the budgeted hotel occupancy rates is the average hotel occupancy rates achieved in the previous years, adjusted for the forecast growth rate.
- Budgeted hotel room rates – the basis used to determine the budgeted hotel room rates is the average room rates achieved in the previous years, adjusted for the forecast growth rate.

Sensitivity to changes in assumptions

With regards to the assessment of value in use, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

Notes to the Financial Statements

for the financial year ended 31 December 2013

21. Long-term investments

	GROUP	
	2013 $'000	**2012 $'000**
Quoted investments		
Equity shares, at fair value	**9,568**	2
Unquoted investments		
Equity shares, at cost	**86,647**	74,107
Less: Impairment in value of unquoted investments	**(1,563)**	(63)
Total unquoted investments	**85,084**	74,044
Total available-for-sale financial assets	**94,652**	74,046

Unquoted equity shares are stated at cost and have no market prices and the fair value cannot be reliably measured using valuation techniques. The unquoted equity shares represent ordinary shares in companies that are not quoted on any markets and do not have comparable industry peers that are listed.

Impairment losses

During the financial year, the Group recognised impairment loss of $1,500,000 (2012: Nil) for unquoted investments carried at cost, reflecting the write-down in the carrying value of this investment to its recoverable amount.

22. Other receivables – non current

	GROUP	
	2013 $'000	**2012 $'000**
Loans and receivables		
Deposits	**3,146**	4,803
Loans to third parties	**4,024**	5,436
	7,170	10,239

The loans to third parties are interest-free, unsecured, have no fixed terms of repayment and are not expected to be repaid within the next twelve months.

23. Inventories

	GROUP	
	2013 $'000	**2012 $'000**
Balance sheet:		
Food and beverage, at cost	**2,160**	2,174
Trading goods and supplies, at cost	**7,254**	7,820
Materials, at cost	**3,102**	3,558
Others	**11**	41
	12,527	13,593
Income statement inclusive of the following charge:		
– Inventories recognised as an expense in cost of sales	**30,467**	25,958
– Inventories (write-back of)/written-down (Note 7)	**(50)**	80

The write-back of inventories represent a reversal of amount previously written down and is recorded when related inventories were sold above their carrying amount in 2013.

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for the financial year ended 31 December 2013

24. Trade receivables

	GROUP 2013 $'000	GROUP 2012 $'000
Loans and receivables		
Trade receivables	**84,552**	92,153
Current portion of long-term trade receivables (Note 19)	**5,457**	5,916
	90,009	98,069
Less: Allowance for doubtful debts	**(12,683)**	(12,973)
	77,326	85,096

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Significant foreign currency denominated balances

	GROUP		COMPANY	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
US Dollars	**14,163**	15,107	**752**	726
Chinese Renminbi	**9,593**	8,996	**–**	–

Receivables that are past due but not impaired

The Group has trade receivables amounting to $41,820,000 (2012: $47,436,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their ageing at the end of the reporting period is as follows:

	GROUP 2013 $'000	GROUP 2012 $'000
Trade receivables past due but not impaired:		
Less than 30 days	**11,872**	10,830
30 to 60 days	**3,719**	5,825
60 to 90 days	**1,841**	4,195
More than 90 days	**24,388**	26,586
	41,820	47,436

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24. Trade receivables (continued)

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	GROUP	
	2013 $'000	**2012 $'000**
Trade receivables – nominal amounts	**12,683**	12,973
Less: Allowance for doubtful debts	**(12,683)**	(12,973)
	–	–

	GROUP	
	2013 $'000	**2012 $'000**
Movement in allowance accounts:		
At 1 January	**12,973**	9,249
Charge for the year (Note 7)	**2,415**	4,474
Utilisation	**(3,100)**	(401)
Exchange differences	**395**	(349)
At 31 December	**12,683**	12,973

It is the Group's policy not to provide for general allowance in respect of doubtful debts and allowance is only made for debts that have been determined as uncollectible in accordance to Note 2.18 (a).

Trade receivables that are individually determined to be impaired at the end of the reporting period relates to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Receivables subject to offsetting arrangements

The Group provides project design and design services to Laguna Vietnam Co. Ltd. Laguna Vietnam Co. Ltd. bills the Group for engaging third party subcontractors on behalf of the Group. Both parties have an arrangement to settle the net amount due to or from each other on a 30-days term basis.

The Group regularly provides spa treatment services to in-house guests of Vineyard Hotel & Spa. The Group will be regularly charged by Vineyard Hotel & Spa for rental, utilities and other miscellaneous expenses incurred on behalf of the Group. Both parties have an arrangement to settle the net amount due to or from each other on a 30-days term basis.

The Group regularly charges management and service fee income to Mayakoba Thai S.A. De C.V. and Able Hyundai Hotel & Resort Co., Ltd. Mayakoba Thai S.A. De C.V. and Able Hyundai Hotel & Resort Co., Ltd regularly bills the Group for gift vouchers redeemed by guests at the hotel. Both parties have an arrangement to settle the net amount due to or from each other on a 60-days and 30-days term basis respectively.

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24. Trade receivables (continued)

Receivables subject to offsetting arrangements (continued)

The Group's trade receivables and trade payables that are off-set are as follows:

	2013 $'000		
	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Description			
Trade receivables	**1,240**	**(223)**	**1,017**
Trade payables	**223**	**(223)**	**–**

	2012 $'000		
	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Description			
Trade receivables	1,059	(104)	955
Trade payables	104	(104)	–

25. Prepayments and other non-financial assets – current

	GROUP		COMPANY	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Prepayments	**5,783**	6,783	**81**	51
Prepaid island rental – current portion (Note 18)	**1,850**	1,764	**–**	–
Advances to suppliers	**3,045**	1,614	**–**	–
Goods and services tax/value-added tax receivable	**4,068**	4,476	**–**	169
Others	**4,172**	2,964	**32**	99
	18,918	17,601	**113**	319

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26. Other receivables - current

	GROUP		COMPANY	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Loans and receivables				
Deposits	**22,812**	7,485	**3,248**	90
Interest receivable	**44**	37	**36**	3
Staff advances	**336**	298	**–**	–
Insurance recoverable	**36**	70	**–**	–
Other recoverable expenses	**1,346**	1,121	**–**	–
Other receivables	**5,048**	3,698	**98**	343
	29,622	12,709	**3,382**	436

27. Amounts due from/(to) subsidiary companies

	COMPANY	
	2013 $'000	2012 $'000
Loans and receivables		
Amounts due from subsidiary companies		
– non-trade	**110,810**	62,695
Financial liabilities at amortised cost		
Amounts due to subsidiary companies		
– non-trade	**(58,292)**	(25,766)

The amounts due from/(to) subsidiary companies are unsecured, interest-free and repayable on demand.

At the end of the reporting period, the Company has provided for an allowance of $494,000 (2012: written back an allowance of $841,000) for impairment of the amounts due from its subsidiary companies with a nominal amount of $3,046,000 (2012: $2,179,000). The allowance account for the financial year ended 31 December 2013 in relation to the amounts due from the subsidiary companies is $2,673,000 (2012: $2,179,000).

28. Amounts due from/(to) associated companies

	GROUP		COMPANY	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Loans and receivables				
Amounts due from associated companies				
– trade	**123**	21	**–**	–
	123	21	**–**	–
Financial liabilities at amortised cost				
Amounts due to associated companies				
– trade	**(4)**	(4)	**–**	–
	(4)	(4)	**–**	–

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29. Amounts due from/(to) related parties

	GROUP		COMPANY	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Loans and receivables				
Amounts due from related parties				
– trade	**8,354**	7,571	–	–
– non-trade	**62**	51	–	4
	8,416	7,622	–	4
Financial liabilities at amortised cost				
Amounts due to related parties				
– trade	**(6)**	(516)	–	–
– non-trade	**(581)**	(1,153)	–	(1)
	(587)	(1,669)	–	(1)

The amounts due from/(to) related parties are unsecured, non-interest bearing and repayable on demand.

30. Amount due to a joint venture company

	GROUP		COMPANY	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Financial liabilities at amortised cost				
Amount due to a joint venture company				
– non-trade	–	(6,301)	–	(6,301)

The amount due to a joint venture company is unsecured and non-interest bearing, with no fixed terms of repayment.

31. Property development costs

	GROUP	
	2013 $'000	2012 $'000
Properties under development		
Cost incurred to date	**132,078**	45,664
Less: Allowance for foreseeable losses	**(3,706)**	(3,801)
	128,372	41,863
Properties held for sale	**40,486**	49,975
	168,858	91,838

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for the financial year ended 31 December 2013

31. Property development costs (continued)

Details of the properties as at 31 December 2013 are as follows:

Description	Location of property	Estimated completion %	Existing use of property	Gross floor area (Sq meter)	Estimated completion date	Effective equity held by the Group %
Banyan Tree Bangkok Residences	Bangkok, Thailand	100	Held for sale	4,124	Completed	65.75
Banyan Tree Double Pool Villas Phase 1	Phuket, Thailand	100	Held for sale	10,798	Completed	65.75
Banyan Tree Double Pool Villas Phase 2 (Zone A)	Phuket, Thailand	100	Held for sale	5,062	Completed	65.75
Banyan Tree Phuket Residences two bedroom Phase 3	Phuket, Thailand	100	Held for sale	3,040	Completed	65.75
Laguna Townhomes Phase 5	Phuket, Thailand	80	Under construction	11,076	April 2014	65.75
Laguna Townhomes Phase 6	Phuket, Thailand	100	Held for sale	11,293	Completed	65.75
Laguna Village Villas	Phuket, Thailand	100	Held for sale	1,111	Completed	65.75
Loft Building 1	Phuket, Thailand	100	Held for sale	2,984	Completed	65.75
Laguna Shores	Phuket, Thailand	2	Under construction	19,412	September 2015	65.75
Banyan Tree Lijiang Phase 1 extension	Lijiang, China	100	Held for sale	523	Completed	83.20
Banyan Tree Wenjiang Residential 1	Wenjiang, China	11	Under construction	58,528	December 2015	100
Banyan Tree Wenjiang Residential 2	Wenjiang, China	16	Under construction	82,975	December 2017	100
Banyan Tree Bintan	Bintan, Indonesia	100	Held for sale	4,954	Completed	100

Notes to the Financial Statements

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31. Property development costs (continued)

Details of the properties as at 31 December 2012 are as follows:

Description	Location of property	Estimated completion %	Existing use of property	Gross floor area (Sq meter)	Estimated completion date	Effective equity held by the Group %
Banyan Tree Bangkok Residences	Bangkok, Thailand	100	Held for sale	4,124	Completed	65.75
Banyan Tree Double Pool Villas Phase 1	Phuket, Thailand	100	Held for sale	10,798	Completed	65.75
Banyan Tree Double Pool Villas Phase 2 (Zone A)	Phuket, Thailand	100	Held for sale	5,062	Completed	65.75
Laguna Townhomes Phase 1	Phuket, Thailand	100	Held for sale	340	Completed	65.75
Banyan Tree Phuket Residences two bedroom Phase 3	Phuket, Thailand	100	Held for sale	3,420	Completed	65.75
Laguna Townhomes Phase 5	Phuket, Thailand	37	Under construction	11,076	December 2013	65.75
Laguna Townhomes Phase 6	Phuket, Thailand	100	Held for sale	11,293	Completed	65.75
Laguna Village Villas	Phuket, Thailand	100	Held for sale	2,465	Completed	65.75
Loft Building 1	Phuket, Thailand	100	Held for sale	2,984	Completed	65.75
Banyan Tree Lijiang Phase 1 extension	Lijiang, China	100	Held for sale	701	Completed	83.20
Banyan Tree Bintan	Bintan, Indonesia	100	Held for sale	5,368	Completed	100

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32. Cash and short-term deposits

	GROUP		COMPANY	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Loans and receivables				
Cash on hand and at bank	**100,680**	93,343	**11,560**	4,571
Fixed deposit, unsecured	**78,127**	27,481	**70,036**	14,726
	178,807	120,824	**81,596**	19,297
Significant foreign currency denominated balances				
US Dollars	**31,594**	22,374	**3,882**	2,666
Thai Baht	**17,033**	25,819	**–**	–
Chinese Renminbi	**39,379**	38,401	**–**	–

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates.

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	GROUP	
	2013 $'000	2012 $'000
Cash and short-term deposits	**178,807**	120,824
Bank overdrafts (Note 36)	**(1,984)**	–
Cash and cash equivalents	**176,823**	120,824

33. Assets of disposal group classified as held for sale

In 2012, management was in the final stage of finalising the sale of fixed assets and island lease of Maldives Bay Pvt Ltd ("MB"). As at 31 December 2012, the assets to be disposed have been presented in the balance sheet as "Assets of disposal group classified as held for sale". The sale was completed on 31 January 2013.

The major classes of assets classified as held for sale as at 31 December 2012 are as follows:

	GROUP
	2012 $'000
Property, plant and equipment (Note 12)	43,480
Prepaid island rental (Note 18)	18,342
Assets of disposal group classified as held for sale	61,822

34. Other non-financial liabilities

	GROUP		COMPANY	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Advances received from customers	**26,019**	18,424	**–**	–
Deferred membership fee	**935**	967	**–**	–
Goods and services tax/value added tax payable	**4,387**	3,532	**250**	–
Others	**3,539**	2,631	**107**	94
	34,880	25,554	**357**	94

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35. Other payables

	GROUP		COMPANY	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Financial liabilities at amortised cost				
Accrued operating expenses	**42,500**	36,122	**6,688**	5,055
Accrued service charges	**1,744**	1,964	**–**	–
Deposits	**304**	661	**–**	–
Deferred cash settlement (Note 39)	**6,326**	–	**6,326**	–
Sundry creditors	**2,303**	2,967	**130**	219
	53,177	41,714	**13,144**	5,274

36. Interest-bearing loans and borrowings

	GROUP		COMPANY	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Financial liabilities at amortised cost				
Non-current liabilities				
Secured bank loans	**133,459**	156,143	**15,394**	8,850
Unsecured bank loans	**30,000**	30,000	**30,000**	30,000
	163,459	186,143	**45,394**	38,850
Current liabilities				
Secured bank loans	**35,024**	75,466	**2,608**	1,600
Unsecured bank loans	**16,500**	5,215	**14,500**	2,042
Bank overdrafts	**1,984**	–	**–**	–
	53,508	80,681	**17,108**	3,642

The secured bank loans of the Group are secured by the assets with the following net book values:

	GROUP	
	2013 $'000	2012 $'000
Freehold land and buildings (Note 12)	**325,471**	380,200
Investment properties (Note 14)	**27,639**	27,640
Quoted shares in a subsidiary company	**5,148**	6,576
Leasehold buildings (Note 12)	**43,482**	91,245
Unquoted shares in subsidiary companies	**–**	50,956
Prepaid island rental	**–**	42,131
Property development costs	**24,092**	14,778
Other assets	**674**	5,654
	426,506	619,180

The secured bank loan of the Company is secured by freehold land and buildings of its subsidiary companies, amounting to $41,754,000 (2012: $33,983,000).

