

# A Journey of Transformation

Banyan Tree Holdings Limited  
Annual Report 2014



BANYAN TREE

## Before Our Transformational Journey...

1983 →



LAGUNA PHUKET  
Thailand  
Before development

2009 →



BANYAN TREE YANGSHUO  
China  
Before development

2010 →



LAGUNA LANG CÔ  
Vietnam  
Before development

# After The Transformation

→ 2014



LAGUNA PHUKET  
Thailand  
After development

→ 2014



BANYAN TREE YANGSHUO  
China  
After development

→ 2014



LAGUNA LANG CO  
Vietnam  
After development

ANGSANA IHURU  
Maldives

*From Laguna Phuket, the first integrated resort in the region, to Cassia, our recently launched serviced apartment concept, the Group has a 20-year track record in developing original experiences, creating distinctive offerings, and innovating business models. As we journey on, we are continuing with our inventive spirit and pioneering ways to build future success.*



### 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.

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BANYAN TREE PHUKET  
Thailand



BANYAN TREE SPA PHUKET  
Thailand



Cover  
PROPERTY:  
Banyan Tree Yangshuo  
China

# Our Transformational Journey

Headquartered in Singapore, Banyan Tree Holdings Limited is a leading international operator and developer of premium resorts, hotels, residences and spas.

From a single boutique resort in Phuket in 1994, Banyan Tree has grown into a multi-business operator globally. Today, Banyan Tree manages and/or has ownership interests in 35 resorts and hotels, 70 spas, 83 retail galleries and three golf courses. The Group also develops and sells residential properties in six countries.

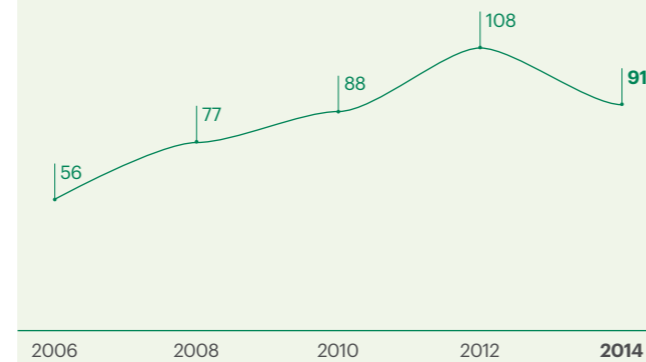
## How We Evolve



## Business Transformation since IPO (2006)

### FEE-BASED REVENUE (\$M)

From S\$56m at IPO to S\$91m in 2014



### PROPERTY SALES



**6 countries**

Initially, property sales involved secondary holiday homes sold predominantly in Thailand. By 2014, these had expanded to six countries – Thailand, Seychelles, China, Indonesia, Mexico and Vietnam.

## Transforming Geographically

### GROWING PRESENCE



### DRIVERS OF FEE-BASED REVENUE

#### Hotel Management

FROM 2,198 →  
TO **4,617** keys

Hotel management fees increased fourfold from S\$7 million in 2006 to S\$27 million in 2014.

#### Spa Operations

FROM 53 →  
TO **70** spas

Spa operations revenue increased by 9% from S\$22 million in 2006 to S\$24 million in 2014.

#### Hospitality Funds

FROM US\$0 →  
TO **US\$450M**

HOSPITALITY FUNDS RAISED

In 2014, the Group received S\$7 million in fund management fees.

#### Design & Project Management

FROM 4 →  
TO **18** signed projects

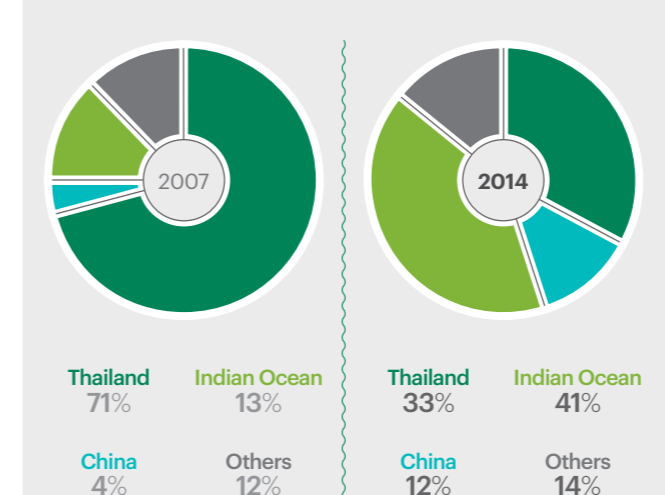
PROJECTS

Design and project management revenue increased by 88% from S\$8 million in 2006 to S\$15 million in 2014.

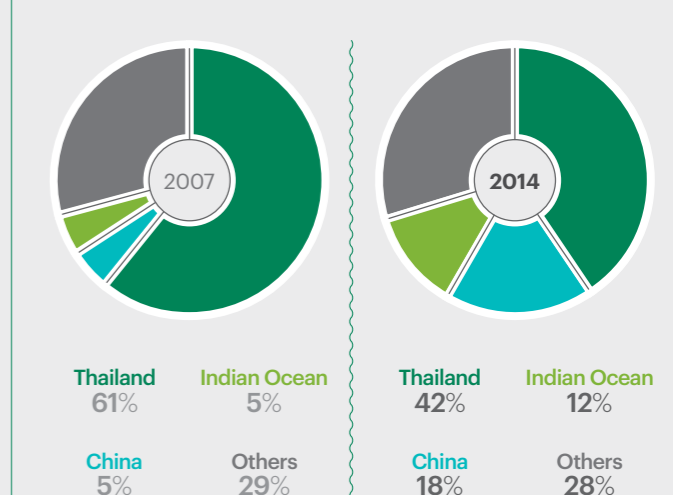


## Business Mix Transformation by Geographical Region

### EBITDA



### TOTAL ASSETS\*



Through our asset rebalancing strategy undertaken in the past few years, we have substantially reduced our reliance on Thailand's contribution and have shifted our focus to contributions from China and the Indian Ocean, the two high-growth regions. Our asset mix has moved in tandem from Thailand to China and the Indian Ocean.

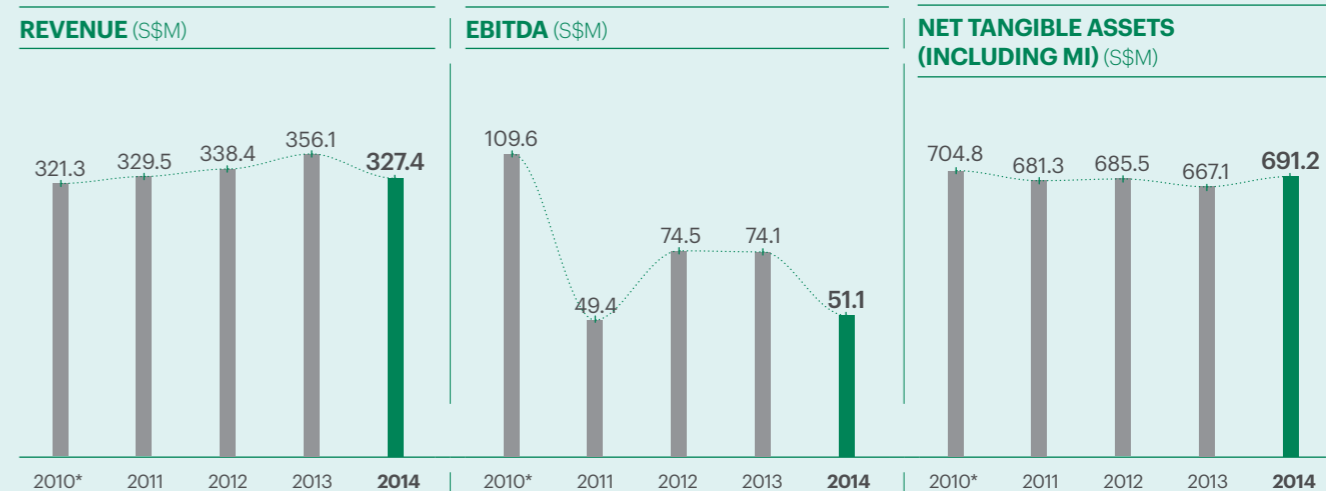
\* Refer to total assets before revaluation



# Five-year Financial Highlights

	2010* Restated S\$M	2011 S\$M	2012 S\$M	2013 S\$M	2014 S\$M
Revenue	321.3	329.5	338.4	356.1	<b>327.4</b>
Earnings before interest, tax, depreciation and amortisation (EBITDA)	109.6	49.4	74.5	74.1	<b>51.1</b>
Profit before tax (PBT)	61.0	2.5	24.7	31.1	<b>7.2</b>
Profit after tax (PAT)	35.9	3.0	15.4	18.2	<b>0.6</b>
Profit after tax & minority interests (PATMI)	19.5	1.6	14.9	18.1	<b>1.0</b>
EBITDA margin	34%	15%	22%	21%	<b>16%</b>
PATMI margin	6%	0%	4%	5%	<b>0%</b>
Per Share (\$)					
– Basic earnings	0.026	0.002	0.020	0.024	<b>0.001</b>
– Diluted earnings	0.026	0.002	0.020	0.024	<b>0.001</b>
– Net tangible assets (including MI)	0.929	0.897	0.902	0.877	<b>0.910</b>
– Net tangible assets (excluding MI)	0.645	0.672	0.681	0.684	<b>0.710</b>
Net debt equity ratio	0.29	0.40	0.44	0.40	<b>0.48</b>

\* 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 2010 for the Group have been restated as if the new accounting policy had always been applied.