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37. Deferred income

	GROUP 2013 $'000	GROUP 2012 $'000
Cost		
At 1 January	**7,575**	8,107
Additions	**1,778**	–
Net exchange differences	**772**	(532)
At 31 December	**10,125**	7,575
Accumulated amortisation		
At 1 January	**1,008**	851
Amortisation for the year (Note 4)	**202**	192
Net exchange differences	**71**	(35)
At 31 December	**1,281**	1,008
Net carrying amount	**8,844**	6,567

Deferred income relates to government grants received for the acquisition of land use rights for tourism related development activities undertaken by the Group's subsidiary companies in PRC to promote the tourism industry. There are no unfulfilled conditions or contingencies attached to these grants.

38. Notes payable

Notes payable which are unsecured relates to the principal of the $70 million fixed rate notes due on 14 March 2014, $50 million fixed rate notes due on 30 May 2017, $70 million fixed rate notes due on 31 July 2018 and $50 million fixed rate notes due on 26 November 2018. The notes bear interest rates of 5.5% per annum (2012: 5.5%), 6.25% per annum (2012: 6.25%), 5.75% per annum (2012: Nil) and 5.35% per annum (2012: Nil) respectively, payable semi-annually.

39. Other non-current liabilities

	GROUP 2013 $'000	GROUP 2012 $'000	COMPANY 2013 $'000	COMPANY 2012 $'000
Financial liabilities at amortised cost				
Deferred cash settlement	**6,024**	18,318	**6,024**	18,318
Others	**480**	719	**–**	–
	6,504	19,037	**6,024**	18,318
Non-financial liabilities				
Others	**2,394**	2,244	**–**	–
	8,898	21,281	**6,024**	18,318

The deferred cash settlement relates to the consideration payable for the acquisition of HVR Group and LVL Group.

According to the sales and purchase agreement for the acquisition of HVR Group and LVL Group, part of the total purchase consideration is deferred and payable in three instalments by 2015. The payable is secured by a banker's guarantee with assets amounting to $28,273,000 (2012: $27,054,000) being pledged.

The carrying amount of the deferred cash settlement is measured based on the future cash payments discounted at an effective interest rate of 5% per annum.

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40. Defined and other long-term employee benefits

The subsidiary companies in Thailand operate two unfunded benefit schemes, Legal Severance Pay ("LSP") and Long Service Award ("LSA") for qualifying employees.

The following tables summarise the components of net benefit expense recognised in the consolidated income statement and amounts recognised in the balance sheets for the plans.

	LSP		LSA		Total	
GROUP	**2013 $'000**	**2012 $'000**	**2013 $'000**	**2012 $'000**	**2013 $'000**	**2012 $'000**
Net benefit expense						
Current service cost	**154**	545	**186**	509	**340**	1,054
Interest cost on benefit obligation	**47**	136	**47**	73	**94**	209
Net actuarial loss/(gain) recognised in the year	**–**	–	**263**	(1,238)	**263**	(1,238)
Past service cost	**–**	–	**–**	253	**–**	253
Net benefit expense/(credit)	**201**	681	**496**	(403)	**697**	278
Net actuarial loss/(gain) recognised in the other comprehensive income	**546**	(2,008)	**–**	–	**546**	(2,008)

Changes in present value of the LSP and LSA obligations are as follows:

	LSP		LSA		Total	
GROUP	**2013 $'000**	**2012 $'000**	**2013 $'000**	**2012 $'000**	**2013 $'000**	**2012 $'000**
At 1 January	**1,277**	3,186	**1,296**	2,117	**2,573**	5,303
Interest cost	**47**	136	**47**	73	**94**	209
Current service cost	**154**	545	**186**	509	**340**	1,054
Benefits paid	**(689)**	(512)	**(481)**	(369)	**(1,170)**	(881)
Actuarial loss/(gains) on obligation	**546**	(2,008)	**263**	(1,238)	**809**	(3,246)
Past service cost	**–**	–	**–**	253	**–**	253
Exchange differences	**(35)**	(70)	**(33)**	(49)	**(68)**	(119)
At 31 December	**1,300**	1,277	**1,278**	1,296	**2,578**	2,573

Notes to the Financial Statements

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40. Defined and other long-term employee benefits (continued)

The principal assumptions used in determining the Group's employee benefits are as follows:

	2013	2012
Discount rates	**4.25%**	3.75%
Future salary increases	**3.00%**	3.00%
Gold price (per Baht weight of gold)	**THB 20,000**	THB 25,000
Gold inflation	**2.00%**	2.00%
Attrition rate	Based on LRH Group's withdrawal experiences in prior years	

Amounts for the LSP and LSA obligations for the current and previous two periods are as follows:

GROUP	2013 $'000	2012 $'000	2011 $'000
LSP and LSA obligation	**2,578**	2,573	5,303
Experience adjustments on the plan liabilities	**174**	(1,155)	–

41. Deferred tax

	GROUP				COMPANY	
	Consolidated balance sheet		Consolidated income statement		Balance sheet	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Deferred tax liabilities:						
Differences in depreciation for tax purposes	**(56,060)**	(70,698)	**(1,053)**	109	**–**	–
Revaluation to fair value:						
– Freehold land and buildings	**(104)**	(100)	**–**	–	**–**	–
– Investment properties	**(6,043)**	(4,470)	**1,760**	653	**–**	–
Temporary differences arising from revenue recognition	**(26,970)**	(27,608)	**(541)**	153	**–**	–
Other items	**(1,462)**	(1,144)	**516**	15	**–**	–
	(90,639)	(104,020)			**–**	–
Deferred tax assets:						
Provisions	**802**	907	**84**	(69)	**–**	–
Unutilised tax losses	**7,142**	6,881	**(391)**	1,343	**–**	–
Other items	**2,119**	3,527	**648**	18	**–**	–
	10,063	11,315			**–**	–
Deferred tax expense			**1,023**	2,222		

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for the financial year ended 31 December 2013

41. Deferred tax (continued)

Unrecognised tax losses

The Group has tax losses of $19,450,000 as at 31 December 2013 (2012: $15,852,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. These tax losses are subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Unrecognised temporary differences relating to investments in subsidiary companies

At the end of the reporting period, no deferred tax liability (2012: Nil) has been recognised for taxes that would be payable on the undistributed earnings of the Group's subsidiary companies as:

– The Group has determined that the majority of the undistributed earnings of its subsidiary companies will not be distributed in the foreseeable future. The tax impact arising from any potential distribution will not be significant to the Group.

Such temporary differences for which no deferred tax liability has been recognised aggregate to $115,261,000 (2012: $126,508,000). The unrecognised deferred tax liability is estimated to be $11,338,000 (2012: $12,119,000).

Tax consequences of proposed dividends

There are no income tax consequences (2012: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 51).

42. Share capital

	GROUP AND COMPANY			
	2013		2012	
	No. of shares	$'000	No. of shares	$'000
Issued and fully paid up				
At 1 January and 31 December	**761,402,280**	**199,995**	761,402,280	199,995

The holders of ordinary shares (except for treasury shares) are entitled to receive dividend as and when declared by the Company. All ordinary shares (except for treasury shares) carry one vote per share without restrictions. The shares of the Company have no par value.

43. Treasury shares and reserves

(a) Treasury shares

Treasury shares relates to ordinary shares of the Company that is held by the Company. In 2007, the Company acquired 3,000,000 shares in the Company through purchases on the Singapore Exchange. The total amount paid to acquire the shares was $5,191,475 and this was presented as a component within shareholders' equity.

The Company acquired 1,440,000 (2012: Nil) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $978,000 (2012: Nil) and this was presented as a component within the shareholders' equity.

As of 31 December 2013, there are 1,930,200 (2012: 1,255,000) treasury shares held by the Company.

Notes to the Financial Statements
for the financial year ended 31 December 2013

43. Treasury shares and reserves (continued)

(b) Share-based payment reserve

The share-based payment reserve represents the equity-settled share grants granted to employees (Note 44). The reserve is made up of (i) the issue of free shares to employees in 2006 and (ii) the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share grants, less value of share grants issued to employee and value of share grants that are expired.

(c) Legal reserve

The legal reserve is set up in accordance with the Public Limited Companies Act B.E. 2535 under Section 116 in Thailand and the Foreign Enterprise Law applicable to subsidiary companies in the People's Republic of China (PRC).

The Group is required to set aside a statutory reserve of at least 5% of its net profit until the reserve reaches 10% of its registered share capital for its listed subsidiary company in Thailand.

At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the Statutory Reserve Fund ("SRF") until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

(d) Property revaluation reserve

The property revaluation reserve is used to record increases in the fair value of revalued properties, net of deferred tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

(e) Currency translation reserve

The currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency and exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiary companies.

(f) Other reserves

Other reserves include the following:

(i) Merger deficit

The merger deficit comprises the difference between the consideration paid, in the form of the acquiring Company's shares and nominal value of the issued share capital of subsidiary companies acquired.

(ii) Capital reserve

The capital reserve comprises a waiver of debt by the joint venture company on amounts due by the Company and accounting of assets in subsidiary companies at their fair values as at the acquisition date and cannot be used for dividend payments.

(iii) Fair value adjustment reserve

The fair value adjustment reserve records the cumulative fair value changes of available-for-sale financial assets until they are derecognised or impaired.

(iv) Gain/(loss) on reissuance of treasury shares

This represents the gain or loss arising from the purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

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for the financial year ended 31 December 2013

43. Treasury shares and reserves (continued)

(f) Other reserves (continued)

A breakdown of the Group's and Company's other reserves is as follows:

GROUP	Merger deficit $'000	Capital reserve $'000	Fair value adjust-ment reserve $'000	Premium paid on acquisition of non-controlling interests $'000	Loss on reissuance of treasury shares $'000	Total other reserves $'000
At 1 January 2013	**(18,038)**	**7,852**	**242**	**(2,562)**	**(1,611)**	**(14,117)**
Other comprehensive income for the year	**–**	**–**	**6,572**	**–**	**–**	**6,572**
Total comprehensive income for the year	**–**	**–**	**6,572**	**–**	**–**	**6,572**
Contributions by and distributions to owners						
Treasury shares reissued pursuant to Share-based Incentive Plan	**–**	**–**	**–**	**–**	**(848)**	**(848)**
Total contributions by and distributions to owners	**–**	**–**	**–**	**–**	**(848)**	**(848)**
Changes in ownership interests in subsidiary						
Acquisition of non-controlling interest without a change in control	**–**	**–**	**–**	**9**	**–**	**9**
Total changes in ownership interests in subsidiary	**–**	**–**	**–**	**9**	**–**	**9**
Total transactions with owners in their capacity as owners	**–**	**–**	**–**	**9**	**(848)**	**(839)**
At 31 December 2013	**(18,038)**	**7,852**	**6,814**	**(2,553)**	**(2,459)**	**(8,384)**
At 1 January 2012	(18,038)	7,852	242	(2,562)	(1,079)	(13,585)
Contributions by and distributions to owners						
Treasury shares reissued pursuant to Share-based Incentive Plan	–	–	–	–	(532)	(532)
Total transactions with owners in their capacity as owners	–	–	–	–	(532)	(532)
At 31 December 2012	(18,038)	7,852	242	(2,562)	(1,611)	(14,117)

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for the financial year ended 31 December 2013

43. Treasury shares and reserves (continued)

(f) Other reserves (continued)

COMPANY	Capital reserve $'000	Loss on reissuance of treasury shares $'000	Total Other reserves $'000
At 1 January 2013	**7,852**	**(1,611)**	**6,241**
Contributions by and distributions to owners			
Treasury shares reissued pursuant to Share-based Incentive Plan	**–**	**(848)**	**(848)**
Total transactions with owners in their capacity as owners	**–**	**(848)**	**(848)**
At 31 December 2013	**7,852**	**(2,459)**	**5,393**
At 1 January 2012	7,852	(1,079)	6,773
Contributions by and distributions to owners			
Treasury shares reissued pursuant to Share-based Incentive Plan	–	(532)	(532)
Total transactions with owners in their capacity as owners	–	(532)	(532)
At 31 December 2012	7,852	(1,611)	6,241

44. Equity compensation benefits

Banyan Tree Share Option Scheme and Banyan Tree Performance Share Plan

On 28 April 2006, the shareholders of the Company approved the adoption of two share-based incentive schemes for its Directors and employees, the Banyan Tree Share Option Scheme (the "Share Option Scheme") and a performance share plan known as the Banyan Tree Performance Share Plan (the "Plan"). Under the Share Option Scheme, eligible participants are granted options to acquire shares in the Company whereas under the Plan, the Company's shares are issued to eligible participants. The Share Option Scheme and the Plan (collectively, the "Schemes") will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance. The Schemes form an integral and important component of the compensation plan. Ho KwonPing, the Executive Chairman and controlling shareholder*, is not entitled to participate in the Schemes.

At the date of this report, the Schemes are administered by the Nominating and Remuneration Committee ("NRC") which comprises five Independent Directors with Chia Chee Ming Timothy, as the Chairman, Fang Ai Lian, Elizabeth Sam, Chan Heng Wing and Tham Kui Seng as members.

The aggregate number of shares when aggregated with the number of shares issued and issuable and/or transferred and transferable in respect of all options granted under the Share Option Scheme and any share awards granted under the Plan shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company subject to a maximum period of ten years commencing from the date of the Schemes.

The Company has not issued any options to any eligible participants pursuant to the Share Option Scheme.

* The term "controlling shareholder" shall have the meaning ascribed to it in the SGX-ST Listing Manual.