\* 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 2010 for the Group have been restated as if the new accounting policy had always been applied.



BANYAN TREE VABBINFARU  
Maldives



BANYAN TREE LĂNG CỎ, CENTRAL VIETNAM  
Vietnam

# STRATEGIC OVERVIEW

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Executive Chairman's Statement

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Expanding Our Brand Portfolio and  
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Management Team

## Executive Chairman's Statement

66 Amid the volatility, one trend has persisted: Asia's middle class is burgeoning. Cassia caters to the desire of this demographic to own affordable holiday homes that generate a return on investment. 99



Volatility was the theme for 2014. There were signs of recovery in America but Europe remained weak. In China, the economy picked up as government stimulus measures kicked in. Thailand was again dogged by political unrest but stabilised after martial law was imposed. The later part of the year saw the rouble crisis begin in Russia, a key source market during our high season.

While these events affected our results, they also validated our efforts to rebalance assets and diversify geographically. EBITDA from Thailand has decreased from 71% of Group EBITDA in 2007 to 33% in 2014, showing reduced reliance on that market. Meanwhile, our focus on China is reaping rewards. Room revenue from Chinese nationals has grown year after year, with another increase of 12% in 2014 over 2013. At the same time, rising brand awareness among the Chinese is allowing our resorts elsewhere to tap the vast potential of China as a source market.

Amid the volatility, one trend has persisted: Asia's middle class is burgeoning, with China leading the pack. To capitalise on demand from domestic and international tourists, we continued to expand our presence in China. In 2014, we opened two new properties under management: the 142-key Banyan Tree Yangshuo and the 400-key Angsana Xi'an Lintong.

The growing middle class also provided an opportunity for us to launch a third brand. Cassia caters to the desire of this demographic to own affordable holiday homes that generate a return on investment as well. Owners of Cassia properties have the option to stay there for a certain number of days a year and lease them out for the rest of the year as serviced apartments under our management. The Cassia concept bundles the Group's expertise in hospitality, design and real estate, to create a chic, innovative product in an otherwise bland, overlooked segment.

### HOW WE PERFORMED IN 2014

The events of 2014 impacted all three business segments negatively. Group revenue was S\$327.4 million, down 8% from the previous year. EBITDA fell by 31% to S\$51.1 million because of lower revenue and because income for 2013 included a one-off gain on the sale of Angsana Velavaru.

With Thailand underperforming, revenue from hotel investments decreased by 8% to S\$203.9 million. Our Maldives and Seychelles resorts, however, delivered favourable results thanks to the strong leisure market. In line with lower revenue, EBITDA declined from S\$44.8 million to S\$38.9 million.

Property sales revenue dipped by 2% to S\$32.4 million, on lower sales of Laguna Holiday Club memberships, partially offset by higher revenue recognised from completed property sales units. EBITDA decreased from a profit of S\$3.3 million to a loss of S\$0.8 million due to lower revenue, coupled with marketing expenses on

new property development projects for which revenue will only be recognised upon completion.

Fee-based revenue dropped by 11% to S\$91.1 million. Besides lower architectural and design fees, revenue from spa, gallery and golf operations suffered from Thailand's tourism slowdown. EBITDA slipped from S\$19.3 million to S\$18.9 million.

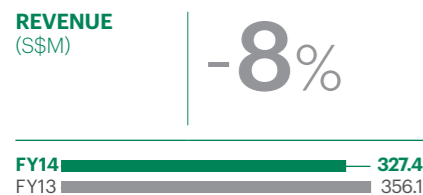
### THE OUTLOOK FOR 2015

In 2015 the global economy is facing renewed volatility with plunging oil prices and the unfolding Russian crisis. In China, the cut in interest rates is expected to boost consumption and augurs well for our planned property sales in Chengdu.

Given the mixed outlook, we are cautiously optimistic about the Group's performance in the coming year, boosted in part by confirmed property sales totalling S\$110.0 million which will be substantially recognised in 2015. Going forward, we are pursuing an aggressive



BANYAN TREE LĂNG CÔ, CENTRAL VIETNAM  
Vietnam



BANYAN TREE MAYAKOBA  
Mexico



ANGSANA XI'AN LINTONG  
China

growth strategy focusing on building sustainable income streams.

**A Multi-Brand Business**

Our Banyan Tree and Angsana brands have been highly successful, winning more than 1,200 awards. Just as geographical diversity gives us flexibility to respond to different market conditions, we are now seeking to diversify in terms of brands. With Cassia, we have taken a step toward becoming a multi-brand group, and we intend to launch a fourth brand in 2015.

**Property Development**

We also aim to generate sustainable and increasing profits from property development, by moving from the boutique luxury space to products targeting Asia's middle class. Previously, we sold residences as a complement to hotel offerings. Cassia signifies our ambition to be a more dedicated property developer. The first Cassia property comprising 229 keys will open in late 2015 at Laguna Phuket. Having successfully

launched Cassia in Thailand and Indonesia, we are developing sites in China, Australia and Sri Lanka, providing a critical mass on which to build the brand.

In addition, we are moving into the primary housing market in China by leveraging our Laguna brand. The project in Wenjiang, Chengdu, will be a game changer and the response has been positive. To date, we have received pre-launch booking deposits for 151 units or 71% of units available for sale under Phase 1A.

**Continued Focus on China**

Besides property sales, we anticipate hospitality to drive our growth in China as it evolves into a middle income economy and the government promotes consumer-driven growth. We will continue to expand there, with 68% of our new resort openings in the next five years taking place in China. Concurrently, we will ramp up marketing efforts to captivate and capture China as a source market for our hotels overseas.

**Stronger Fee-Based Revenue**

The Group's fee-based revenue streams have developed to a point where they enjoy a momentum of their own. As global tourism recovers, we anticipate higher demand for our expertise in hotel and spa planning, design and management.

**20 YEARS OF DOING GOOD**

Sustainability will remain core to our business. For instance, under the "Stay for Good" framework, guests contribute to social and environmental initiatives simply by staying with us. This framework extends to how we design and build resorts under the "Build for Good" umbrella.

Doing good while supporting our triple bottom line has served us well. From a single resort in 1994, Banyan Tree now manages or has stakes in 35 resorts and hotels, 70 spas, 83 retail outlets and three golf courses. Beyond the numbers, our goal has always been to create a magical experience for our guests. As we celebrated

Banyan Tree's 20<sup>th</sup> Anniversary in 2014, we encouraged past guests to share their memories with us through social media – the response was overwhelming and a wonderful encouragement to all of us at Banyan Tree.

These achievements would not be possible without the input and support of our associates, Management, Board, shareholders and guests. I would like to express my appreciation to them. I would also like to welcome Mr Olivier Lim, who joined the Board as an Independent Director on 13 November 2014.

I wish us all another year of doing good and accomplishing great things together.

HO KWONPING  
EXECUTIVE CHAIRMAN



# Expanding Our Brand Portfolio and Diversifying Our Business

With the launch of Cassia, a new brand targeting the serviced apartment segment, our portfolio will diversify beyond the boutique luxury space, to cater to Asia's growing middle class. Our business is poised to strengthen with a fourth hospitality brand in the pipeline. We are now in a position to sustain growth through multiple brands.

BANYAN TREE &  
ANGSANA  
AS AT 31 DEC 2014

35

CASSIA  
PLANNED LOCATIONS

5

# Growing Our Property Development Business Through Innovative Product Offerings

By introducing properties sold with mandatory leaseback under the Cassia brand, we are moving away from selling luxury residences as part of our hotels and instead targeting middle-class investors who can afford a second home. In addition, we are moving into primary residential sales in China and Australia to grow our property development business.

VALUE OF PROPERTIES SOLD UNDER THE CASSIA BRAND AS AT 31 DEC 2014

S\$53M

OVERALL UNRECOGNISED PROPERTY SALES REVENUE AS AT 31 DEC 2014

S\$110M

# Strengthening Our Presence and Profile in China's Rapidly Evolving Market

68% of our new resorts opening in the next five years will be in China, capitalising on inbound and domestic demand as this dynamic economy develops and consumer spending increases. Awareness of our brand in China is also driving outbound demand, with an ever-growing number of Chinese visitors travelling to our resorts overseas.

ROOM REVENUE FROM CHINESE NATIONALS FROM 2013

+12%

ROOM REVENUE FROM CHINESE NATIONALS AT OUR RESORTS OUTSIDE CHINA FROM 2013

+5%

# Enhancing Fee-Based Revenue Streams With Our Unique Expertise

With a healthy pipeline of projects in place, fees for our acclaimed planning, design and management services are set to bolster revenue in the coming years. Our expertise and experience in these areas will continue to be in demand among owners of hotels and spas around the globe as tourism markets recover.

HOTEL KEYS  
UNDER  
MANAGEMENT  
BY 2018

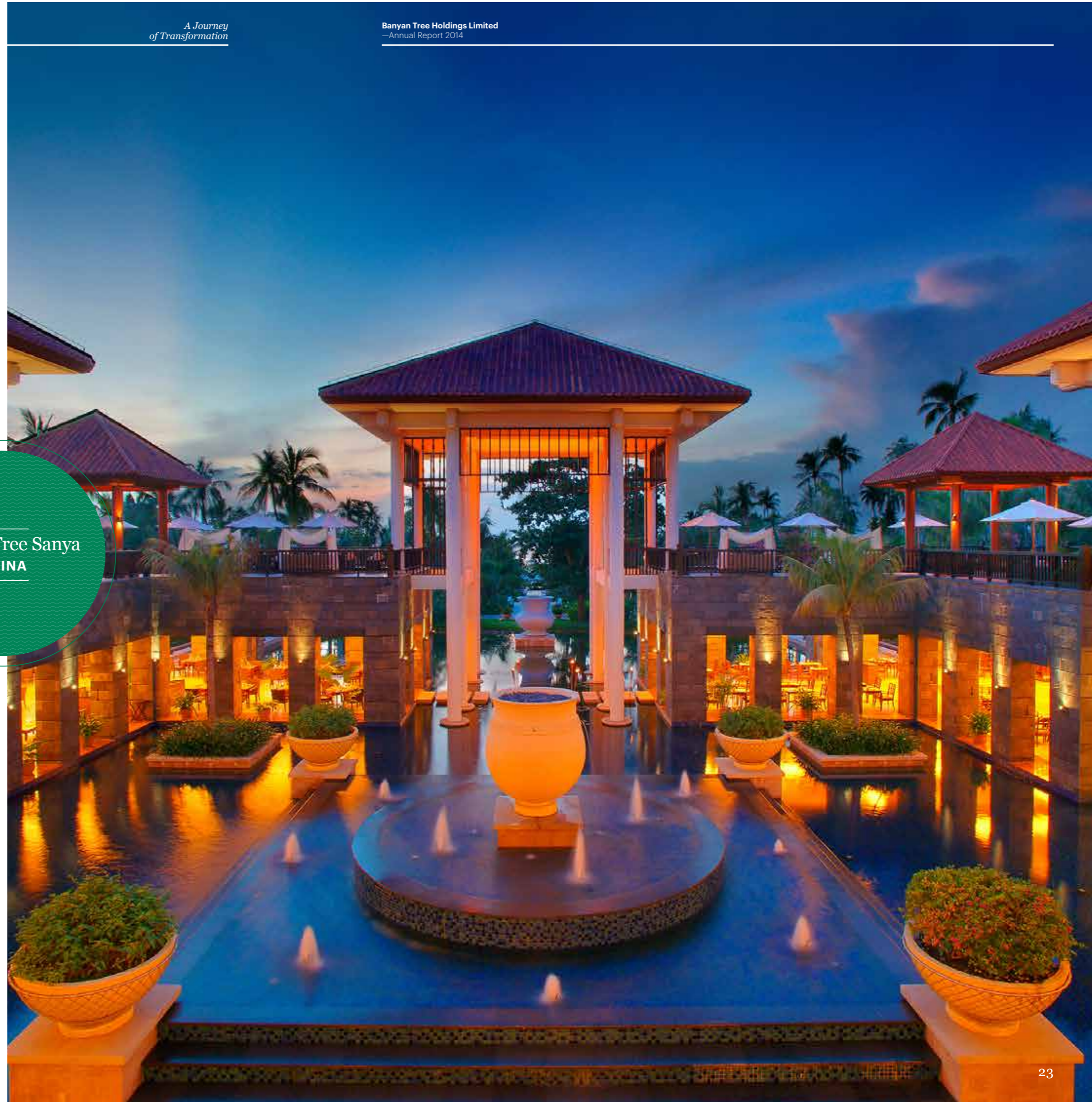
+115%

SPA OUTLETS  
BY 2018

+40%



Banyan Tree Sanya  
CHINA



## Board of Directors



04 **Ariel P Vera**  
03 **Fang Ai Lian**  
02 **Chia Chee Ming Timothy**  
01 **Ho KwonPing**  
05 **Chan Heng Wing**  
06 **Tham Kui Seng**  
07 **Elizabeth Sam**  
08 **Lim Tse Ghow Olivier**

### 01 Ho KwonPing

Executive Chairman

The founder of our Group, Mr Ho 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, and a Governor of the London Business School.

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.

### 02 Chia Chee Ming Timothy

Lead Independent Director

Mr Chia has been a Director since 8 June 2001, and became Lead Independent Director on 28 February 2007. He is the Chairman of the Nominating & Remuneration Committee and was last re-elected on 29 April 2013.

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, The Straits Trading Company Limited, Singapore Power Limited, Ceylon Guardian Investment Trust PLC and Ceylon Investment PLC. He is a member of the Board of Trustees of the Singapore Management University and a Senior Advisor to EQT Funds Management 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 SP Power Grid Limited, SP PowerAssets Limited, PowerGas Limited, Fraser and Neave, Limited and InnoTek Limited.

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

### 03 Fang Ai Lian

Independent Director

Mrs Fang was appointed an Independent Director and Chairman of the Audit & Risk Committee on 1 May 2008, and was last re-elected on 28 April 2014.

Mrs Fang is a Director of Singapore Telecommunications Limited, Metro Holdings Ltd and MediaCorp Pte Ltd as well as Advisor to the Far East Organization Group. She is also Chairman of the Board of Trustees of the Singapore Business Federation and a member of the Board of Trustees of the Singapore University of Technology and Design.

She was the Chairman of Great Eastern Holdings Limited and its insurance subsidiaries as well as a Director of OCBC Bank until her retirement in April 2014. Prior to that, she was with Ernst & Young for over 30 years until her retirement in March 2008. She was appointed Managing Partner in 1996 and Chairman in 2005. She previously served as Chairman of the Charity Council.

Mrs Fang 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.

### 04 Ariel P Vera

Non-Executive and Non-Independent Director

Mr Vera was appointed Director on 11 April 2000 and served as Group Managing Director from 1 March 2004 to his retirement in 2013. He remains as a Non-Executive and Non-Independent Director of the Company. He was last re-elected on 28 April 2014.

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 30 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.

**05 Chan Heng Wing**

Independent Director

Mr Chan became an Independent Director on 1 June 2012 and was last re-elected on 29 April 2013. He is a member of the Nominating & Remuneration Committee.

A Senior Advisor to the Ministry of Foreign Affairs, he is the Non-Resident High Commissioner to 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 previously a Director in Fraser and Neave, Limited. He was also the Prime Minister's Press Secretary and Director of the Media Division in the Ministry of Information and the Arts. He served at the Permanent Mission to the United Nations in New York and as Consul-General to Hong Kong, Ambassador to Thailand and Consul-General to Shanghai. He later joined Temasek Holdings as Chief Representative in China and Managing Director for International Relations in Temasek International.

Mr Chan holds a Bachelor of Arts (Honours) and a Master of Arts from the University of Singapore, and a Master of Science in Journalism from Columbia University, USA.

**06 Tham Kui Seng**

Independent Director

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

Mr Tham is a Director of Global Logistic Properties Limited, Sembcorp Industries Ltd, The Straits Trading Company Limited, Maxwell Chambers Pte Ltd, Straits Real Estate Pte Ltd and Sembcorp Properties 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.

From 2002 to 2008, he was the Chief Corporate Officer of CapitaLand Limited, overseeing the corporate services functions of the real estate group. 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.

**07 Elizabeth Sam**

Independent Director

Mrs Sam was appointed an Independent Director on 23 March 2004 and last re-appointed on 28 April 2014. She is a member of the 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 Chairman and Director of Hon Sui Sen Endowment CLG Limited. She has over 40 years' experience in the financial sector, having been 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 as its Chairman from 1987 to 1990 and 1993 to 1996, 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.