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44. Equity compensation benefits (continued)

Banyan Tree Share Option Scheme and Banyan Tree Performance Share Plan (continued)

The Plan comprises the Performance Share Plan ("PSP") and the Restricted Share Plan ("RSP"). Plan participants who have attained the grade of level 5 and above are eligible to participate in the Plan. PSP is targeted at a Plan participant who is a key member of Senior Management with the ability to drive the growth of the Company through innovation, creativity and superior performance whereas RSP is intended to enhance the Group's overall compensation packages and strengthen the Group's ability to attract and retain high performing talent. The selection of a Plan participant and the number of shares which are subject of each award to be granted to a Plan participant in accordance with the Plan shall be determined at the absolute discretion of the NRC, which shall take into account criteria such as rank, job performance, level of responsibility and potential for future development and his contribution to the success and development of the Group. A Plan participant may be granted an award under the PSP and RSP although differing performance targets are likely to be set for each award.

Awards represent the right of a Plan participant to receive fully paid shares, their equivalent cash value or combinations thereof free of charge, upon the participant achieving prescribed performance target(s) and/or time-based service conditions. Awards are released once the NRC is satisfied that the prescribed performance target(s) and/or time-based service conditions have been achieved.

The Company has not issued any awards under the Plan to any of its controlling shareholders. Since the commencement of the Plan, no participant has been awarded 5% or more of the total shares available under the Plan.

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44. Equity compensation benefits (continued)

The details of the Plan existed as at 31 December 2013 are set out as follows:

	PSP	RSP
Plan Description	Award of fully-paid ordinary shares of the Company or their cash equivalent, conditional on performance targets set at the start of a three-year performance period.	Award of fully-paid ordinary shares of the Company or their cash equivalent, conditional on the Group's performance over a one-year performance period.
Date of Grant:		
FY 2013 Grant	1 April 2013	1 April 2013
FY 2012 Grant	2 April 2012	2 April 2012
FY 2011 Grant	6 April 2011	6 April 2011
FY 2010 Grant	15 June 2010	15 June 2010
Performance Period:		
FY 2013 Grant	1 January 2013 to 31 December 2015	1 January 2013 to 31 December 2013
FY 2012 Grant	1 January 2012 to 31 December 2014	1 January 2012 to 31 December 2012
FY 2011 Grant	1 January 2011 to 31 December 2013	1 January 2011 to 31 December 2011
FY 2010 Grant	1 January 2010 to 31 December 2012	1 January 2010 to 31 December 2010
Performance Conditions:		
FY 2013 Grant, FY 2012 Grant, FY 2011 Grant and FY 2010 Grant	• Absolute Total Shareholder Return ("TSR") outperform Cost of Equity ("COE") • Relative TSR against FTSE ST Mid Cap Index • Relative TSR against selected hospitality listed peers	• Return on Invested Capital ("ROIC") • EBITDA#
Vesting Period:		
FY 2013 Grant, FY 2012 Grant, FY 2011 Grant and FY 2010 Grant	Vesting based on achieving stated performance conditions over a three-year performance period.	Based on achieving stated performance conditions over a one-year performance period, 33 1/3% of award will vest. Balance will vest over the subsequent two years with fulfilment of service requirements.
Payout:	0% to 200% depending on the achievement of pre-set performance targets over the performance period.	0% to 150% depending on the achievement of pre-set performance targets over the performance period.

 # EBITDA denotes Earnings before Interest, Taxes, Depreciation and Amortisation

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44. Equity compensation benefits (continued)

A prospective Monte Carlo simulation model involving projection of future outcomes using statistical distributions of random variables including share price and volatility of returns was used to value the conditional share awards. The simulation model was based on the following key assumptions for FY 2013 Grant:

	PSP	RSP
Historical Volatility		
Banyan Tree Holdings Limited ("BTH")	32.918%	32.918%
FTSE Mid Cap Index	15.935%	Not applicable
Risk-free interest rates		
Singapore Sovereign	0.314%	0.236% - 0.314%
Term	36 months	12 to 36 months
BTH expected dividend yield	1.06%	1.06%
Share price at grant date	$0.620	$0.620

For non-market conditions, achievement factors have been estimated based on feedback from the NRC for the purpose of accrual for the RSP until the achievement of the targets can be reasonably ascertained.

The details of shares awarded, cancelled and released during the financial year pursuant to the Plan are as follows:

	PSP					
	Balance as at 1 January 2013[1]	Shares granted during financial year[1]	Shares cancelled during financial year[2]	Shares released during financial year	Balance as at 31 December 2013[1]	Estimated fair value at grant date
Grant date						
15 June 2010						
Executive Director (Ariel P Vera)	99,000	–	(99,000)	–	–	$0.781
Other Participants	247,000	–	(247,000)	–	–	$0.781
6 April 2011						
Executive Director (Ariel P Vera)	100,000	–	–	–	100,000	$0.622
Other Participants	180,000	–	–	–	180,000	$0.622
2 April 2012						
Executive Director (Ariel P Vera)	75,000	–	–	–	75,000	$0.612
Other Participants	146,300	–	–	–	146,300	$0.612
1 April 2013						
Executive Director (Ariel P Vera)	–	75,000	–	–	75,000	$0.470
Other Participants	–	195,000	–	–	195,000	$0.470
Total	847,300	270,000	(346,000)	–	771,300	

[1] The number of shares comprised in awards granted by the Company under the Banyan Tree Performance Share Plan, subject to performance conditions being met. It also represents the number of shares required if participants are to be awarded at 100% of the grant, however, the shares to be awarded at the vesting date may range from 0% to 200% depending on the level of achievement of pre-set performance conditions over the performance period.

[2] The number of shares cancelled due to forfeiture arising from not achieving the pre-set performance conditions or resignation during the performance period.

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44. Equity compensation benefits (continued)

	RSP					
	Balance as at 1 January 2013[1]	Shares granted during financial year[1]	Shares cancelled during financial year[2]	Shares released during financial year	Balance as at 31 December 2013[1]	Estimated fair value at grant date
Grant date						
15 June 2010						
Executive Director (Ariel P Vera)	38,900	–	–	(38,900)	–	$0.821 - $0.836
Other Participants	528,900	–	(46,600)	(482,300)	–	$0.821 - $0.836
2 April 2012						
Executive Director (Ariel P Vera)	75,000	19,500	–	(31,500)	63,000	$0.660 - $0.669
Other Participants	1,389,000	358,600	(222,800)	(573,200)	951,600	$0.660 - $0.669
1 April 2013						
Executive Director (Ariel P Vera)	–	75,000	–	–	75,000	$0.601 - $0.613
Other Participants	–	1,634,500	(319,300)	–	1,315,200	$0.601 - $0.613
Total	2,031,800	2,087,600	(588,700)	(1,125,900)	2,404,800	

[1] The number of shares comprised in awards granted by the Company under the Banyan Tree Performance Share Plan, subject to performance conditions being met. It also represents the number of shares required if participants are to be awarded at 100% of the grant, however, the shares to be awarded at the vesting date may range from 0% to 150% depending on the level of achievement of pre-set performance conditions over the performance period.

[2] The number of shares cancelled due to forfeiture arising from not achieving the pre-set performance conditions or resignation during the performance period.

The number of contingent shares granted but not released as at 31 December 2013 were 771,300 and 2,404,800 (2012: 847,300 and 2,031,800) for PSP and RSP respectively. Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 1,542,600 and 3,099,900 (2012: 1,694,600 and 2,763,800) for PSP and RSP respectively.

Founder's Grant

On 2 May 2006, the independent shareholders of the Company approved the incentive for the Executive Chairman, Ho KwonPing, which has been included in his employment agreement. Pursuant to the incentive, Mr Ho shall be entitled to, for each financial year for a period of ten years beginning from the financial year ended 31 December 2010, an amount equivalent to 5% of the profit before tax of the Group, such amount to be payable in cash or in shares at the sole discretion of the Company (the "Founder's Grant"). The Founder's Grant aims to secure the continuing commitment of Mr Ho to the Group and to reward him for founding, leading and building up the Group. The Group's profit before tax and before provision of the expense for Founder's Grant is $32,753,418 (2012: $26,017,758) for the financial year ended 31 December 2013. Accordingly, the amount payable pursuant to the Founder's Grant is $1,637,671 (2012: $1,300,888).

The NRC and the Board met and approved on 21 February 2014 and 26 February 2014 respectively, the payment of the Founder's Grant to Mr Ho. The Board also approved the Founder's Grant to be paid in cash. Accordingly, Mr Ho shall be paid a total amount of $1,637,671 (2012: $1,300,888) in cash pursuant to the Founder's Grant in respect of the financial year ended 31 December 2013.

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for the financial year ended 31 December 2013

45. Commitments and contingencies

(a) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	GROUP 2013 $'000	GROUP 2012 $'000
Capital commitments in respect of property, plant and equipment	**19,915**	432
Capital commitments in respect of Banyan Tree Indochina Hospitality Fund	**10,222**	17,626
Capital commitments in respect of Banyan Tree China Hospitality Fund	**–**	3,352

(b) Operating lease commitments

Future minimum lease payments payable under non-cancellable operating leases as at the end of the reporting period are as follows:

	GROUP 2013 $'000	GROUP 2012 $'000
Payable:		
Within 1 year	**3,320**	2,994
Between 2 to 5 years	**9,225**	8,817
After 5 years	**59,168**	48,726
	68,393	57,543
	71,713	60,537

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2013 amounted to $3,731,000 (2012: $4,252,000).

Certain subsidiary companies, entered into operating agreements with certain hotel operators whereby these companies are to manage the subsidiary companies' hotels and golf business. In consideration for such services, the subsidiary companies are committed to pay management fees contingent upon revenue earned in accordance with the terms specified in the agreements.

(c) Contingent liabilities

Guarantees

As at the end of the reporting period, the Company had issued the following outstanding guarantees:

	COMPANY 2013 $'000	COMPANY 2012 $'000
Guarantees issued on banking facilities of subsidiary companies	**29,225**	84,218

At the end of the reporting period, the Company has provided financial support to its subsidiary companies in net current liabilities or net liabilities position to enable these companies to continue their operations and meet their liabilities as and when they fall due.

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for the financial year ended 31 December 2013

45. Commitments and contingencies (continued)

(c) Contingent liabilities (continued)

Litigation

(i) A case was brought to the Phuket Provincial Court on 8 October 2009, in which four affiliated companies of Laguna Resorts and Hotels Public Company Limited (LRH) and ten directors are the defendants. The plaintiffs referred in the plaint that they purchased units in Allamanda 1 Condominium during 1991-1995. The plaintiffs alleged that the Sale and Purchase Agreement ("Agreement") called for a common area of approximately 20 Rais, but the Allamanda 1 Condominium was registered with only 9 Rais 2 Ngans 9 Square Wahs. The plaintiffs alleged that therefore the defendants have breached the Sale and Purchase Agreement.

As a result, the plaintiffs request that the defendants completely deliver the common area as specified by the Agreement by transfer of the land totaling 10 Rais 3 Ngans 97.1 Square Wahs to Allamanda (1) Juristic Person, as the tenth plaintiff, or to be jointly liable for the compensation of Baht 132 million in case the transfer of land cannot be made. The plaintiffs also request for additional compensation in the amount of Baht 56 million for unlawful use of the land which is supposed to be common property of Allamanda 1 Condominium.

The total amount of the claim is approximately $7.3 million (Baht 188 million) with interest at the rate of 7.5% per annum from the date the claim was lodged until the defendants have made full payment. The plaintiffs also claimed that the former and current directors of those LRH's subsidiaries as the fifth to fourteenth defendants, were the representatives of those LRH's subsidiaries being the first to fourth defendants, and therefore must also be jointly liable with those LRH's subsidiaries.

The defendants have lodged its statement of defense and believe that the plaintiffs' claims are invalid and therefore no provision has been made in the financial statements.

The plaintiffs filed a petition with the Court seeking the Court's interim injunction of which the defendants shall not dispose or amend the status of the nine plots of land in dispute with the land registry office during the trial. On 20 January 2012, the Court granted the interim injunction.

The hearing for judgement is set for 28 March 2014.

(ii) In contravention of a Hotel Management Agreement between Banyan Tree Hotels & Resorts Pte. Ltd. (now known as Banyan Tree Corporate Pte. Ltd. "BTC") and Meydan LLC, Meydan City Corporation and Meydan Group LLC ("Meydan") dated 15 August 2007 ("HMA"), Meydan purported to terminate the said HMA on 4 November 2009. Settlement discussions between the parties also broke down and BTC initiated arbitration proceedings against Meydan for wrongful termination of the HMA.

The arbitral Tribunal issued an award in favour of BTC on 2 October 2013, finding that none of the breaches alleged against BTC and relied upon by Meydan as allegedly justifying termination of the HMA were made out.

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45. Commitments and contingencies (continued)

(c) Contingent liabilities (continued)

Litigation (continued)

On 29 April 2013, Meydan commenced separate suits in the Dubai Courts against: (1) Banyan Tree Hotels & Resorts Pte. Ltd. ("BTHR"); (2) DIAC and its Executive Committee; and (3) the sole arbitrator, based on its assertion that the arbitration has expired. The claim against BTHR seeks a declaration that the arbitration has expired, and for damages to be quantified by a court-appointed expert.

The case is currently before the Conciliation Committee which cannot issue binding judgments. The case will be transferred to the Court of First Instance if resolution before the Conciliation Committee fails.

BTHR is maintaining the defence of being the wrong entity and that it is not the same entity that entered into the HMA (which is BTC).

Based on legal advice provided by the Company's counsel and information available to the Company, the Company has reasonable grounds to believe that Meydan will not be successful in its suit. Accordingly, no provision has been made in the financial statements.

46. Related party transactions

Other than that disclosed in the financial statements, the Group had the following significant related party transactions on terms agreed during the financial year:

		GROUP 2013 $'000	GROUP 2012 $'000
(a)	Sale and purchase of goods and services		
	Associated companies:		
	– Management and service fee income	–	369
	– Reservation fee income	–	32
	– Spa gallery income	–	159
	Related parties:		
	– Management and service fee income	**1,391**	1,565
	– Rental income	**2,022**	2,223
	– Reservation fee income	**137**	170
	– Spa gallery income	**150**	110
	– Royalty income	**530**	596
(b)	Compensation of key management personnel:		
	– Salaries and employee benefits	**5,928**	4,482
	– Central Provident Fund contributions	**146**	110
	– Share-based payment expenses	**196**	109
	– Other short-term benefits[1]	**1,910**	1,555
	Total compensation paid to key management personnel	**8,180**	6,256
	Comprise amounts paid to:		
	• Directors of the Company	**4,244**	3,598
	• Other key management personnel	**3,936**	2,658
		8,180	6,256

[1] *Other short-term benefits include amount payable to Ho KwonPing under the Founder's Grant of $1,637,671 (2012: $1,300,888).*

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47. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer. The Audit and Risk Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, 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.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default 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 long-term investments and cash and short-term deposits), the Group and the Company minimise credit risk by dealing with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group'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 exposure to bad debts is not significant.