**08 Lim Tse Ghow Olivier**

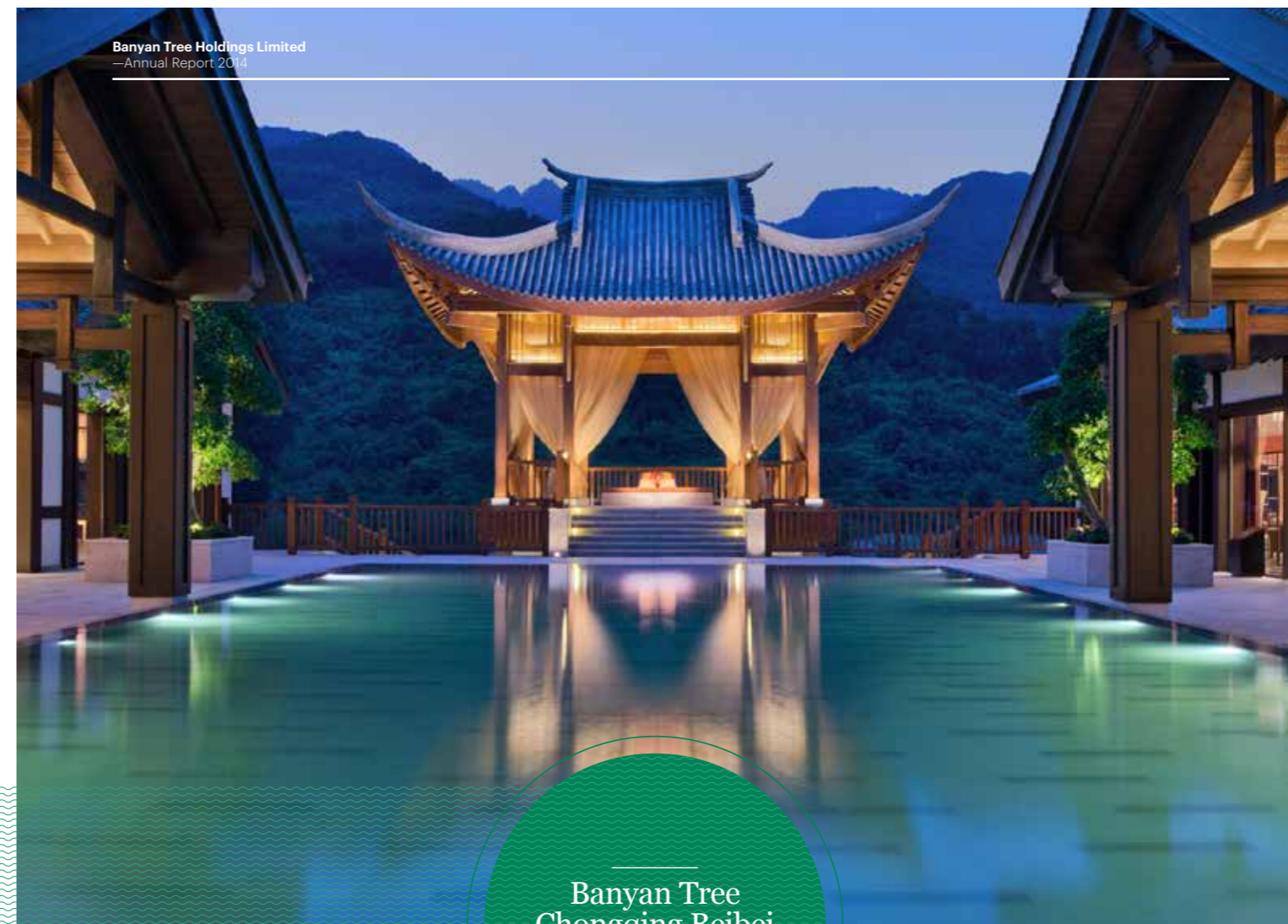
Independent Director

Mr Lim was appointed an Independent Director on 13 November 2014 and is a member of the Audit & Risk Committee.

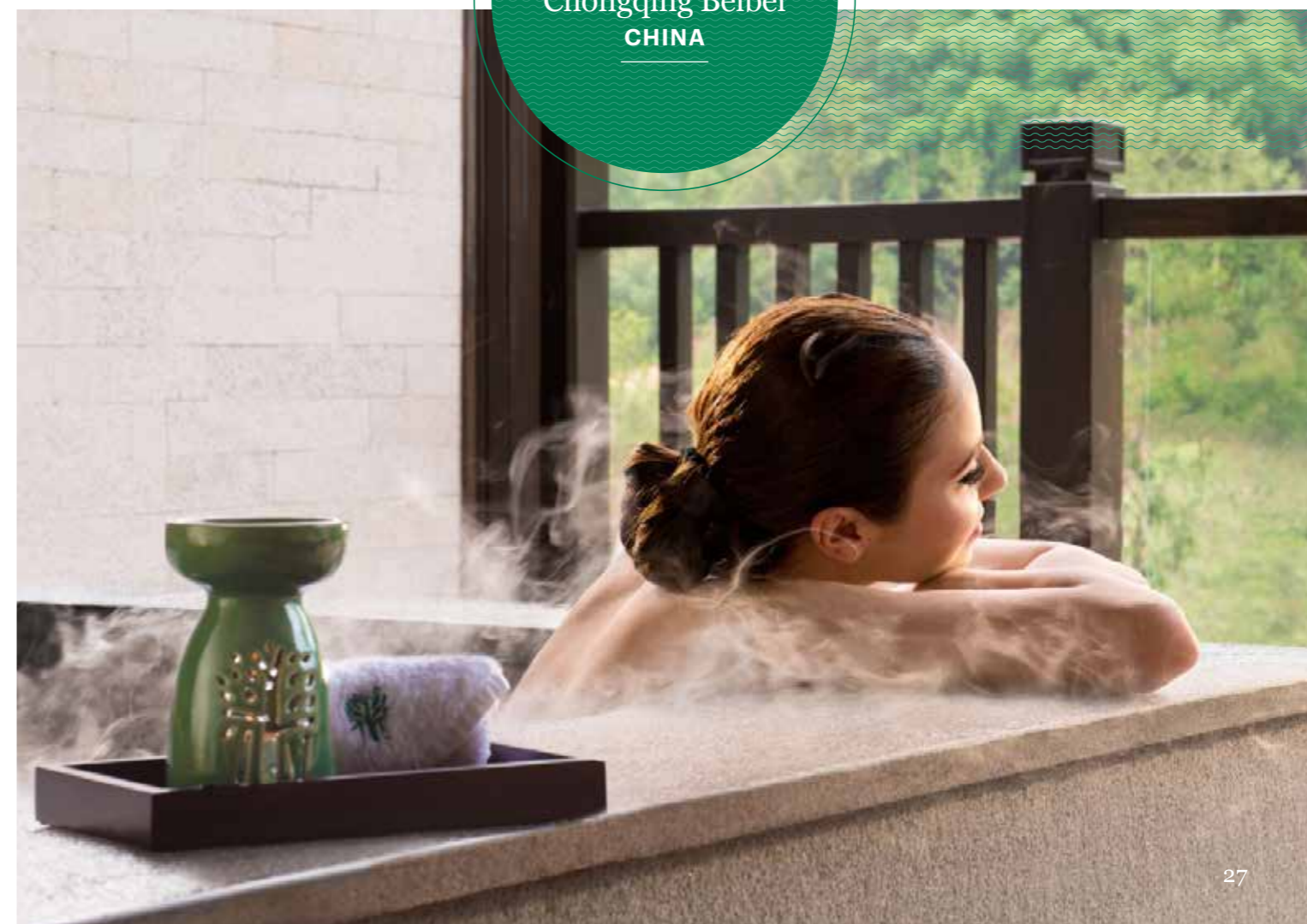
He is Chairman of both Certis CISCO Security Pte. Ltd. and Frasers Australand Pty Ltd. He is also a Director of Raffles Medical Group Ltd, and a member of the Board of Jurong Town Corporation.

Mr Lim was previously with CapitaLand Limited from 2003 to 2014, his last position being Group Deputy Chief Executive Officer. From 1989 to 2003, he was with Citibank Singapore, where he held various roles in the corporate and investment banking units, his last position being the Director/Head, Real Estate Unit. His past directorships include CapitaMalls Asia Limited, The Ascott Limited, Australand Holdings Limited, Neptune Orient Lines Limited, Raffles Medical Group Ltd, CapitaCommercial Trust Management Limited, CapitaMall Trust Management Limited and CapitaRetail China Trust Management Limited.

Mr Lim holds a Bachelor of Engineering (First Class Honours) in Civil Engineering from Imperial College London, UK.



Banyan Tree  
Chongqing Beibei  
CHINA



# Management Team

01  
Claire Chiang



02  
Ho KwonCjan



06  
Dharmali Kusumadi



07  
Steve Small



08  
Stuart Reading



03  
Abid Butt



04 (L)  
Eddy See  
Hock Lye



05 (R)  
Shankar Chandran



09  
Lim See Bee



10  
Shelly Yeo





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

Claire Chiang See Ngoh, Senior Vice President, Banyan Tree Holdings, is a co-founder of Banyan Tree Hotels & Resorts and pioneered the Group's retail business. As Chairperson for China Business Development she focuses on acquiring new management contracts, and as an Advisor on Human Capital Development guides strategic issues in organisational and human capital capability. She also chairs Banyan Tree Global Foundation, the Group's sustainability arm.

Ms Chiang serves on numerous boards. She is Chairperson of Wildlife Reserves Singapore, the Wildlife Reserves Singapore Conservation Fund, and the National Book Development Council of Singapore.

She is a member of the Tripartite Committee on Work-Life Strategy led by the Ministry of Manpower. She chaired the Employer Alliance and served on the board of The Tripartite Alliance for Fair and Progressive Employment Practices. She is the community advisor for Honour Singapore. She was also appointed by the Ministry of Defence to the Advisory Council on Community Relations in Defence (ACCORD), co-chairing the ACCORD Family & Community Council. She is a Pioneering Member for the Diversity Action Committee to build up female representation on company boards.

For her advocacy in social issues, Ms Chiang has won national and international awards including the Public Service Star BBM. She is married to Group Executive Chairman, Mr Ho KwonPing, with whom she received the Hospitality Lifetime Achievement Award at the China Hotel Investment Summit 2009.

**02 Ho KwonCjan****Senior Vice President****Group Chief Designer**

Ho KwonCjan is 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 2012. Prior to 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.

**03 Abid Butt****Senior Vice President****Chief Executive Officer**

Banyan Tree Hotels &amp; Resorts

Abid Butt is Senior Vice President and Chief Executive Officer, Banyan Tree Hotels & Resorts. Mr Butt assumed his role in 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. In May 2014, Mr Butt was made an honorary Doctor of Business Administration in International Hotel

& Tourism Management, by Johnson & Wales University. 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.

**04 Eddy See Hock Lye****Senior Vice President****Group Chief Financial Officer**

Eddy See Hock Lye is Senior Vice President and Group 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.

**05 Shankar Chandran****Senior Vice President****Managing Director**

LRH, Laguna Lãng Cô Vietnam and Spa Operations

Shankar Chandran is Senior Vice President and Managing Director, LRH, Laguna Lãng Cô Vietnam, and Spa Operations. Through his leadership since 2005, Banyan Tree Spa has grown to more than 60 spas worldwide. As Managing Director of Laguna Lãng 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. Mr Chandran holds a Postgraduate Diploma in Management Studies from Kingston University (London) and a Higher National Diploma in Finance from South West London College, UK.

**06 Dharmali Kusumadi****Senior Vice President****Managing Director**

Architrave

Dharmali Kusumadi is Senior Vice President and Managing Director of Architrave. He 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.

**07 Steve Small****Senior Vice President****Managing Director**, Banyan Tree Capital

Steve Small is Senior Vice President, Managing Director of Banyan Tree Capital. He 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. Mr Small launched and manages the

Group's funds for Indochina (US\$283 million) and China (RMB1 billion). The Indochina Fund established our presence in Vietnam that saw the development and completion of phase 1 of Laguna Lãng Cô integrated resort and its surrounding infrastructure. The China Fund extended the Banyan Tree brand of hotels and residences to Yangshuo, Huangshan, and Lijiang. Prior to joining the Group in 2008, Mr Small spent over 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 and Wales and has a Bachelor of Economics (Honours) from Durham University, UK.

**08 Stuart Reading****Vice President**

Group Property Development

Stuart Reading is Vice President, Group Property Development. Mr Reading assumed his current role in January 2014 and 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, Chief Financial Officer for LRH and Deputy Managing Director, LRH. Mr Reading has also served on the Board of LRH since 2006. He joined LRH in 2002 as Assistant Vice President, Finance & Administration, responsible for the property sales and holiday club businesses finance function. Prior to joining the Group, he 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.

**09 Lim See Bee****Vice President and Managing Director**

Group Project Services

Lim See Bee is 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 30 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 Certificate in Finance, a Bachelor of Arts and 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.

**10 Shelly Yeo****Vice President**

Corporate Finance

Shelly Yeo is 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 Chartered Accountants Singapore.

# Management Team



13  
Maximilian Lennkh



11 (L)  
Hokan Limin

12 (R)  
Emilio Llamas Carreras



17  
Michael Lee



18  
Sachiko Shiina



19  
Ho Ren Hua



16  
David Spooner



14 (L)  
Andrew Langston

15 (R)  
Foong Pohmun



20  
Desmond Pugson



21 (L)  
Jun Wang

22 (R)  
Kanruethai Roongruang

**11 Hokan Limin**

Vice President

Hotel Finance

Hokan Limin is 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, 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.

**12 Emilio Llamas Carreras**

Vice President and Director

Special Projects

Emilio Llamas Carreras is Vice President and Director, Special Projects. He is responsible for developing the operational concepts for our new brands, and accountable for the roll out of standards and implementation to ensure brand consistency. Mr Carreras was previously General Manager, Banyan Tree Shanghai on the Bund, Vice President and Deputy Managing Director of Laguna Phuket, 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 Australia, China, India, Laos, the Maldives and Sri Lanka. 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 Carreras holds a hotel diploma and an engineering degree from Sevilla University, Spain.

**13 Maximilian Lennkh**

Vice President

Hotel Operations  
(Middle East, North Africa and Indian Ocean)

Maximilian Lennkh is Vice President, Hotel Operations (Middle East, North Africa, and Indian Ocean). Mr Lennkh was appointed to his current position in 2013, opening up a new regional office in Dubai. He joined the Group in 2001 as Area General Manager (Maldives), subsequently moving from there 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 Gyalthan 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.

**14 Andrew Langston**

Vice President

Hotel Operations (Asia Pacific)

Andrew Langston has been Vice President, Hotel Operations (Asia Pacific) since 2012 and is responsible for Hotel Operations in the Asia Pacific region, opening hotels and reviewing business development opportunities. He joined the Group in 2008 as Area General Manager overseeing both the Banyan Tree and Angsana, Bintan Resorts. Mr Langston has 25 years of experience managing properties throughout the Asia Pacific region for major hotel companies including the Parkroyal and Inter-Continental Hotel groups. He 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.

**15 Foong Pohmun**

Vice President

People Development

Foong Pohmun is 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.

**16 David Spooner**

Vice President

Sales and Marketing

David Spooner is Vice President, Sales & Marketing. Mr Spooner joined the Group in 2012 and oversees our Sales, Marketing, Distribution, Reservations, 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.

**17 Michael Lee**

Vice President

Chief Information Officer

Michael Lee is Vice President and Chief Information Officer. He has been with the Group since 2006 and has over 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 CFA Institute, USA.

**18 Sachiko Shiina**

Vice President (Japan and Korea)

Sachiko Shiina is 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.

**19 Ho Ren Hua**

Vice President

Executive Director and Country Head

Banyan Tree Holdings' China Operations

Ho Ren Hua is Vice President, Executive Director, and Country Head of Banyan Tree Holdings' China Operations. He is responsible for investment strategy and corporate planning in the Greater China region. Mr Ho is also part of the core leadership team for the Banyan Tree China Hospitality Fund, and oversees the China Group's finance, human resource, investment, and legal functions. He worked with international management consultancy Bain & Company Inc. in its US, Hong Kong, and China offices, and with Sino Capital. He joined the Group as Associate Director of Corporate Development in 2010. Mr Ho has a Bachelor of Science (Honours) in Economics from The Wharton School and is a graduate of the China Europe International Business School's Advanced Management Programme. He is the eldest son of Executive Chairman Mr Ho KwonPing.

**20 Desmond Pugson**

Vice President

Hotel Operations, China

Desmond Pugson is Vice President, Hotel Operations (China). Mr Pugson joined the Group in February 2014 and oversees our Hotel Operations in China. Prior to joining us, Mr Pugson already had more than 35 years' experience in hospitality. He most recently worked for six years as Vice President Operations, Asia Pacific, and Managing Director, China, for the Wyndham Hotel Group. He was also Senior Vice President, Operations, with Jin Jiang International, and Millennium & Copthorne International. He received his tertiary education at Ecole Hôtelière – Société Suisse des Hôtelières Lausanne, Switzerland.

**21 Jun Wang**

Vice President and Managing Director

Banyan Tree Capital, China

Jun Wang is Vice President and Managing Director, Banyan Tree Capital (China). Mr Wang joined the Group in November 2013 as Managing Director and was promoted to his current role in June 2014. Prior to joining the Group, he had more than ten years' experience in Real Estate and Distressed Asset Investment and Management in China. Mr Wang joined us from SK China Real Estate Company, and was previously with Goldman Sachs Consulting Company, Merrill Lynch, and Morningstar. He has a Master's degree in Business Administration from the University of Chicago.

**22 Kanruethai Roongruang**

Vice President

Executive Director of Operations

Banyan Tree Spa &amp; Gallery

Kanruethai Roongruang is Vice President, Executive Director of Operations for Banyan Tree Spa & Gallery. Ms Roongruang assumed her current role in January 2015, where her responsibilities include overseeing the Group's spa and gallery global operations which had been integrated as a core business unit for the Group. Her previous appointment was Senior Assistant Vice President – Spa Operations, Asia Pacific (2011) and Senior Assistant Vice President, Executive Director – Spa Operations, Global from 2012. Ms Roongruang joined LRH in 1997 as Manager of Canal Village (Laguna Phuket Shopping Complex) and subsequently became Spa Manager at Banyan Tree Spa Bangkok in 2000. She has 15 years' experience in spa operations, growing her career in tandem with the expansion of Banyan Tree's global footprint. She holds a Bachelor of Arts in English from the Prince of Songkla University in Thailand.



BANYAN TREE YANGSHUO  
China

# OPERATING & FINANCIAL REVIEW

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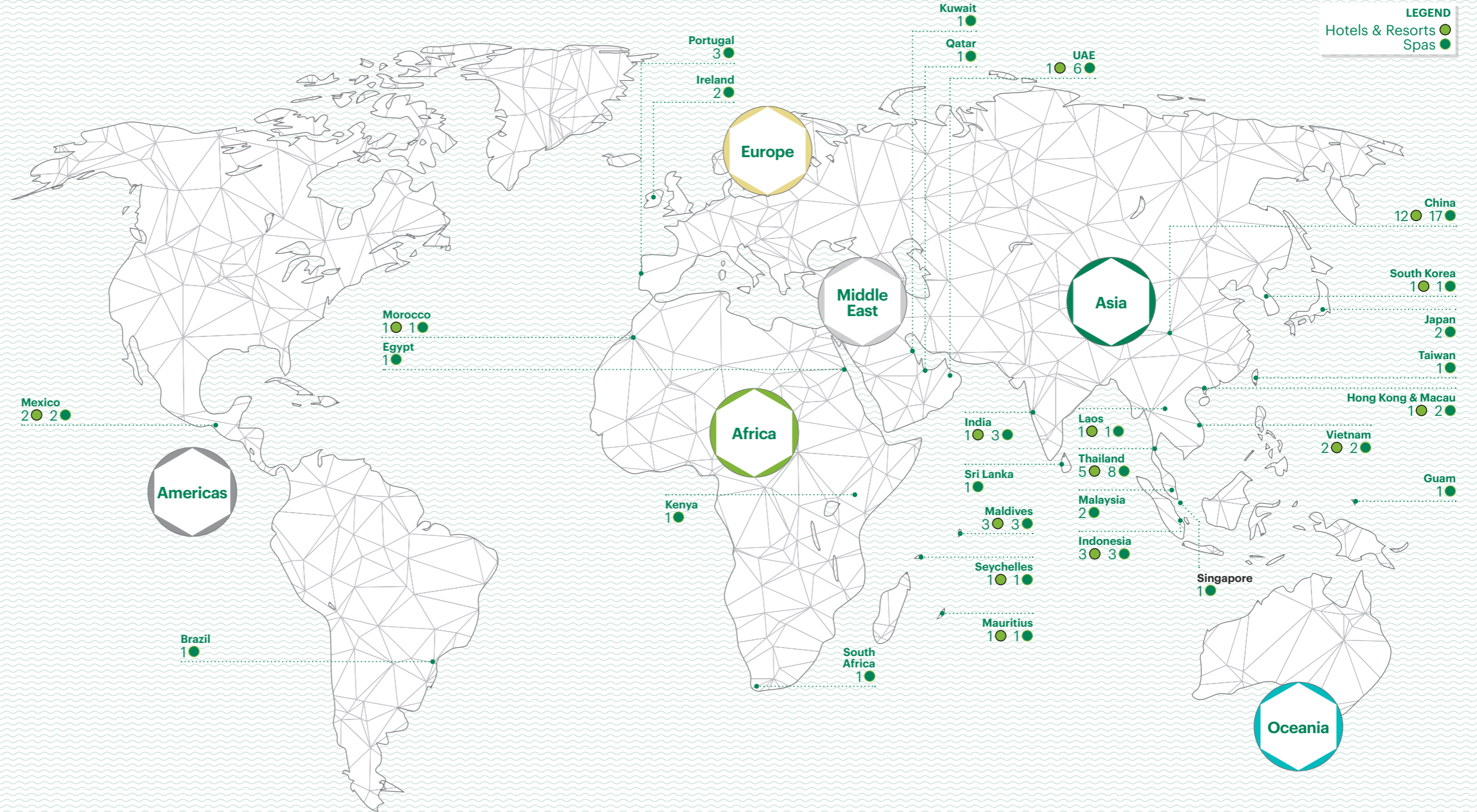
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## Our Worldwide Destinations 2014

Part of Banyan Tree's vision has always been to grow into a global business with a portfolio of strategically located properties around the world.