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:

– the carrying amount of each class of financial assets recognised in the balance sheets; and

– a nominal amount of $29,225,000 (2012: $84,218,000) relating to corporate guarantees provided by the Company for the bank loans taken by its subsidiary companies.

Excessive risk concentration

Concentration arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. The Group does not apply hedge accounting.

Notes to the Financial Statements

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47. Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the business segment and geographical profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

		GROUP			
		2013		2012	
	Note	$'000	% of total	$'000	% of total
By geographical:					
South East Asia		**34,785**	**33**	35,789	33
Indian Oceania		**2,277**	**2**	2,599	2
Middle East		**1,619**	**2**	2,667	3
North East Asia		**34,303**	**32**	36,160	34
Rest of the world		**32,542**	**31**	29,664	28
		105,526	**100**	106,879	100
By industry sectors:					
Hotel Investments		**17,061**	**16**	18,198	17
Property Sales		**34,555**	**33**	35,145	33
Fee-based segment		**53,910**	**51**	53,536	50
		105,526	**100**	106,879	100
Trade receivables					
Non-current	19	**28,200**		21,783	
Current	24	**77,326**		85,096	
		105,526		106,879	

Notes to the Financial Statements

for the financial year ended 31 December 2013

47. Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

Included in trade receivables are amounts due from a third party of $21,428,000 (2012: $14,173,000). The third party is in the business of selling club memberships. A subsidiary company of the Group provides management services to manage the club operation on behalf of the third party.

The receivables from this third party of $14,774,000 (2012: $14,173,000) bears interest rate of 6% per annum (2012: 6%) and are repayable in equal instalments over 13.5 to 15 years, commencing from 2008. The remaining amount due from the third party is interest-free, unsecured and repayable between 2 to 5 years.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and short-term deposits, and long-term investments 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.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 24.

(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 the inability to repay financial liabilities as and when they are due. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group maintains sufficient cash and short-term deposits, and internally generated cash flows to finance their activities. Management finances the Group's liquidity through internally generated cash flows and minimizes liquidity risk by keeping committed stand-by credit facilities available.

At the end of the reporting period, approximately 27.0% (2012: 29.8%) of the Group's notes payable, interest-bearing loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements. 28.8% (2012: 25.0%) of the Company's notes payable, interest-bearing loans and borrowings will mature in less than one year at the end of the reporting period.

The following table summarises the maturity profiles of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted payments except for financial liabilities where the timing of repayment cannot be reliably estimated as disclosed in the respective notes above.

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47. Financial risk management objectives and policies (continued)

(b) Liquidity risk (continued)

GROUP	Note	2013 Effective rate %	2013 1 year $'000	2013 2 to 5 years $'000	2013 After 5 years $'000	2013 Total $'000	2012 Effective rate %	2012 1 year $'000	2012 2 to 5 years $'000	2012 After 5 years $'000	2012 Total $'000
Financial assets											
Trade receivables	19/24	–	77,326	17,539	10,661	105,526	–	85,096	10,706	11,077	106,879
Other receivables	22/26	–	29,622	–	7,170	36,792	–	12,709	–	10,239	22,948
Amounts due from associated companies	28	–	123	–	–	123	–	21	–	–	21
Amounts due from related parties	29	–	8,416	–	–	8,416	–	7,622	–	–	7,622
Cash and short-term deposits	32	–	178,807	–	–	178,807	–	120,824	–	–	120,824
Total undiscounted financial assets			294,294	17,539	17,831	329,664		226,272	10,706	21,316	258,294
Financial liabilities											
Trade payables		–	(19,113)	–	–	(19,113)	–	(15,840)	–	–	(15,840)
Other payables	35	–	(46,851)	–	–	(46,851)	–	(41,714)	–	–	(41,714)
Other payables	35	5	(6,974)			(6,974)	–	–	–	–	–
Other non-current liabilities	39	5	–	(6,974)	(480)	(7,454)	5	–	(20,180)	(719)	(20,899)
Amounts due to associated companies	28	–	(4)	–	–	(4)	–	(4)	–	–	(4)
Amounts due to related parties	29	–	(587)	–	–	(587)	–	(1,669)	–	–	(1,669)
Loans and borrowings											
– Bank overdraft	36	7.50 – 10	(2,157)	–	–	(2,157)	–	–	–	–	–
– SCR floating rate loan	36	–	–	–	–	–	12	(2,388)	–	–	(2,388)
– S$ floating rate loan	36	COF + 1.75	(1,028)	–	–	(1,028)	COF + 1.75	(1,030)	–	–	(1,030)
– S$ floating rate loan	36	COF + 2	(3,072)	(13,626)	(3,693)	(20,391)	COF + 2	(1,892)	(7,125)	(2,907)	(11,924)
– S$ floating rate loan	36	SIBOR + 3.75	–	–	–	–	SIBOR + 3.75	(5,678)	–	–	(5,678)
– S$ floating rate loan	36	SIBOR + 3.50	(1,170)	(32,243)	–	(33,413)	SIBOR + 3.50	(1,164)	(33,394)	–	(34,558)
– S$ floating rate loan	36	COF + 3.25	(12,966)	–	–	(12,966)	–	–	–	–	–
– S$ floating rate loan	36	SIBOR + 2	(2,048)	–	–	(2,048)	–	–	–	–	–
– S$ floating rate loan	36	Prevailing market rate	(1,039)	–	–	(1,039)	–	–	–	–	–
– S$ fixed rate loan	36	–	–	–	–	–	5	(2,170)	–	–	(2,170)
– US$ fixed rate loan	36	–	–	–	–	–	5.62 – 6.24	(46,101)	–	–	(46,101)
– BHT floating rate loan	36	MLR – 1.00 to MLR – 1.50	(25,344)	(100,969)	(18,854)	(145,167)	MLR – 1.25 to MLR – 1.50	(25,550)	(111,474)	(40,323)	(177,347)
– BHT floating rate loan	36	3.55	(6,865)	–	–	(6,865)	–	–	–	–	–
– MAD floating rate loan	36	5.40	(685)	–	–	(685)	5.95	(803)	(2,477)	–	(3,280)
– RMB floating rate loan	36	6.55	(7,856)	(22,863)	–	(30,719)	6.80	(7,089)	(29,967)	–	(37,056)
Notes payable	38	5.35 – 6.25	(80,788)	(202,452)	–	(283,240)	5.50 – 6.25	(59,059)	(131,479)	–	(190,538)
Total undiscounted financial liabilities			(218,547)	(379,127)	(23,027)	(620,701)		(212,151)	(336,096)	(43,949)	(592,196)
Total net undiscounted financial assets/ (liabilities)			75,747	(361,588)	(5,196)	(291,037)		14,121	(325,390)	(22,633)	(333,902)

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47. Financial risk management objectives and policies (continued)

(b) Liquidity risk (continued)

COMPANY	Note	2013 Effective rate %	2013 1 year $'000	2013 2 to 5 years $'000	2013 After 5 years $'000	2013 Total $'000	2012 Effective rate %	2012 1 year $'000	2012 2 to 5 years $'000	2012 After 5 years $'000	2012 Total $'000
Financial assets											
Trade receivables	24	–	**752**	–	–	**752**	–	726	–	–	726
Other receivables	26	–	**3,382**	–	–	**3,382**	–	436	–	–	436
Amounts due from subsidiary companies	27	–	**110,810**	–	–	**110,810**	–	62,695	–	–	62,695
Amounts due from related parties	29	–	–	–	–	–	–	4	–	–	4
Cash and short-term deposits	32	–	**81,596**	–	–	**81,596**	–	19,297	–	–	19,297
Total undiscounted financial assets			**196,540**	–	–	**196,540**		83,158	–	–	83,158
Financial liabilities											
Other payables	35	–	**(6,818)**	–	–	**(6,818)**	–	(5,274)	–	–	(5,274)
Other payables	35	**5**	**(6,974)**	–	–	**(6,974)**	–	–	–	–	–
Other non-current liabilities	39	**5**	–	**(6,974)**	–	**(6,974)**	5	–	(20,180)	–	(20,180)
Amounts due to subsidiary companies	27	–	**(58,292)**	–	–	**(58,292)**	–	(25,766)	–	–	(25,766)
Amounts due to related parties	29	–	–	–	–	–	–	(1)	–	–	(1)
Loans and borrowings											
– S$ floating rate loan	36	**COF + 1.75**	**(1,028)**	–	–	**(1,028)**	COF + 1.75	(1,030)	–	–	(1,030)
– S$ floating rate loan	36	**COF + 2**	**(3,072)**	**(13,626)**	**(3,693)**	**(20,391)**	COF + 2	(1,892)	(7,125)	(2,907)	(11,924)
– S$ floating rate loan	36	**SIBOR + 3.50**	**(1,170)**	**(32,243)**	–	**(33,413)**	SIBOR + 3.50	(1,164)	(33,394)	–	(34,558)
– S$ floating rate loan	36	**COF + 3.25**	**(12,966)**	–	–	**(12,966)**	–	–	–	–	–
– S$ floating rate loan	36	**Prevailing market rate**	**(1,039)**	–	–	**(1,039)**	–	–	–	–	–
– S$ fixed rate loan	36	–	–	–	–	–	5	(1,085)	–	–	(1,085)
Notes payable	38	**5.35 – 6.25**	**(80,788)**	**(202,452)**	–	**(283,240)**	5.50 – 6.25	(59,059)	(131,479)	–	(190,538)
Total undiscounted financial liabilities			**(172,147)**	**(255,295)**	**(3,693)**	**(431,135)**		(95,271)	(192,178)	(2,907)	(290,356)
Total net undiscounted financial liabilities			**24,393**	**(255,295)**	**(3,693)**	**(234,595)**		(12,113)	(192,178)	(2,907)	(207,198)

US$: United States Dollar

BHT: Thai Baht

MAD: Morocco Dirham

RMB: Chinese Renminbi

SCR: Seychellois Rupee

SIBOR: Singapore inter-bank offered rate

MLR: Minimum lending rate

COF: Cost of fund of lending bank

The table below shows the maximum amount of financial guarantee contracts, allocated to the earliest period in which the guarantee could be called.

COMPANY	1 year $'000	2 to 5 years $'000	After 5 years $'000	Total $'000
2013				
Financial guarantees	**29,225**	–	–	**29,225**
2012				
Financial guarantees	84,218	–	–	84,218

47. Financial risk management objectives and policies (continued)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their interest-bearing financial liabilities.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts. At the end of the reporting period, approximately 53% (2012: 39%) of the Group's interest-bearing financial liabilities are at fixed rates of interest. The table in Note 47 (b) summarises the interest-bearing financial liabilities of the Group and the Company.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 75 (2012: 75) basis points lower/higher with all other variables held constant, the Group's profit before taxation would have been $1,626,000 (2012: $1,993,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate interest-bearing financial liabilities.

(d) Foreign currency risk

The Group has transactional currency exposures arising from sales that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD, United States Dollars (USD), Thai Baht (Baht) and Chinese Renminbi (RMB). The foreign currencies in which these transactions are denominated are mainly USD. As at 31 December 2013, approximately 39% (2012: 22%) of the Group's trade receivables are denominated in foreign currencies.

To minimise the foreign currency risk exposure on the Group's Thailand subsidiary companies where Baht is their functional currency, the Group has previously entered into forward currency contracts to mitigate the currency exposure from USD. From 2011 onwards, the Thailand subsidiary companies have changed some of the sales currency from USD to Baht, thus reducing its currency risk exposure.

In addition, the Group has a Currency Management Plan which aims to mitigate impact on the Group's revenue from unfavourable exchange rates movements. The plan requires all operating entities in the Group to list its major wholesalers and their respective currencies. All contracts should endeavour to be in the currency of the market source. Market source refers to the country of origin or domicile of the business. The contracts are then reviewed and managed on a quarterly basis to mitigate the exposure of the Group's operations to foreign currency fluctuation.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Thailand, PRC and Maldives. The Group's net investments in Thailand, PRC and Maldives are not hedged as currency positions in Thai Baht, Chinese Renminbi and United States Dollar are considered to be long-term in nature.

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47. Financial risk management objectives and policies (continued)

(d) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before taxation to a reasonably possible change in the USD exchange rate against the respective functional currencies of the Group entities arising from cash and short-term deposits, trade receivables and trade payables, with all other variables held constant.

		GROUP Profit before taxation 2013 $'000	GROUP Profit before taxation 2012 $'000
USD/Baht	– strengthened 5% (2012: 5%)	**31**	28
	– weakened 5% (2012: 5%)	**(31)**	(28)
USD/SGD	– strengthened 5% (2012: 5%)	**2,226**	2,029
	– weakened 5% (2012: 5%)	**(2,226)**	(2,029)
RMB/SGD	– strengthened 5% (2012: 5%)	**480**	450
	– weakened 5% (2012: 5%)	**(480)**	(450)

48. Capital management

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividends payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2013 and 2012.

As disclosed in Note 43(c), subsidiary companies of the Group are required to set aside Legal Reserves in accordance to the Public Limited Companies Act B.E. 2535 under Section 116 in Thailand and the Foreign Enterprise Law applicable to the subsidiary companies in the People's Republic of China (PRC). The imposed capital requirement has been complied with by the subsidiary companies for the financial years ended 31 December 2013 and 2012.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 100%. The Group includes within net debt, interest-bearing loans and borrowings, notes payable less cash and short-term deposits. Total capital refers to the total equity of the Group.

	GROUP 2013 $'000	GROUP 2012 $'000
Interest-bearing loans and borrowings (Note 36)	**216,967**	266,824
Notes payable (Note 38)	**237,200**	167,637
Less: Cash and short-term deposits (Note 32)	**(178,807)**	(120,824)
Net debt	**275,360**	313,637
Total capital	**695,948**	712,397
Gearing ratio	**40%**	44%

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49. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

		GROUP 2013			
		Fair value measurements at the end of the reporting period using			
	Note	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Recurring fair value measurements					
Financial assets:					
Available-for-sale financial assets					
– Equity shares (quoted)	21	**9,568**	**–**	**–**	**9,568**
Total available-for-sale financial assets		**9,568**	**–**	**–**	**9,568**
Financial assets as at 31 December 2013		**9,568**	**–**	**–**	**9,568**

Notes to the Financial Statements
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49. Fair value of assets and liabilities (continued)

(b) Assets and liabilities measured at fair value (continued)

		GROUP 2013			
		Fair value measurements at the end of the reporting period using			
	Note	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Recurring fair value measurements					
Non-financial assets:					
Investment properties					
Freehold land					
– Thailand, Phuket		–	–	7,785	7,785
– Northern Thailand		–	–	6,180	6,180
– Seychelles		–	17,752	–	17,752
Freehold buildings					
– Thailand, Phuket		–	–	1,321	1,321
– Thailand, Bangkok		–	–	27,639	27,639
Total investment properties	14	–	17,752	42,925	60,677
Non-financial assets as at 31 December 2013		–	17,752	42,925	60,677
Non-recurring fair value measurements					
Non-financial assets:					
Property, plant and equipment					
Freehold land					
– Singapore		–	–	36,550	36,550
– Thailand, Phuket		–	–	200,458	200,458
– Thailand, Bangkok		–	–	29,016	29,016
– Morocco		–	–	13,456	13,456
– Sri Lanka		–	3,114	–	3,114
– Seychelles		–	–	12,337	12,337
Freehold buildings					
– Singapore		–	–	4,831	4,831
– Thailand, Phuket		–	–	91,415	91,415
– Thailand, Bangkok		–	–	50,283	50,283
– Morocco		–	–	8,197	8,197
– Seychelles		–	–	45,377	45,377
Total property, plant and equipment		–	3,114	491,920	495,034
Non-financial assets as at 31 December 2013		–	3,114	491,920	495,034

49. Fair value of assets and liabilities (continued)

(c) Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Property, plant and equipment

The valuation of property, plant and equipment are based on comparable market transactions that consider sales of similar properties that have been transacted in the open market.

Investment properties

The valuation of investment properties are based on comparable market transactions that consider sales of similar properties that have been transacted in the open market.

(d) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair Value at 31 December 2013 $'000	Valuation techniques	Unobservable inputs	Range (weighted average)
Recurring fair value measurements				
Investment properties:				
Freehold land				
Thailand, Phuket	**7,785**	Market value approach	Yield adjustments	23.0%
Northern Thailand	**6,180**	Market value approach	Yield adjustments	29.1% to 66.7%
Freehold buildings				
Thailand, Phuket	**1,321**	Discounted cash flow	Growth rate Discount rate 10 years net cash flow	3.0% 13.0% Baht 17.5 million to Baht 28.0 million (Baht 23.6 million)
Thailand, Bangkok	**27,639**	Discounted cash flow	Growth rate Discount rate 10 years operating income	3.0% to 10.0% every 3 years 11.0% Baht 30.7 million to Baht 51.0 million (Baht 44.3 million)

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49. Fair value of assets and liabilities (continued)

(d) Level 3 fair value measurements (continued)

(i) ***Information about significant unobservable inputs used in Level 3 fair value measurements*** (continued)

Description	Fair Value at 31 December 2013 $'000	Valuation techniques	Unobservable inputs	Range (weighted average)
Non-recurring fair value measurements				
Property, plant and equipment:				
Freehold land				
Singapore	**36,550**	Market value approach	Yield adjustments	15.0% to 20.0%
Thailand, Phuket	**200,458**	Market value approach	Yield adjustments	29.6% to 75.1% (59.0%)
Thailand, Bangkok	**29,016**	Market value approach	Yield adjustments	9.0%
Morocco	**13,456**	Market value approach	Yield adjustments	11.0% to 12.0%
Seychelles	**11,792**	Discounted cash flow	Long-term revenue growth rate	3.5%
			Discount rate	13.5%
			10 years operating income	USD3.2 million to USD7.1 million (USD5.7 million)
Seychelles	**545**	Income capitalisation	Capitalisation rate	11.2%
			5 years average income	USD191,500
Freehold buildings				
Singapore	**4,831**	Market value approach	Yield adjustments	15.0% to 20.0%
Thailand, Phuket	**91,415**	Fair value approach	Standard construction cost per Sq meter	Baht 468 to Baht 35,000 per Sq meter (Baht 11,258)
Thailand, Bangkok	**50,283**	Fair value approach	Standard construction cost per Sq meter	Baht 1,000 to Baht 45,000 per Sq meter (Baht 21,560)
Morocco	**8,197**	Market value approach	Yield adjustments	11.0% to 12.0%
Seychelles	**43,873**	Discounted cash flow	Long-term revenue growth rate	3.5%
			Discount rate	13.5%
			10 years operating income	USD3.2 million to USD7.1 million (USD5.7 million)
Seychelles	**1,504**	Income capitalisation	Capitalisation rate	11.2%
			5 years average income	USD191,500

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49. Fair value of assets and liabilities (continued)

(d) Level 3 fair value measurements (continued)

(i) Information about significant unobservable inputs used in Level 3 fair value measurements (continued)

Significant increases (decreases) in net cash flow, estimated operating income (p.a.), average income, standard construction cost, and revenue growth rate in isolation would result in a significantly higher (lower) fair value measurement.

Significant increases (decreases) in discount rate, capitalisation rate and yield adjustment in isolation would result in a significantly lower (higher) fair value measurement.

(ii) 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):

	GROUP 2013 $'000 Fair value measurements using significant unobservable inputs (Level 3)				
	Investment properties				
	Freehold land		Freehold buildings		
	Thailand, Phuket	Northern Thailand	Thailand, Phuket	Northern Thailand	Total
Opening balance	7,800	6,372	1,250	27,640	43,062
Total gains or losses for the period included in income statement	188	(34)	107	721	982
Exchange differences	(203)	(158)	(36)	(722)	(1,119)
Closing balance	7,785	6,180	1,321	27,639	42,925

	GROUP 2013 $'000 Fair value measurements using significant unobservable inputs (Level 3)				
	Investment properties				
	Freehold land		Freehold buildings		
	Thailand, Phuket	Northern Thailand	Thailand, Phuket	Northern Thailand	Total
Total gains and losses for the period included in income statement					
– Other income					
Net gain from fair value adjustment of investment properties	188	(34)	107	721	982

(iii) Valuation policies and procedures

The Group Chief Financial Officer (CFO), who is assisted by senior controller (collectively referred to as the "CFO office") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, the CFO office reports to the Group's Audit and Risk Committee.

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

49. Fair value of assets and liabilities (continued)

(d) Level 3 fair value measurements (continued)

(iii) Valuation policies and procedures (continued)

For valuations performed by external valuation experts, the CFO office reviews the appropriateness of the valuation methodologies and assumptions adopted. The CFO office also evaluates the appropriateness and reliability of the inputs (including those developed internally by the Group) 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 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.

Significant changes in fair value measurements from period to period are evaluated by the CFO office for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against information from independent sources, or internal sources if necessary and appropriate.

(e) Assets and liabilities not carried at fair value and whose carrying amounts are reasonable approximation of fair values

Management has determined that the carrying amounts of cash and short-term deposits, current trade and other receivables, current amounts due to and from subsidiary companies, associated companies and related parties, and current trade and other payables, based on their notional amounts, reasonably approximate their fair values because these are short-term in nature or are repriced frequently.

Long-term trade receivables, notes payable, interest-bearing loans and borrowings and deferred cash settlement classified within other non-current liabilities carry interest which approximates market interest rate. Accordingly their notional amounts approximate their fair values.

(f) Financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair values

Fair value information has not been disclosed for the Group's financial instruments not carried at fair value and whose carrying amounts are not reasonable approximation of fair values, because the fair values cannot be measured reliably.

The loans due from subsidiary, associated companies and third parties (classified within non-current assets) have no repayment terms and are repayable only when the cash flows of the borrowers permit. The non-current deposits classified within non-current assets have no terms of maturity. Accordingly, management is of the view that the fair values of these loans and deposits are not determinable as the timing of the future cash flows arising from the loans and deposits cannot be estimated reliably.

Unquoted equity shares are stated at cost and have no market prices and the fair value cannot be reliably measured using valuation techniques. The unquoted equity shares represent ordinary shares in companies that are not quoted on any markets and do not have comparable industry peers that are listed. The Group does not intend to dispose of these investments in the foreseeable future.

Notes to the Financial Statements
for the financial year ended 31 December 2013

49. Fair value of assets and liabilities (continued)

(g) Classification of financial instruments

Set out below is a comparison by category of carrying amounts of all the Group's and Company's financial instruments that are carried in the financial statements:

GROUP	Note	Loans and receivables $'000	Available for sale $'000	Non-financial assets $'000	Total $'000
Year ended 31 December 2013					
Non-current assets					
Property, plant and equipment	12	–	–	622,202	622,202
Land use rights	13	–	–	15,798	15,798
Investment properties	14	–	–	60,677	60,677
Associated companies	16	–	–	282	282
Prepaid island rental	18	–	–	22,932	22,932
Long-term trade receivables	19	28,200	–	–	28,200
Intangible assets	20	–	–	28,805	28,805
Long-term investments	21	–	94,652	–	94,652
Prepayments		–	–	3,600	3,600
Other receivables	22	7,170	–	–	7,170
Deferred tax assets	41	–	–	10,063	10,063
		35,370	94,652	764,359	894,381
Current assets					
Inventories	23	–	–	12,527	12,527
Trade receivables	24	77,326	–	–	77,326
Prepayments and other non-financial assets	25	–	–	18,918	18,918
Other receivables	26	29,622	–	–	29,622
Amounts due from associated companies	28	123	–	–	123
Amounts due from related parties	29	8,416	–	–	8,416
Property development costs	31	–	–	168,858	168,858
Cash and short-term deposits	32	178,807	–	–	178,807
		294,294	–	200,303	494,597
Total assets		329,664	94,652	964,662	1,388,978

Notes to the Financial Statements

for the financial year ended 31 December 2013

49. Fair value of assets and liabilities (continued)

(g) Classification of financial instruments (continued)

GROUP	Note	Liabilities at amortised cost $'000	Non-financial liabilities $'000	Total $'000
Year ended 31 December 2013				
Current liabilities				
Trade payables		19,113	–	19,113
Unearned income		–	8,389	8,389
Other non-financial liabilities	34	–	34,880	34,880
Other payables	35	53,177	–	53,177
Amounts due to associated companies	28	4	–	4
Amounts due to related parties	29	587	–	587
Interest-bearing loans and borrowings	36	53,508	–	53,508
Notes payable	38	69,197	–	69,197
Tax payable		–	10,160	10,160
		195,586	53,429	249,015
Non-current liabilities				
Interest-bearing loans and borrowings	36	163,459	–	163,459
Deferred income	37	–	8,844	8,844
Notes payable	38	168,003	–	168,003
Deposits received		–	1,594	1,594
Other non-current liabilities	39	6,504	2,394	8,898
Defined and other long-term employee benefits	40	–	2,578	2,578
Deferred tax liabilities	41	–	90,639	90,639
		337,966	106,049	444,015
Total liabilities		533,552	159,478	693,030

Notes to the Financial Statements
for the financial year ended 31 December 2013

49. Fair value of assets and liabilities (continued)

(g) Classification of financial instruments (continued)

GROUP	Note	Loans and receivables $'000	Available for sale $'000	Non-financial assets $'000	Total $'000
Year ended 31 December 2012					
Non-current assets					
Property, plant and equipment	12	–	–	729,558	729,558
Land use rights	13	–	–	13,499	13,499
Investment properties	14	–	–	60,184	60,184
Associated companies	16	–	–	258	258
Joint venture companies	17	–	–	6,301	6,301
Prepaid island rental	18	–	–	22,911	22,911
Long-term trade receivables	19	21,783	–	–	21,783
Intangible assets	20	–	–	26,903	26,903
Long-term investments	21	–	74,046	–	74,046
Prepayments		–	–	3,425	3,425
Other receivables	22	10,239	–	–	10,239
Deferred tax assets	41	–	–	11,315	11,315
		32,022	74,046	874,354	980,422
Current assets					
Inventories	23	–	–	13,593	13,593
Trade receivables	24	85,096	–	–	85,096
Prepayments and other non-financial assets	25	–	–	17,601	17,601
Other receivables	26	12,709	–	–	12,709
Amounts due from associated companies	28	21	–	–	21
Amounts due from related parties	29	7,622	–	–	7,622
Property development costs	31	–	–	91,838	91,838
Cash and short-term deposits	32	120,824	–	–	120,824
		226,272	–	123,032	349,304
Assets of disposal group classified as held for sale	33	–	–	61,822	61,822
		226,272	–	184,854	411,126
Total assets		258,294	74,046	1,059,208	1,391,548

Notes to the Financial Statements

for the financial year ended 31 December 2013

49. Fair value of assets and liabilities (continued)

(g) Classification of financial instruments (continued)

GROUP	Note	Liabilities at amortised cost $'000	Non-financial liabilities $'000	Total $'000
Year ended 31 December 2012				
Current liabilities				
Trade payables		15,840	–	15,840
Unearned income		–	7,985	7,985
Other non-financial liabilities	34	–	25,554	25,554
Other payables	35	41,714	–	41,714
Amounts due to associated companies	28	4	–	4
Amounts due to related parties	29	1,669	–	1,669
Interest-bearing loans and borrowings	36	80,681	–	80,681
Notes payable	38	48,820	–	48,820
Tax payable		–	9,608	9,608
		188,728	43,147	231,875
Non-current liabilities				
Interest-bearing loans and borrowings	36	186,143	–	186,143
Deferred income	37	–	6,567	6,567
Notes payable	38	118,817	–	118,817
Deposits received		–	1,574	1,574
Amount due to a joint venture company	30	6,301	–	6,301
Other non-current liabilities	39	19,037	2,244	21,281
Defined and other long-term employee benefits	40	–	2,573	2,573
Deferred tax liabilities	41	–	104,020	104,020
		330,298	116,978	447,276
Total liabilities		519,026	160,125	679,151

Notes to the Financial Statements
for the financial year ended 31 December 2013

49. Fair value of assets and liabilities (continued)

(g) Classification of financial instruments (continued)

COMPANY	Note	Loans and receivables $'000	Non-financial assets $'000	Total $'000
Year ended 31 December 2013				
Non-current assets				
Property, plant and equipment	12	–	28	28
Subsidiary companies	15	238,951	189,312	428,263
Associated companies	16	–	869	869
		238,951	190,209	429,160
Current assets				
Trade receivables	24	752	–	752
Prepayments and other non-financial assets	25	–	113	113
Other receivables	26	3,382	–	3,382
Amounts due from subsidiary companies	27	110,810	–	110,810
Cash and short-term deposits	32	81,596	–	81,596
		196,540	113	196,653
Total assets		435,491	190,322	625,813