From our maiden property in Phuket, our geographical footprint has steadily spread to 27 countries on five continents.

NO. OF COUNTRIES	27
KEYS & ROOMS	4,617
AWARDS WON TO DATE	1,209
HOTELS	35
SPAS	70
GALLERY OUTLETS	83
OWNED HOTELS	16



Banyan Tree Bintan, Indonesia



Banyan Tree Ras Al Khaimah Beach, United Arab Emirates



Banyan Tree Lijiang, China



Banyan Tree Hangzhou, China



Angsana Laguna Phuket, Thailand



Angsana Velavaru, Maldives



# Milestones



Twenty years ago, Banyan Tree's flagship resort in Phuket pioneered the all-pool villas concept and the first tropical garden spa on the site of an abandoned mine. Today, with 35 hotels, 70 spas, 83 retail galleries and three golf courses in 27 countries, we are renowned for providing exemplary service and exceptional guest experiences while enhancing the physical and human environment in which we operate.



1994



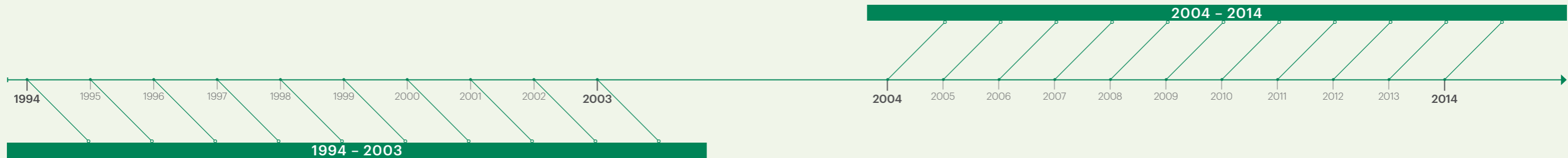
1995



2000



2001



**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.



2002

**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 Ungasana, 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 THB717.2 million (S\$29.6 million).

**2012** – Banyan Tree Shanghai On The Bund, China, Banyan Tree Lăng Cô, Central Vietnam and Angsana Lăng Cô, Central 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, China, Banyan Tree Chongqing Beibei, China and Angsana Tengchong • Hot Spring Village, China. The Group sells Angsana Velavaru, Maldives for US\$71 million (S\$86.8 million) and leases it back for 10 years.

**2014** – Two resorts open in China – Banyan Tree Yangshuo, China and Angsana Xi'an Lintong, China. The Group celebrates Banyan Tree's 20<sup>th</sup> anniversary and launches its third brand, Cassia, creates a new concept in the serviced apartment segment. Banyan Tree increases the size of the Multicurrency Medium Term Note programme to S\$700 million.



2005



2009

## Awards & Accolades

Since 1994, the Group has been recognised by the industry for its premium resorts, residences, spas, galleries and commitment to sustainable development. In 2014, we are proud to have received 91 awards and accolades. This brings the total to 1,209 since the Group started operations.

TOTAL AWARDS WON DURING THE YEAR 2014

91

TOTAL AWARDS WON TO DATE

1,209



### 2014 Forbes Travel Guide Award

FIVE-STAR RATING AWARD

Banyan Tree Macau

### Top 10 Hotels In Mexico By US News

10 BEST HOTELS IN MEXICO 2014

Banyan Tree Mayakoba

### Travel + Leisure World's Best Awards 2014

BEST HOTELS IN MEXICO

Banyan Tree Mayakoba

### Middle East Hotel Awards 2014

BEST RESORT HOTEL

Banyan Tree Al Wadi

### Condé Nast Traveler Reader Awards 2014

6<sup>TH</sup> IN THE 'ASIA & INDIA' HOTEL CATEGORY

Banyan Tree Phuket

### 7<sup>th</sup> Annual TTG China Travel Awards 2014

BEST SPA RESORT IN CHINA

Banyan Tree Lijiang

### Travel+Leisure China Travel Awards

2014 CHINA'S TOP 100 HOTELS

Banyan Tree Tianjin Riverside, Banyan Tree Shanghai On The Bund, Banyan Tree Lijiang, Banyan Tree Ringha

### National Geographic Traveler – The 9<sup>th</sup> China Tourism Golden Awards 2014

ANNUAL RESORT AND HOLIDAY HOTEL AWARD

Banyan Tree Yangshuo

### TripAdvisor 2014 Traveler's Choice

TOP 10 ALL-INCLUSIVE RESORTS

Banyan Tree Vabbinfaru



BANYAN TREE MAYAKOBA  
Mexico



### 25<sup>th</sup> Annual TTG Travel Awards 2014

(for the 10<sup>th</sup> consecutive year)

BEST SPA OPERATOR

Banyan Tree Spa

### DestinAsian Readers' Choice Awards 2014

(for the 2<sup>nd</sup> consecutive year)

FAVOURITE HOTEL SPA IN THE WORLD

Banyan Tree Spa

### SpaChina Awards 2014

BEST MANAGEMENT GLOBAL SPA BRAND OF THE YEAR

Banyan Tree Spa

### 2014 AsiaSpa Awards

IN-SPA TRAINING OF THE YEAR

Banyan Tree Spa Academy Phuket

### US Celebrated Living Readers' Choice Platinum List 2014

TOP 25 INTERNATIONAL SPAS

Banyan Tree Spa Phuket

### World Spa & Wellness Awards 2014

DESTINATION SPA OF THE YEAR

– MIDDLE EAST & AFRICA

Banyan Tree Spa Al Wadi



BANYAN TREE SPA PHUKET  
Thailand



### 15<sup>th</sup> SIAS Investors' Choice Award

MOST TRANSPARENT COMPANY AWARD 2014

– RUNNERS-UP

Banyan Tree Holdings

### DFA Awards 2014 – Awards and Recognition to Design Excellence

DESIGN LEADERSHIP AWARD (DLA) 2014

Ho KwonPing

### National Heritage Board, Singapore Patron of Heritage Awards 2013

Banyan Tree Hotels & Resorts



BANYAN TREE AL WADI  
United Arab Emirates



BANYAN TREE MACAU  
China

## Our Business in Brief

### Banyan Tree

Banyan Tree Holdings is a leading manager and developer of premium resorts, hotels, residences and spas.

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.

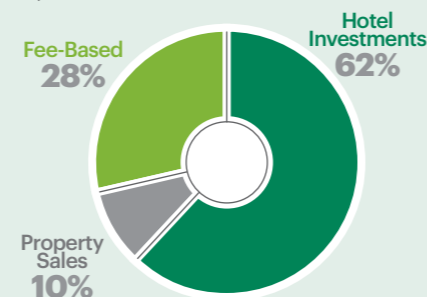
In June 2014, the Group launched Cassia, a new brand targeting the serviced apartment segment, diversifying beyond the boutique luxury space to cater to Asia's growing middle class.

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

S\$327.4M

#### GROUP REVENUE

Group revenue decreased 8% YoY from S\$356.1M



HOTEL INVESTMENTS	S\$203.9M	-8%
PROPERTY SALES	S\$32.4M	-2%
FEE-BASED	S\$91.1M	-11%

### Hotel Investments

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

We hold equity interest in 16 hotels, comprising close to 2,000 keys.

Through asset rebalancing exercises carried out over the last few years, we have diversified our revenue base. As at 31 December 2014, revenue from our Hotel Investments was contributed by Thailand (52%), Indian Ocean (39%), China (8%) and Others (1%).

S\$203.9M

#### REVENUE

Revenue decreased 8% YoY from S\$221.1M



HOTEL INVESTMENTS	S\$203.9M	-8%
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### 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 villas or suites to investors under a compulsory leaseback scheme. Such residences, which are part of our hotel operations, are currently available in China, Indonesia, Mexico, Seychelles, Thailand and Vietnam.

#### LAGUNA PROPERTY SALES

Laguna property sales refer to sales of townhomes, bungalows and apartments that are within the vicinity of our resorts but are not part of our hotel operations. Laguna properties are currently available for sale in Phuket, with other locations under development including China and Indonesia.

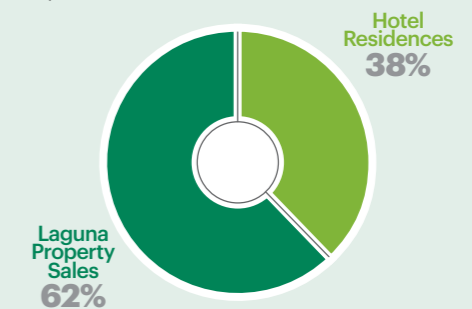
#### DEVELOPMENT PROJECT/SITE SALES

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

S\$32.4M

#### REVENUE

Revenue decreased 2% YoY from S\$33.2M



HOTEL RESIDENCES	S\$12.4M	+34%
LAGUNA PROPERTY SALES	S\$20.0M	-16%
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 19 resorts and hotels, and operate 70 spas, 83 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.

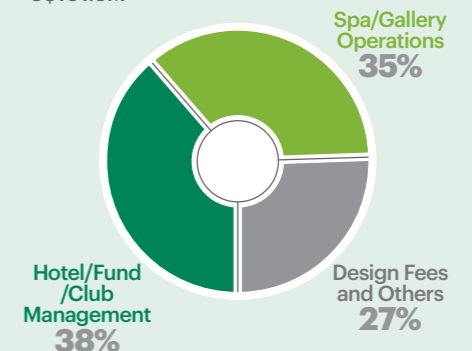
#### DESIGN FEES AND OTHERS

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.

S\$91.1M

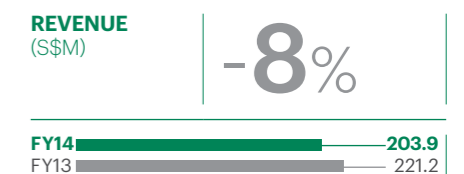
#### REVENUE

Revenue decreased 11% YoY from S\$101.8M



HOTEL/FUND/CLUB MANAGEMENT	S\$34.4M	-1%
SPA/GALLERY OPERATIONS	S\$31.7M	-7%
DESIGN AND OTHERS	S\$25.0M	-25%





Revenue from Group-owned hotels decreased by 8% from S\$221.2 million in 2013 to S\$203.9 million in 2014, mainly due to lower contributions from Thailand and China, but partly offset by better performance in the Maldives and Seychelles. In line with the lower revenue, EBITDA declined by S\$6.0 million to S\$38.9 million. However, EBITDA margin remained almost unchanged at 19%.

**THAILAND**

Political instability made it a challenging year for Thailand. Massive anti-government rallies began in Bangkok in late 2013, eventually leading to the imposition of martial law throughout the country in May 2014. Events culminated in a military coup a few days later. In spite of this, the leisure FIT business showed resilience and held steady. The group and wholesale segments, on the other hand, were adversely affected by the travel advisories issued by more than 50 countries.

In the second half of the year, the Thai political climate began to improve. However, this coincided with the start of the Russian currency crisis which impacted our resorts in Phuket. Banyan Tree Phuket and Angsana Laguna Phuket underperformed in the last quarter of the year, which is traditionally the high season, because of weaker demand from Russia, their top feeder market.

As a result, our Laguna Phuket hotels recorded revenue of S\$81.9 million for the year, a drop of S\$12.4 million compared to 2013. Overall occupancy slid by 9 percentage points to 65%, and the average room rate decreased by 2% to S\$308.

Meanwhile, Banyan Tree Bangkok saw a 19% reduction in revenue to S\$29.3 million, due to a fall in occupancy by 21 percentage points. However, the average room rate improved by 5%.

To maintain their competitive edge, Banyan Tree Phuket and Banyan Tree Bangkok underwent renovations to their driveways and lobbies. We also refurbished the spa treatment rooms at Banyan Tree Phuket, befitting its reputation as the leading spa in Phuket.

**MALDIVES**

Our Maldives properties performed consistently in 2014, reporting combined revenue of S\$60.6 million, a 3% increase from the previous year. Except for Banyan Tree Madivaru which ceased operations in early February 2014, all of our Maldives resorts posted higher revenue on the back of growth in Leisure FIT. This was attributable to the preferred partnership programme with online channels such as booking.com. The average room rate also saw a 4% boost to S\$656.

Overall occupancy was 74%, representing a one percentage point increase.

**CHINA**

Group-owned hotels in China reported a 11% decrease in revenue to S\$16.4 million. Occupancy dipped by three percentage points, with the average room rate lower by 6% year on year.

The weaker performance was because of fewer tourist arrivals in Lijiang and Shangrila, coupled with keener competition from other hotel operators. Tourism was also affected by various events such as three fires in Lijiang's ancient town, a violent attack at Kunming railway station, and a series of earthquakes in Yunnan.

**MOROCCO**

Revenue from Angsana Riads Collection Morocco was S\$1.3 million in 2014, S\$0.2 million below the previous year. Reasons for the decline included continued instability in the region, as well as some misperception that Morocco is close to Ebola affected areas. The average room rate, however, saw an 11% increase to S\$152.



BANYAN TREE RINGHA  
China

*Banyan Tree Seychelles accounted for 9.5% of overall revenue from Group-owned hotels in 2014. The resort generated revenue of \$19.4 million, an increase of 5% over the prior year.*



ANGSANA IHURU  
Maldives

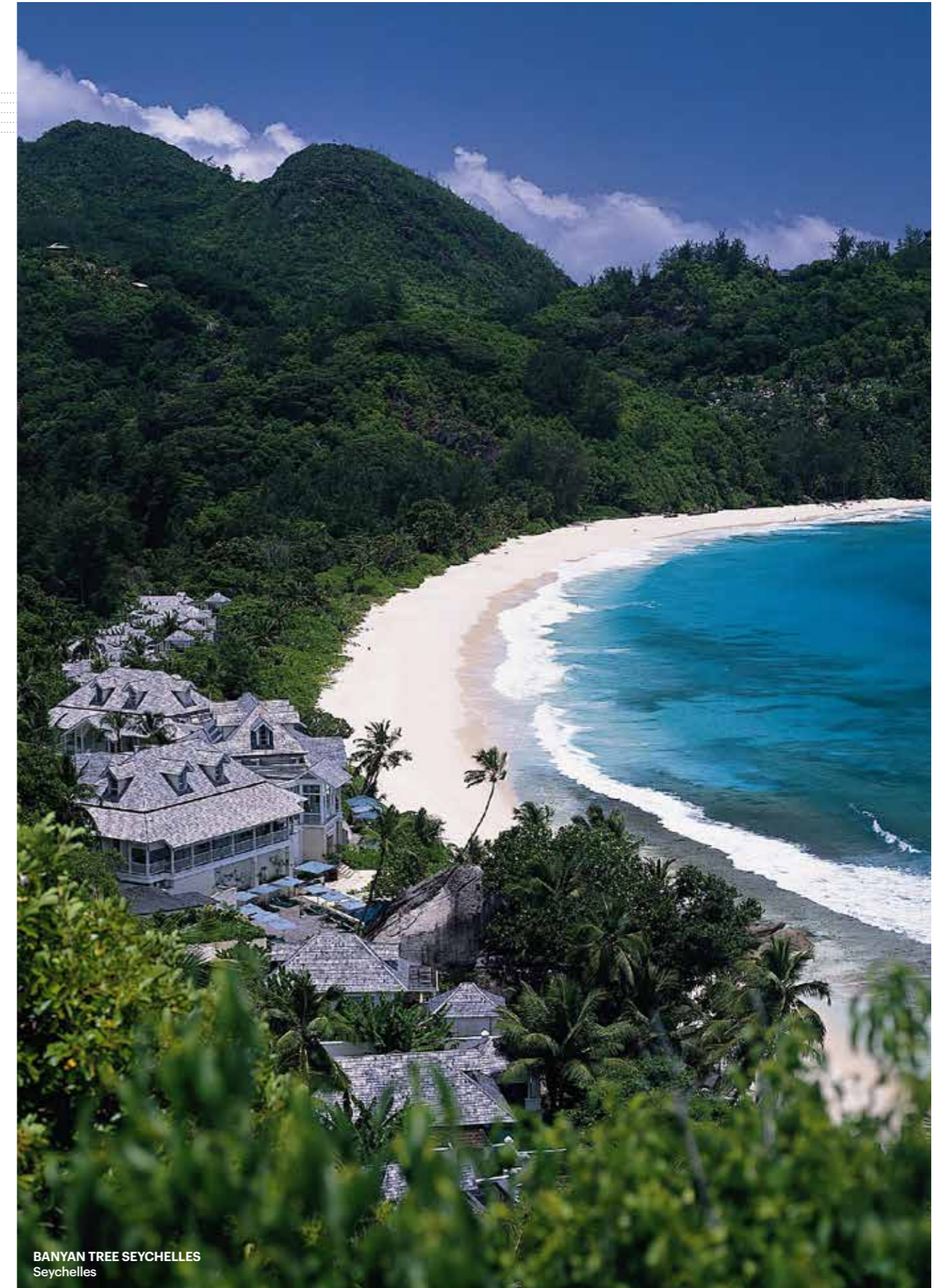
**SEYCHELLES**

Banyan Tree Seychelles accounted for 9.5% of overall revenue from Group-owned hotels in 2014. The resort generated revenue of S\$19.4 million, an increase of 5% over the prior year. Growth was driven by new markets, in particular the Middle East, China and Korea. Increased flight frequency by Etihad and Emirates Airlines to the Seychelles also contributed to higher occupancy, which grew by three percentage points to 63%. Compared to the previous year, the average room rate also rose by 3% to S\$1,021.