COMPANY	Note	Liabilities at amortised cost $'000	Non-financial liabilities $'000	Total $'000
Year ended 31 December 2013				
Current liabilities				
Unearned income		–	112	112
Other non-financial liabilities	34	–	357	357
Other payables	35	13,144	–	13,144
Amounts due to subsidiary companies	27	58,292	–	58,292
Interest-bearing loans and borrowings	36	17,108	–	17,108
Notes payable	38	69,197	–	69,197
Tax payable		–	136	136
		157,741	605	158,346
Non-current liabilities				
Interest-bearing loans and borrowings	36	45,394	–	45,394
Notes payable	38	168,003	–	168,003
Other non-current liabilities	39	6,024	–	6,024
		219,421	–	219,421
Total liabilities		377,162	605	377,767

49. Fair value of assets and liabilities (continued)

(g) Classification of financial instruments (continued)

COMPANY	Note	Loans and receivables $'000	Non-financial assets $'000	Total $'000
Year ended 31 December 2012				
Non-current assets				
Property, plant and equipment	12	–	18	18
Subsidiary companies	15	234,501	186,510	421,011
Associated companies	16	–	869	869
Joint venture companies	17	–	6,000	6,000
		234,501	193,397	427,898
Current assets				
Trade receivables	24	726	–	726
Prepayments and other non-financial assets	25	–	319	319
Other receivables	26	436	–	436
Amounts due from subsidiary companies	27	62,695	–	62,695
Amounts due from related parties	29	4	–	4
Cash and short-term deposits	32	19,297	–	19,297
		83,158	319	83,477
Total assets		317,659	193,716	511,375

COMPANY	Note	Liabilities at amortised cost $'000	Non-financial liabilities $'000	Total $'000
Year ended 31 December 2012				
Current liabilities				
Unearned income		–	112	112
Other non-financial liabilities	34	–	94	94
Other payables	35	5,274	–	5,274
Amounts due to subsidiary companies	27	25,766	–	25,766
Amounts due to related parties	29	1	–	1
Interest-bearing loans and borrowings	36	3,642	–	3,642
Notes payable	38	48,820	–	48,820
		83,503	206	83,709
Non-current liabilities				
Interest-bearing loans and borrowings	36	38,850	–	38,850
Notes payable	38	118,817	–	118,817
Amount due to a joint venture company	30	6,301	–	6,301
Other non-current liabilities	39	18,318	–	18,318
		182,286	–	182,286
Total liabilities		265,789	206	265,995

Notes to the Financial Statements
for the financial year ended 31 December 2013

50. Segment information

For management purposes, the Group is organised into business units based on the nature of products and services provided, with each reportable operating segment representing strategic business units that offers different products and serves different markets. The reportable operating segments are as follows:

The Hotel Investments Segment relates to hotel and restaurant operations.

The Property Sales Segment comprises hotel residences, Laguna property sales and development project/site sales. Hotel residences business relates to the sale of hotel villas or suites which are part of hotel operations, to investors under a compulsory leaseback scheme. Laguna property sales business relates to the development and sale of properties which are standalone vacation homes in Laguna Phuket. Development project/site sales relates to pure development land sales or development land sales which are fully or partially developed with infrastructure.

The Fee-based Segment comprises the management of hotels and resorts, the management of an asset-backed destination club, the management of private-equity funds, the management and operation of spas, the sales of merchandise, the provision of architectural and design services, the management and ownership of golf courses, and rental of retail outlets and offices.

The Head Office Segment relates to expenses incurred by corporate office.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained below, is measured differently from operating profit or loss in the consolidated financial statements.

Geographical information

The Group's geographical information on revenue and non-current assets are based on the geographical location of the Group's customers and assets respectively.

The South East Asia segment comprises countries such as Thailand, Indonesia, Malaysia and Vietnam.

The Indian Oceania segment comprises countries such as Seychelles, Maldives, Sri Lanka and India.

The Middle East segment comprises countries such as Dubai, Egypt and UAE.

The North East Asia segment comprises countries such as China, Japan, Hong Kong and Macau.

The rest of the world segment comprises countries such as Australia, New Zealand, Guam, Morocco, West Indies and Americas.

Allocation basis and transfer pricing

Segments' results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Income taxes are managed on a group basis and are not allocated to operating segments. Unallocated income comprises of other sources of income which are not directly attributable to the identified operating segments.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

Notes to the Financial Statements

for the financial year ended 31 December 2013

50. Segment information (continued)

Allocation basis and transfer pricing (continued)

Segment accounting policies are the same as the policies of the Group as described in Note 2. The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices.

Information about major customers

There is no concentration of revenue derived from any one single customer for both years ended 31 December 2013 and 2012.

(a) Operating segments

The following tables present revenue and results information regarding the Group's reportable operating segments for the years ended 31 December 2013 and 2012:

	Hotel Investments $'000	Property Sales $'000	Fee-based Segment $'000	Head Office $'000	Total $'000
Year ended 31 December 2013					
Revenue:					
Segment revenue					
Sales	221,520	33,165	159,252	–	413,937
Inter-segment sales	(357)	–	(57,433)	–	(57,790)
Sales to external customers	221,163	33,165	101,819	–	356,147
Results:					
Segment results	25,697	2,639	17,322	(16,708)	28,950
Unallocated income					22,691
Profit from operations and other gains					51,641
Finance income	461	1,754	286	248	2,749
Finance costs	(7,377)	(2,174)	(370)	(13,375)	(23,296)
Share of results of associated companies	–	–	30	(8)	22
Profit before taxation					31,116
Income tax expenses					(12,961)
Profit for the year					18,155

Notes to the Financial Statements
for the financial year ended 31 December 2013

50. Segment information (continued)

(a) Operating segments (continued)

	Hotel Investments $'000	Property Sales $'000	Fee-based Segment $'000	Head Office $'000	Total $'000
Year ended 31 December 2012					
Revenue:					
Segment revenue					
Sales	187,974	42,656	170,355	–	400,985
Inter-segment sales	(248)	–	(62,321)	–	(62,569)
Sales to external customers	187,726	42,656	108,034	–	338,416
Results:					
Segment results	15,336	5,558	21,554	(18,838)	23,610
Unallocated income					22,874
Profit from operations and other gains					46,484
Finance income	378	1,913	749	338	3,378
Finance costs	(13,288)	–	(517)	(11,484)	(25,289)
Share of results of associated companies	111	–	28	(2)	137
Share of results of joint venture companies	–	–	–	7	7
Profit before taxation					24,717
Income tax expenses					(9,363)
Profit for the year					15,354

Notes to the Financial Statements
for the financial year ended 31 December 2013

50. Segment information (continued)

(a) Operating segments (continued)

The following tables present certain assets, liabilities and other information regarding the Group's reportable operating segments for the years ended 31 December 2013 and 2012:

	Hotel Investments $'000	Property Sales $'000	Fee-based Segment $'000	Head Office $'000	Total $'000
Year ended 31 December 2013					
Assets and liabilities:					
Segment assets	**741,859**	**244,402**	**182,673**	**209,699**	**1,378,633**
Associated companies	**1**	**–**	**116**	**165**	**282**
Deferred tax assets	**5,507**	**3,614**	**901**	**41**	**10,063**
Total assets					**1,388,978**
Segment liabilities	**56,159**	**18,776**	**41,229**	**21,900**	**138,064**
Interest-bearing loans and borrowings	**78,667**	**71,339**	**4,459**	**62,502**	**216,967**
Notes payable	**–**	**–**	**–**	**237,200**	**237,200**
Current and deferred tax liabilities	**62,567**	**26,462**	**9,443**	**2,327**	**100,799**
Total liabilities					**693,030**
Other segment information:					
Capital expenditure	**16,716**	**10**	**925**	**60**	**17,711**
Depreciation of property, plant and equipment	**16,550**	**192**	**2,393**	**627**	**19,762**
Amortisation of lease rental and land use rights	**2,694**	**–**	**–**	**–**	**2,694**
Other non-cash items	**275**	**85**	**1,430**	**625**	**2,415**

	Hotel Investments $'000	Property Sales $'000	Fee-based Segment $'000	Head Office $'000	Total $'000
Year ended 31 December 2012					
Assets and liabilities:					
Segment assets	877,685	147,985	221,485	126,519	1,373,674
Associated companies	1	–	83	174	258
Joint venture companies	–	–	–	6,301	6,301
Deferred tax assets	5,217	4,595	1,367	136	11,315
Total assets					1,391,548
Segment liabilities	41,785	23,791	32,495	32,991	131,062
Interest-bearing loans and borrowings	215,291	–	8,000	43,533	266,824
Notes payable	–	–	–	167,637	167,637
Current and deferred tax liabilities	58,626	24,565	28,364	2,073	113,628
Total liabilities					679,151
Other segment information:					
Capital expenditure	24,109	–	2,358	335	26,802
Depreciation of property, plant and equipment	18,384	90	5,695	637	24,806
Amortisation of lease rental and land use rights	3,160	–	–	–	3,160
Other non-cash items	512	(138)	4,084	16	4,474

Notes to the Financial Statements
for the financial year ended 31 December 2013

50. Segment information (continued)

(b) Geographical information

The following tables present revenue and non-current assets information based on the geographical location of customers and assets respectively:

	Revenue		Non-current assets	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Singapore	**1,168**	1,386	**67,785**	67,942
South East Asia	**203,631**	197,996	**463,854**	582,813
Indian Oceania	**80,704**	62,186	**125,373**	118,517
Middle East	**5,231**	5,995	**22**	26
North East Asia	**58,338**	62,650	**73,055**	69,326
Rest of the world	**7,075**	8,203	**24,207**	24,415
	356,147	338,416	**754,296**	863,039

Non-current assets information presented above consist of property, plant and equipment, land use rights, investment properties, associated companies, joint venture companies, prepaid island rental, intangible assets and prepayments as presented in the consolidated balance sheet.

51. Dividends

	COMPANY	
	2013 $'000	2012 $'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
– Final exempt (one-tier) dividend for 2012: 0.651 cent (2011: Nil cent) per share	**4,954**	–
Proposed but not recognised as a liability as at 31 December		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
– Final exempt (one-tier) dividend for 2013: 1.00 cent (2012: 0.651 cent) per share	**7,595**	4,949

52. Authorisation of financial statements

The financial statements for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the Directors on 14 March 2014.

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Srisoonthorn Road
Cherngtalay, Amphur Talang
Phuket 83110
Thailand
Tel : +66 76 372 400
Fax : +66 76 324 375
phuket@banyantree.com

Amadeus - BY HKT887
Galileo - BY 12654
Sabre - BY 177
Worldspan - BY 1887

Banyan Tree Ringha
Hong Po Village
Jian Tang Town
Shangrila County
Diqing Tibetan Autonomous Prefecture
Yunnan Province 674400
People's Republic of China
Tel : +86 887 828 8822
Fax : +86 887 828 8911
ringha@banyantree.com

Amadeus - BY KMGBTR
Galileo - BY 14853
Sabre - BY 7158
Worldspan - BY KMGBT

Banyan Tree Samui
99/9 Moo 4, Maret, Samui
Surat Thani 84310
Thailand
Tel : +66 77 915 333
Fax : +66 77 915 388
samui@banyantree.com

Amadeus - BY USMBTS
Galileo - BY 62546
Sabre - BY 12424
Worldspan - BY USMBT

Banyan Tree Sanya
No. 6 Luling Road
Sanya
Hainan 572000
People's Republic of China
Tel : +86 898 8860 9988
Fax : +86 898 8860 1188
sanya@banyantree.com

Amadeus - BY SYXBTT
Galileo - BY 81509
Sabre - BY 79610
Worldspan - BY SYXBT

Banyan Tree Shanghai On The Bund
19 Hai Ping Road
Hongkou District, Shanghai 200082
People's Republic of China
Tel : +86 21 2509 1188
Fax : +8621 2509 2288
shanghaionthebund@banyantree.com

Banyan Tree Spa Sanctuary
33, 33/27 Moo 4 Srisoonthorn Road
Cherngtalay, Amphur Talang
Phuket 83110
Thailand
Tel : +66 76 372 400
Fax : +66 76 324 375
phuket@banyantree.com

Banyan Tree Tianjin Riverside
34 Haihe East Road, Hebei District
Tianjin 300010
People's Republic of China
Tel : +86 22 5861 9999
Fax : +86 22 5861 9998
tianjinriverside@banyantree.com

Banyan Tree Ungasan
Jl. Melasti, Banjar Kelod
Ungasan, Bali 80364
Indonesia
Tel : +62 361 300 7000
Fax : +62 361 300 7777
ungasan@banyantree.com

Amadeus - BY DPSBTU
Galileo - BY 71042
Sabre - BY 58289
Worldspan - BY DPSBT

DoublePool Villas by Banyan Tree
33, 33/27 Moo 4
Srisoonthorn Road
Cherngtalay, Amphur Talang
Phuket 83110
Thailand
Tel : +66 76 372 400
Fax : +66 76 324 375
phuket@banyantree.com

Middle East

Banyan Tree Al Wadi
Banyan Tree Ras Al Khaimah Beach
Al Mazraa, P.O. Box 35288
Ras Al Khaimah
United Arab Emirates
Tel : +971 7 206 7777
Fax : +971 7 243 5000
alwadi@banyantree.com

Amadeus - BY RKTBTA
Galileo - BY 78602
Sabre - BY 59603
Worldspan - BY RKTBT

South Asia

Banyan Tree Vabbinfaru
Vabbinfaru Island
North Malé Atoll
Republic of Maldives
Tel : +960 664 3147
Fax : +960 664 3843
vabbinfaru@banyantree.com

Amadeus - BY MLE896
Galileo - BY 12644
Sabre - BY 39760
Worldspan - BY 1896

ANGSANA HOTELS & RESORTS

Africa

Angsana Balaclava Mauritius
Turtle Bay
Balaclava
Republic of Mauritius
Tel : +230 204 1888
Fax : +230 204 1862
balaclava@angsana.com

Angsana Riads Collection Morocco
Riad Dar Zaouia
N1 Riad Zitoun Jdid Derb
NaKouss Derb Zaouia
40000 Marrakech
Morocco
Tel : +212 524 388 905/6
Fax : +212 524 386 611
marrakech@angsana.com

Amadeus - BY RAKANN
Galileo - BY 13790
Sabre - BY 81704
Worldspan - BY RAKAN

Angsana Riads Dar Zaouia
N.1 Riad Zitoun Jdid-Medina
Derb NaKouss Derb Zaouia
40000 Marrakech
Morocco

Angsana Riad Bab Firdaus
N. 57-58 Rue de la Bahia
Riad Zitoun Jdid, Medina
40000 Marrakech
Morocco

Angsana Riad Blanc
N. 25 Derb Si Said
Riad Zitoun Jdid, Medina
40000 Marrakech
Morocco

Angsana Riad Lydines
N. 45 Derb Abda, Kasbah
40000 Marrakech
Morocco

Angsana Riad Si Said
N. 1-2-4 Derb Abbes El Fassi
Riad Zitoun Jdid, Medina
40000 Marrakech
Morocco

Angsana Riad Tiwaline
N. 10 Derb El Arsa
Riad Zitoun Jdid, Medina
40000 Marrakech
Morocco

Asia Pacific

Angsana Bintan
Jalan Teluk Berembang
Laguna Bintan Resort
Lagoi 29155
Bintan Resorts
Indonesia
Tel : +62 770 693 111
Fax : +62 770 693 222
bintan@angsana.com

Amadeus - BY SINANG
Galileo - BY 11741
Sabre - BY 55936
Worldspan - BY 80378

Angsana Fuxian Lake
No 8 Huanhu Beilu
Chengjiang
Yunnan Province 652500
People's Republic of China
Tel : +86 877 681 8888
Fax : +86 877 681 8889
fuxianlake@angsana.com

Amadeus - BY KMGAFL
Galileo - BY 16394
Sabre - BY 127890
Worldspan - BY KMGAF

Angsana Hangzhou
8 Westbrook Resort
Zijingang Road
Hangzhou
Zhejiang Province 310030
People's Republic of China
Tel : +86 571 8500 2000
Fax : +86 571 8500 2111
hangzhou@angsana.com

Amadeus - BY HGHAHH
Galileo - BY 33066
Sabre - BY 142420
Worldspan - BY HGHAH

Angsana Laguna Phuket
10 Moo 4 Srisoonthorn Road
Cherngtalay, Amphur Talang
Phuket 83110
Thailand
Tel : +66 76 324 101
Fax : +66 76 324 108
lagunaphuket@angsana.com

Angsana Lăng Cô,
Central Vietnam
Cu Du Village,
Loc Vinh Commune,
Phu Loc District,
Thua Thien Hue
Province, Vietnam
Tel : +84 54 3695 800
Fax : +84 54 3695 900
langco@angsana.com

Angsana Tengchong •
Hot Spring Village
Mayugu International Hot
Springs Resort
Beihai Town, Tengchong County
Yunnan Province, 679100
People's Republic of China
Tel : +86 875 899 9888
Fax : +86 875 899 8999
tengchong@angsana.com

South Asia

Angsana Bangalore
Northwest Country
Main Doddaballapur Road
Rajankunte
Bangalore 560064
India
Tel : +91 80 2846 8892
Fax : +91 80 2846 8897
bangalore@angsana.com

Amadeus - WV BLRAOS
Galileo - WV 69850
Sabre - WV 34458
Worldspan - WV BLRAO

Angsana Ihuru
North Malé Atoll
Republic of Maldives
Tel : +960 664 3502
Fax : +960 664 5933
ihuru@angsana.com

Amadeus - WW MLEANG
Galileo - WW 37922
Sabre - WW 60405
Worldspan - WW MLEIH

Angsana Velavaru
South Nilandhe Atoll (Dhaalu Atoll)
Republic of Maldives
Tel : +960 676 0028
Fax : +960 676 0029
velavaru@angsana.com

Amadeus - BY MLEANN
Galileo - BY 13765
Sabre - BY 74305
Worldspan - BY MLEAN

ANGSANA AFFILIATED HOTELS

Asia Pacific

Maison Souvannaphoum Hotel
Rue Chao Fa Ngum
Ban Thatluang, PO Box 741
Luang Prabang
Laos
People's Democratic Republic
Tel : +856 71 254 609
Fax : +856 71 212 577
maison@angsana.com

Amadeus - BY LPQMSH
Galileo - BY 20916
Sabre - BY 38056
Worldspan - BY VTEMS

Gyalthang Dzong Hotel
Shangrila County
Diqing Tibetan Autonomous
Prefecture
Yunnan Province 674400
People's Republic of China
Tel : +86 887 822 3646
Fax : +86 887 822 3620
reservations-gyalthang
@gyalthangdzong.com

Amadeus - WV DIG445
Galileo - WV 335
Sabre - WV 77589
Worldspan - WV SHAGY

Worldwide Offices

CORPORATE OFFICE

BANYAN TREE HOTELS & RESORTS

Group Marketing Services
211 Upper Bukit Timah Road
Singapore 588182
Tel : +65 6849 5899
Fax : +65 6462 2800
corporate@banyantree.com

GLOBAL MARKETING NETWORK

Americas

United States – Los Angeles
Tel : +1 805 212 8148
sales-losangeles@banyantree.com

United States – New York
Tel : +1 212 515 5693
Fax : +1 718 889 2416
sales-newyork@banyantree.com

Asia Pacific

Australia
Tel : +61 2 9411 5576
Fax : +61 2 9279 0780
sales-sydney@banyantree.com

China - Beijing
Tel : +86 10 8515 1828
Fax : +86 10 8587 0308
sales-beijing@banyantree.com

China - Chengdu
Tel : +86 28 6606 7133
Fax : +86 28 6606 7199
sales-chengdu@banyantree.com

China - Guangzhou
Tel : +86 20 2826 1896
Fax : +86 20 2826 1897
sales-guangzhou@banyantree.com

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Tel : +86 871 589 7413
Fax : +86 871 589 7413
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Tel : +86 24231 88888
Fax : +86 24231 88888
sales-shenyang@banyantree.com

Hong Kong
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Fax : +852 2312 2317
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Japan & Korea
Tel : +81 3 5542 3511
Fax : +81 3 5542 3512
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Southeast Asia
Tel : +65 6849 5844
Fax : +65 6462 9800
sales-singapore@banyantree.com

Taiwan
Tel : +886 2 2509 2368
Fax : +886 2 2509 2286
sales-taiwan@banyantree.com

Thailand
Tel : +66 2 285 0819
Fax : +66 2 285 0612
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Europe

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Tel : +33 142 25 9665
Fax : +33 142 25 9091
sales-paris@banyantree.com

Germany, Austria & Switzerland
Tel : +49 30 288 732 911
Fax : +49 30 288 732 929
sales-germany@banyantree.com

Russia
Tel : +7 495 660 0190
sales-russia@banyantree.com

United Kingdom
Tel : +44 20 7874 1595
Fax : +44 20 7841 2774
sales-london@banyantree.com

Middle East

United Arab Emirates
Tel : +971 5667 87 783
sales-dubai@banyantree.com

South Asia

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Tel : +91 11 46000560
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sales-india@banyantree.com

CORPORATE OFFICE

Angsana Hotels & Resorts

Group Marketing Services
211 Upper Bukit Timah Road
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corporate@angsana.com

GLOBAL MARKETING NETWORK

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Tel : +1 805 212 8148
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Asia Pacific

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Fax : +86 10 8587 0308
sales-beijing@angsana.com

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Fax : +86 28 6606 7199
sales-chengdu@angsana.com

China - Guangzhou
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Fax : +86 20 2826 1897
sales-guangzhou@angsana.com

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Tel : +86 871 5897 413
Fax : +86 871 5897 413
sales-kunming@angsana.com

China - Shanghai
Tel : +86 21 6335 2929
Fax : +86 21 6335 0658
sales-shanghai@angsana.com

China - Shenyang
Tel : +86 24231 88888
Fax : +86 24231 88888
sales-shenyang@angsana.com

Hong Kong
Tel : +852 2312 1815
Fax : +852 2312 2317
sales-hongkong@angsana.com

Japan & Korea
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Fax : +81 3 5542 3512
sales-tokyo@angsana.com

Southeast Asia
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Fax : +65 6462 9800
sales-singapore@angsana.com

Taiwan
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Fax : +886 2 2509 2386
sales-taiwan@angsana.com

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Tel : +66 2 285 0819
Fax : +66 2 285 0612
sales-bangkok@angsana.com

Europe

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Tel : +33 142 25 9665
Fax : +33 142 25 9091
sales-paris@angsana.com

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Tel : +49 30 288 732 911
Fax : +49 30 288 732 929
sales-germany@angsana.com

Russia
Tel : +7 495 660 0190
sales-russia@angsana.com

United Kingdom
Tel : +44 20 7874 1595
Fax : +44 20 7841 2774
sales-london@angsana.com

Middle East

United Arab Emirates
Tel : +971 5667 87 783
sales-dubai@angsana.com

South Asia

India
Tel : +91 11 46000560
Mob : +91 98117 10504
sales-india@angsana.com

TOLL-FREE NUMBERS

Americas

Mexico
Tel : 001 888 213 4992

United States
Tel : 1 800 591 0439

Asia Pacific

Australia
Tel : 1 800 050 019

China
Tel : 400 921 9789 (Banyan Tree)
Tel : 400 921 9567 (Angsana)

Hong Kong
Tel : 800 903 881

Japan
Tel : 0120 778 187

Singapore
Tel : 1 800 232 5599 (Banyan Tree)
Tel : 1 800 849 5788 (Angsana)

Europe

France
Tel : 00 800 3002 0000

Germany
Tel : 00 800 3002 0000

Spain
Tel : 00 800 3002 0000

United Kingdom
Tel : 00 800 3002 0000

Middle East

United Arab Emirates
Tel : 800 065 0586

Corporate Information

Board of Directors
Ho KwonPing
Ariel P Vera
Chia Chee Ming Timothy
Fang Ai Lian
Elizabeth Sam
Chan Heng Wing
Tham Kui Seng

Executive Officers
Claire Chiang
Ho KwonCjan
Abid Butt
Eddy See Hock Lye
Shankar Chandran
Dharmali Kusumadi
Steve Small
Lim See Bee
Stuart Reading
Hokan Limin
Shelly Yeo
Emilio Llamas Carreras
Maximilian Lennkh
Andrew Langston
Michael Lee
David Spooner
Foong Pohmun
Sachiko Shiina

Registered Address
Banyan Tree Holdings Limited
211 Upper Bukit Timah Road
Singapore 588182
Tel :+65 6849 5888
Fax:+65 6462 0186

Share Registrar
Boardroom Corporate & Advisory
Services Pte. Ltd.
50 Raffles Place
#32-01
Singapore Land Tower
Singapore 048623

Auditor
Ernst & Young LLP
One Raffles Quay
North Tower Level 18
Singapore 048583

Partner in charge
(since financial year ended
31 December 2010)
Simon Yeo

Solicitors
WongPartnership LLP

Bankers
Hong Kong & Shanghai Banking
Corporation Ltd
Malayan Banking Berhad
Qatar National Bank SAQ
Bank of East Asia Ltd
Bank of China Ltd
The Siam Commercial Bank Public
Company Limited

Company Secretary
Jane Teah
Tel :+65 6849 5886
Fax:+65 6462 0186
jane.teah@banyantree.com

Business Development
Lee Chui Ling
Tel :+65 6849 5839
Fax:+65 6462 9800
bd@banyantree.com

Group Sales & Marketing
211 Upper Bukit Timah Road
Singapore 588182
Tel :+65 6849 5888
Fax:+65 6462 9800
pr@banyantree.com

Statistics of Shareholdings
As at 14 March 2014

Share Capital

Issued and Paid-up Capital	$199,994,894
Class of Shares	Ordinary Shares
Voting Rights	One vote per share except for treasury shares

Distribution Of Shareholdings

Size of Shareholdings	No. of shareholders	%	No. of shares	%
1 – 999	45	1.41	10,101	0.00
1,000 –10,000	2,308	72.26	10,559,198	1.39
10,001 – 1,000,000	825	25.83	41,863,332	5.51
1,000,001 AND ABOVE	16	0.50	707,039,449	93.10
Total	**3,194**	**100.00**	**759,472,080***	**100.00**

* The total number of issued shares excludes the 1,930,200 treasury shares. Percentage of 1,930,200 treasury shares against total number of issued shares (excluding treasury shares) is 0.25%.

Substantial Shareholders [1]

Company	Direct interests No. of shares	%[7]	Deemed interests No. of shares	%[7]
Ho KwonPing [2]	–	–	286,632,582	37.74
Claire Chiang [2]	–	–	286,632,582	37.74
Estate of Ho Lien Fung, Deceased [3]	–	–	38,095,000	5.02
Bibace Investments Ltd	270,460,582	35.61	9,772,000	1.29
Recourse Investments Ltd. [4]	6,000,000	0.79	280,632,582	36.95
KAP Holdings Ltd. [4]	–	–	280,632,582	36.95
Qatar Holding LLC [5]	–	–	205,187,443	27.02
Qatar Investment Authority [6]	–	–	205,187,443	27.02

1 As shown in the Register of Substantial Shareholders and based on notifications received by the Company.

2 Ho KwonPing and Claire Chiang are each deemed to have an interest in the shares held by Recourse Investments Ltd., Bibace Investments Ltd ("Bibace"), Citibank Nominees Singapore Pte Ltd (acting as nominee for Bibace) and Credit Suisse Singapore Trust Account Clients – Foreign (acting as nominee for KAP Holdings Ltd. ("KAP")).

3 Estate of Ho Lien Fung, Deceased is deemed to have an interest in the shares held by ICD (HK) Limited and HSBC (Singapore) Nominees Pte Ltd (acting as nominee for Li-Ho Holdings (Private) Limited).

4 Recourse Investments Ltd. and its wholly-owned subsidiary, KAP are each deemed to have an interest in the shares held by Bibace, Citibank Nominees Singapore Pte Ltd (acting as nominee for Bibace), and Credit Suisse Singapore Trust Account Clients – Foreign (acting as nominee for KAP).

5 Qatar Holding LLC ("QH") is deemed to have an interest in the shares held through third party nominees.

6 Qatar Investment Authority is deemed to have an interest in the shares held by its wholly-owned subsidiary, QH.

7 Percentage shareholding is based on issued share capital as at 14 March 2014 (excluding treasury shares).

Twenty Largest Shareholders (As shown in the Register of Members and Depository Register)

	Name	No. of Shares	%
1.	Bibace Investments Ltd	270,460,582	35.61
2.	DBSN Services Pte. Ltd.	238,835,378	31.45
3.	Citibank Nominees Singapore Pte Ltd	63,115,973	8.31
4.	BNP Paribas Nominees Singapore Pte Ltd	31,146,000	4.10
5.	ICD (HK) Limited (formerly known as Wah-Chang Offshore (Hong Kong) Company Limited)	31,000,000	4.08
6.	HSBC (Singapore) Nominees Pte Ltd	20,751,431	2.73
7.	Ho KwonCjan	16,000,000	2.11
8.	Freesia Investments Ltd	10,000,000	1.32
9.	DBS Nominees (Private) Limited	8,381,216	1.10
10.	Recourse Investments Ltd.	6,000,000	0.79
11.	Maybank Kim Eng Securities Pte. Ltd.	3,858,000	0.51
12.	United Overseas Bank Nominees (Private) Limited	2,711,669	0.36
13.	Bank Of Singapore Nominees Pte. Ltd.	1,484,000	0.20
14.	Lee Pineapple Company Pte Ltd	1,100,000	0.14
15.	Lee Seng Tee	1,100,000	0.14
16.	CIMB Securities (Singapore) Pte. Ltd.	1,095,200	0.14
17.	Ariel P Vera	990,000	0.13
18.	OCBC Securities Private Limited	789,000	0.10
19.	Leong Hong Cheong	700,000	0.09
20.	Tee Hwee Liang @ Tee Hai Liang	643,700	0.08
	Total	**710,162,149**	**93.49**

As at 14 March 2014, approximately 26.16% of the Company's issued ordinary shares (excluding treasury shares) is held by the public and, therefore Rule 723 of the Listing Manual is complied with.

Notice of Annual General Meeting

Banyan Tree Holdings Limited
(Incorporated in the Republic of Singapore)
(Company Registration No. 200003108H)

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting ("**AGM**") of the Company will be held at Ballroom 1 Lower Lobby, The Fullerton Hotel, 1 Fullerton Square, Singapore 049178, on Monday, 28 April 2014 at 3.00 p.m. to transact the following business:

Ordinary Business

1 To receive and adopt the Directors' Report and Audited Accounts for the financial year ended 31 December 2013 and the Auditor's Report thereon.

2 To declare a first and final tax exempt (one-tier) dividend of 1.0 cent per ordinary share for the year ended 31 December 2013 (FY2012: 0.651 cents).

3 To re-elect the following directors who are retiring by rotation in accordance with Articles 93 and 94 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:
(i) Mrs Fang Ai Lian
(ii) Mr Ariel P Vera

4 To re-appoint Mrs Elizabeth Sam as a Director of the Company pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore ("**Companies Act**"), to hold office from the date of this AGM until the next AGM.

5 To approve payment of Directors' Fees of S$382,939 for the financial year ended 31 December 2013 (FY2012: S$294,500).

6 To re-appoint Ernst & Young LLP as the Auditor of the Company to hold office until the next AGM and to authorise the Directors to fix their remuneration.

Special Business

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

7.1 That authority be and is hereby given to the Directors of the Company, pursuant to Section 161 of the Companies Act, to:

(a) (i) issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution 7.1 may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution 7.1 was in force,

Notice of Annual General Meeting

Banyan Tree Holdings Limited
(Incorporated in the Republic of Singapore)
(Company Registration No. 200003108H)

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution 7.1 (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 7.1) shall not exceed 50 per cent of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 7.1) shall not exceed 20 per cent of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited (the "**SGX-ST**")) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) at the time this Resolution 7.1 is passed, after adjusting for:

(i) any 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 7.1 is passed; and

(ii) any subsequent bonus issue, consolidation or sub-division of Shares;

(3) in exercising the authority conferred by this Resolution 7.1, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Listing Manual of the SGX-ST ("**Listing Manual**") for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution 7.1 shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

7.2 That the Directors be and are hereby authorised to:

(a) offer and grant options in accordance with the provisions of the Banyan Tree Share Option Scheme and/or grant awards in accordance with the provisions of the Banyan Tree Performance Share Plan (together the "**Share Plans**"); and

(b) allot and issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of options under the Banyan Tree Share Option Scheme and/or such number of fully paid Shares as may be required to be issued pursuant to the vesting of awards under the Banyan Tree Performance Share Plan,

provided always that the aggregate number of Shares to be issued pursuant to the Share Plans shall not exceed 15 per cent of the total number of issued Shares (excluding treasury shares) from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the Company's next AGM or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

Notice of Annual General Meeting

Banyan Tree Holdings Limited
(Incorporated in the Republic of Singapore)
(Company Registration No. 200003108H)

7.3 That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual, for the Company, its subsidiaries and its associated companies which are entities at risk as defined under Chapter 9 of the Listing Manual, to enter into any of the transactions falling within the types of interested person transactions described in the Appendix to the Letter to Shareholders dated 11 April 2014 (the "**Letter**"), with any person who falls within the classes of interested persons described in the Appendix to the Letter, provided that such transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders and in accordance with the review procedures for interested person transactions as set out in the Appendix to the Letter (the "**IPT Mandate**");

(b) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date that the next AGM of the Company is held or required by law to be held, whichever is the earlier;

(c) the Audit and Risk Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of such procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual which may be prescribed by the SGX-ST from time to time; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including, without limitation, executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

7.4 That:

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

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

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

and otherwise in accordance with all other laws and regulations, including but not limited to the provisions of the Companies Act and the Listing Manual as may for the time being be applicable, be and is hereby approved generally and unconditionally (the "**Share Buyback Mandate**");

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

(i) the date on which the next AGM is held or required by law to be held; and

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

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(c) in this Resolution:

"**Maximum Limit**" means that number of Shares representing not more than 1 per cent of the total number of issued Shares (excluding treasury shares) as at the date of the passing of this Resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered (excluding any treasury shares); and

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding related expenses) which shall not exceed:

(i) in the case of a Market Purchase, 105 per cent of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120 per cent of the Highest Last Dealt Price,

where:

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

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) Market Days (a "**Market Day**" being a day on which the SGX-ST is open for trading in securities), on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days;

"**Highest Last Dealt Price**" means the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; and

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

(d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

8 To transact any other business as may properly be transacted at an AGM.

By Order of the Board

Jane Teah
Company Secretary
Singapore, 11 April 2014

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Explanatory Notes
In relation to Ordinary Resolution 3(i), Mrs Fang Ai Lian will, upon re-election as Director, continue to serve as Chairman of the Audit & Risk Committee ("ARC") and as a member of the Nominating & Remuneration Committee ("NRC"), and will be considered independent for the purposes of Rule 704(8) of the Listing Manual.

In relation to Ordinary Resolution 3(ii), Mr Ariel P Vera will, upon re-election as Director, continue to serve as a Non-Executive and Non-Independent Director.

In relation to Ordinary Resolution 4, Mrs Elizabeth Sam will, upon re-appointment as Director, continue to serve as a member of the ARC and as a member of the NRC, and will be considered independent for the purposes of Rule 704(8) of the Listing Manual.

Ordinary Resolution 5, if passed, relates to the payment of Directors' Fees for the financial year ended 31 December 2013 (FY2013). Directors' fees are for services rendered by the Non-Executive Directors on the Board as well as the various Board Committees. The amount also includes complimentary accommodation, spa and gallery benefits provided to the Non-Executive Directors.

Detailed information on the Directors who are proposed to be re-elected/re-appointed can be found under the "Board of Directors" and "Corporate Governance Report" sections in the Company's Annual Report 2013.

Statement pursuant to Article 56 of the Company's Articles of Association
Ordinary Resolution 7.1, if passed, will empower the Directors, from the date of the passing of Ordinary Resolution 7.1 to the date of the next AGM, to issue Shares and to make or grant Instruments (such as warrants or debentures) convertible into Shares, and to issue Shares in pursuance of such Instruments, up to an amount not exceeding in total 50 per cent of the total number of issued Shares (excluding treasury shares), with a sub-limit of 20 per cent of the total number of issued Shares (excluding treasury shares) for issues other than on a *pro rata* basis to shareholders. For the purpose of determining the aggregate number of Shares that may be issued, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares) at the time that Ordinary Resolution 7.1 is passed, after adjusting for (a) 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 that Ordinary Resolution 7.1 is passed, and (b) any subsequent bonus issue, consolidation or sub-division of Shares.

Ordinary Resolution 7.2, if passed, will empower the Directors, from the date of this AGM until the next AGM, or the date by which the next AGM is required by law to be held or when varied or revoked by the Company in a general meeting, whichever is the earlier, to offer and grant options and/or awards, and to issue new Shares, pursuant to the Share Plans, provided that the aggregate number of Shares to be issued pursuant to the Share Plans shall not exceed 15 per cent of the total number of issued Shares (excluding treasury shares) from time to time.

Ordinary Resolution 7.3, if passed, will authorise the Interested Person Transactions as described in the Letter and recurring in the year, and will empower the Directors of the Company to do all acts necessary to give effect to the IPT Mandate. This authority shall, unless revoked or varied by the Company in general meeting, continue in force until the date on which the next AGM of the Company is or is required by law to be held, whichever is the earlier.

Ordinary Resolution 7.4, if passed, will empower the Directors of the Company to exercise all powers of the Company to purchase or otherwise acquire (whether by way of market purchases or off-market purchases) Shares of the Company on the terms of the Share Buyback Mandate as set out in the Letter. This authority shall, unless revoked or varied by the Company in general meeting, continue in force until the date on which the next AGM of the Company is or is required by law to be held, whichever is the earlier.

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Apart from using its internal sources of funds, the Company may obtain or incur borrowings to finance its purchases or acquisitions of Shares. The Directors of the Company do not propose to exercise the Share Buyback Mandate to such extent that it would result in any material adverse effect to the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST. The amount of financing required for the Company to purchase its Shares pursuant to the Share Buyback Mandate and the impact on the Company's financial position, cannot be realistically ascertained as at the date of this Notice as this will depend on factors such as the aggregate number of Shares purchased and the purchase prices paid at the relevant times.

An illustration of the financial impact of the Share purchases by the Company pursuant to the Share Buyback Mandate on the audited financial statements of the Group for the financial year ended 31 December 2013 is set out in the Letter.

Notes

1. A member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote instead of him. Such proxy need not be a member of the Company.

2. The instrument appointing a proxy or proxies must be lodged at the registered office of the Company at 211 Upper Bukit Timah Road, Singapore 588182, not less than 48 hours before the time appointed for the AGM.

Proxy Form

Banyan Tree Holdings Limited

(Incorporated in the Republic of Singapore)
(Company Registration No. 200003108H)

IMPORTANT:
1. For investors who have used their CPF monies to buy Banyan Tree Holding Limited's Shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ____ (Name)

of ____ (Address)

being a member/members of Banyan Tree Holdings Limited (the "**Company**"), hereby appoint:

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

and/or (please delete as appropriate)

			No. of Shares	%

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting (the "**AGM**") of the Shareholders of the Company to be held on Monday, 28 April 2014 at Ballroom 1 Lower Lobby, The Fullerton Hotel, 1 Fullerton Square, Singapore 049178, at 3.00 p.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 and at any adjournment thereof. If no person is named in the above boxes, the Chairman of the AGM shall be my/our proxy to vote, for or against the Resolutions to be proposed at the AGM as indicated hereunder for me/us on my/our behalf and, if necessary, to demand a poll, at the AGM and at any adjournment thereof.

Resolution No.	Resolutions relating to:		To be used on a show of hands		To be used in the event of a poll	
			For*	Against*	No. of Votes For**	No. of Votes Against**
	As Ordinary Business					
1	Directors' Report and Audited Accounts for the financial year ended 31 December 2013					
2	Payment of first and final tax exempt (one-tier) dividend					
3	Re-election of Directors pursuant to Articles 93 and 94	(i) Mrs Fang Ai Lian				
		(ii) Mr Ariel P Vera				
4	Re-appointment of Mrs Elizabeth Sam as Director					
5	Approval of Directors' Fees					
6	Re-appointment of Ernst & Young LLP as Auditor					
	As Special Business					
7.1	Authority to issue new Shares					
7.2	Authority to offer and grant options and/or grant awards and to allot and issue Shares under the Share Plans					
7.3	The Proposed Renewal of the Shareholders' Mandate for Interested Person Transactions					
7.4	The Proposed Renewal of Share Buyback Mandate					

* Please indicate your Vote "For" or "Against" with a " ✓ " within the box provided.

** If you wish to exercise all your Votes "For" or "Against", please indicate with a " ✓ " within the box provided. Alternatively, please indicate the number of Votes as appropriate.

Dated this ____________ day of ______________ 2014

Total number of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

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

Important: Please read notes on the reverse carefully before completing this form.

1st fold along line

Affix
postage
stamp

Banyan Tree Holdings Limited
211 Upper Bukit Timah Road
Singapore 588182
Attention: Company Secretary

2nd fold along line

Notes:

1. Please insert the total number of ordinary shares in the Company ("Shares") held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore (the "Companies Act")), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him. Such proxy need not be a member of the Company. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy shall be deemed as representing 100 per cent of the shareholding and the second named proxy shall be deemed as an alternate to the first named proxy.

3. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 211 Upper Bukit Timah Road, Singapore 588182, not less than 48 hours before the time appointed for the AGM.

4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

5. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act.

6. 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 member, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

NOTE ABOUT PRINTING:

In line with Banyan Tree's continuing efforts to promote environmental sustainability, this report is printed on 9Lives paper (with 55% recycled content) as a Forest Stewardship Council™ (FSC™) certified print job. If you would like additional copies or to share this report, we encourage you to join the bulk of our shareholders and enjoy the soft copy in order to reduce consumption of resources from printing and distributing hard copies. The portable document format (PDF) soft copy is available for download via Banyan Tree's website: **www.banyantree.com.**

ABOUT THE FOREST STEWARDSHIP COUNCIL

The Forest Stewardship Council (FSC) is an independent, non-governmental, not-for-profit organisation established to promote the responsible management of the world's forests. FSC certification provides a credible link between responsible production and consumption of forest products, enabling consumers and businesses to make purchasing decisions that benefit people and the environment as well as providing ongoing business value.

For more information, please visit: **www.fsc.org.**

This is an FSC-certified publication.

Design and Produced by **Sedgwick Richardson**

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