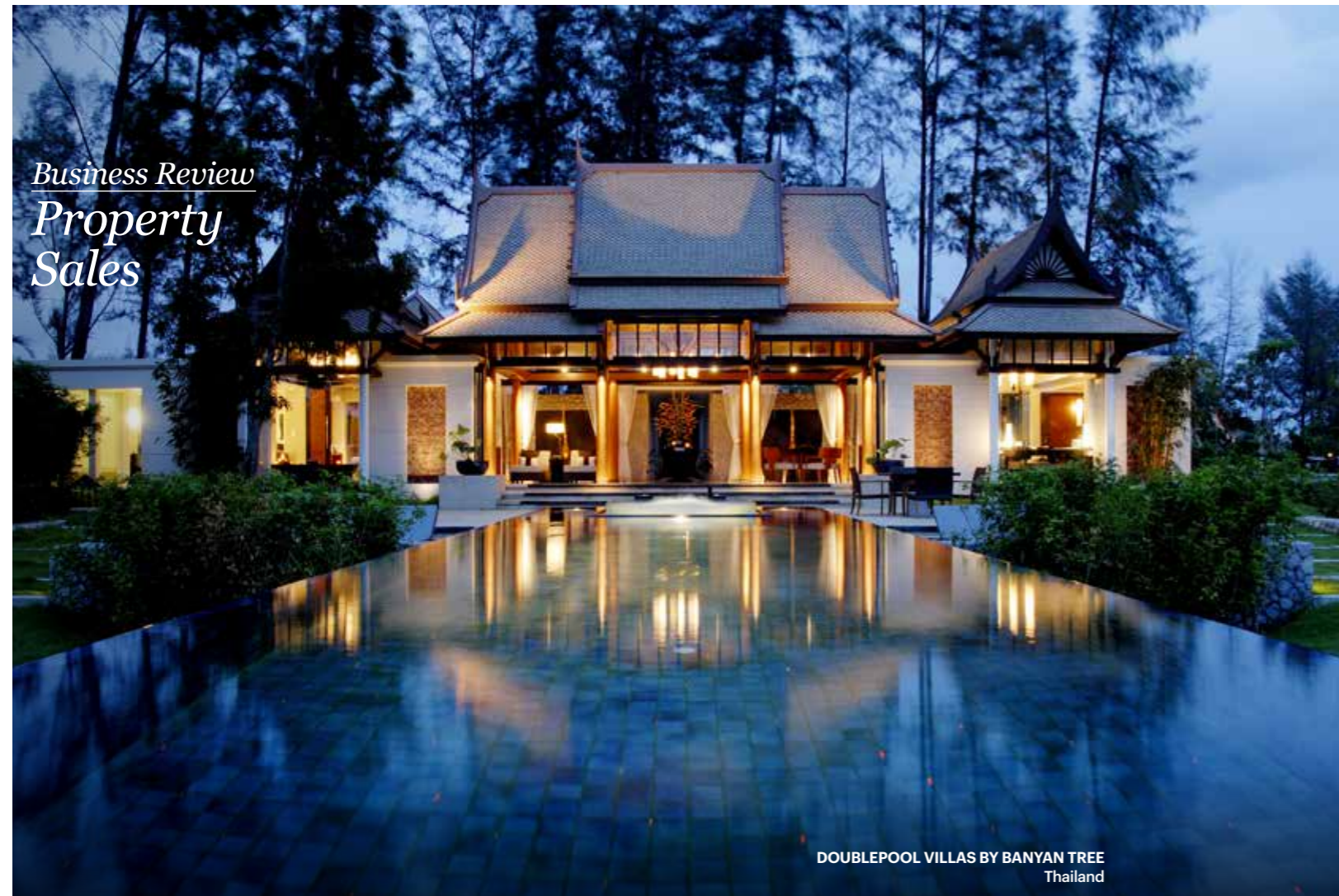
**SALES AND MARKETING**

Our strategic approach to move to Group-wide campaigns and packages proved successful in 2014. Our 20<sup>th</sup> anniversary presented an opportunity to develop a theme for our sales, marketing and social media initiatives. For example, we created a flagship anniversary package that boosted room revenue and direct bookings through our brand websites.

The extension of our call centre team in China also played an important role in improving direct bookings through central reservations, as China remained the most important source market for our hotels in Thailand and the Maldives, and by far the largest market for our properties in China.



BANYAN TREE SEYCHELLES  
Seychelles



Consisting of sales of hotel residences, Laguna properties, development projects/sites and Laguna holiday club memberships, this segment recorded revenue of S\$32.4 million in 2014. The S\$0.8 million decrease from last year's S\$33.2 million was largely attributable to lower holiday club membership sales but was partially cushioned by higher contribution from property sales units based on revenue recognition upon completion. A total of 31 units (S\$25 million) were recognised as compared to 21 units (S\$23.9 million) last year.

The year started well because of strong interest from Russian investors during the first quarter. However, our Thailand operations were impacted by the military coup in May, which weakened investor confidence and softened demand for property. Despite a now-stable political situation in Thailand, some of our key source markets have been affected by situations in their own countries. Russia, notably, has seen a collapse in its currency because of economic sanctions and the

plummeting price of oil. The Hong Kong market was also affected by local political protests late in the year. However, demand from mainland Chinese buyers has continued to improve, supported by the large influx of Chinese visitors to Thailand.

We are embarking on an expansion of our property offerings with the successful launch of Cassia in Bintan, Indonesia, in 2014. For 2015 and beyond, we are planning launches in Lijiang, China; Gold Coast, Australia; and Beruwela, Sri Lanka. Building on the success of our Laguna Park project in Phuket, Thailand, we will also launch this product in Bintan in 2016. Meanwhile, we have successfully pre-launched Laguna apartments in Chengdu, China, and have received booking requests for nearly three-quarters of available units. To complement our affordably priced segment, we are also introducing high-end Banyan Tree branded residential offerings in Phuket, Thailand and Brisbane, Australia. This will allow us to offer a comprehensive product range for all our key markets.

### HOTEL RESIDENCES

Revenue recognised in 2014 was S\$12.4 million versus S\$9.3 million in 2013, an increase of 34% over the prior year. A total of 10 units were completed and recognised as compared to a total of eight units in the prior year.

During the year, we sold the following 95 units totalling S\$38.4 million, an increase of 27%<sup>1</sup> in value terms over last year:

- Nine Banyan Tree villas totalling S\$15.8 million (2013: Six villas totalling S\$6.8 million);
- 84 Cassia apartments totalling S\$20.9 million (2013: 73 apartments totalling S\$19.4 million); and
- Two Dusit villas totalling S\$1.7 million (2013: Four villas totalling S\$4.0 million).

Cassia launched successfully in Bintan, Indonesia, and has proven popular with Singaporean residents. At the end of the year, we also introduced Banyan Tree Grand Residences in Phuket. Since then we have sold one of these five-bedroom residential villas which are priced at over S\$4 million each.

We have a healthy pipeline of sales revenue worth about S\$61.0 million, mainly from Cassia Phuket and Cassia Bintan, which will be recognised upon completion in 2015-2016 and 2016-2017 respectively.

### LAGUNA PROPERTY SALES

Revenue recognised in 2014 was S\$12.6 million versus S\$14.6 million in 2013, a decrease of 14% over the prior year. A total of 21 units (but were of lower value) were completed and recognised as compared to a total of 13 units in the prior year.

<sup>1</sup> Sales of Cassia apartments are recorded under Hotel Residences in 2014. Figures for 2013 have been reclassified under Hotel Residences instead of Laguna Property Sales to reflect this.



*We will be extending the sale of Laguna apartments to Wenjiang, Chengdu, in China. The response to our pre-launch has been positive, with booking requests for 151 units.*



During the year, we sold the following 69 units totalling S\$35.1 million, an increase of 4% in value terms over last year:

- 61 Laguna Park townhomes and bungalows totalling S\$27.7 million (2013: 66 townhomes and bungalows totalling S\$24.7 million); and
- Eight Laguna Village apartments and bungalows totalling S\$7.4 million (2013: 12 apartments, townhomes and bungalows totalling S\$9.2 million).

Laguna Park, which we launched in Phuket in 2013, continued to be in strong demand due to its affordable pricing. On the back of its success, we are also launching this product in Bintan in 2015. In addition, we will be extending the sale of Laguna apartments to Wenjiang, Chengdu, in China. The response to our pre-launch has been positive, with booking requests for 151 units. This represents 71% of total units available for sale under phase 1A.

We have approximately S\$41.0 million of sales revenue in the pipeline, mainly from Laguna Park Phuket. This will be recognised upon completion in 2015-2016.

**LAGUNA HOLIDAY CLUB**

We scaled back our holiday club business last year because hotel rate pressures were impairing the financial logic of our offering for the time being. Only our Phuket branch remained operational in 2014, generating revenue of S\$7.4 million (2013: S\$9.3 million).

We are currently reviewing our business model and exploring the idea of expanding our product offering to increase its appeal.



Business Review  
Fee-Based



**FEE-BASED INCOME**

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

Total revenue for this segment decreased by 11% from S\$101.8 million in 2013 to S\$91.1 million in 2014. This was largely due to lower architectural and design fees for projects in China based on milestones achieved and lower revenue from spa, gallery and golf operations as tourism in Thailand was affected by political unrest.

**HOTEL MANAGEMENT**

Group revenue from hotel management contracts was S\$27.2 million in 2014, 7% or S\$1.7 million higher than the previous year. This was mainly due to the strong performance of Banyan Tree Macau, Banyan Tree Mayakoba and Banyan Tree Club & Spa Seoul, as a result of improved average room rates. The Group also received higher royalty fees from the sale of completed

units at Banyan Tree Mayakoba.

Despite the higher revenue, EBITDA declined by S\$0.1 million year on year. This was due to higher operating expenses in the form of provision for doubtful debts, increased headcount in China, and lower exchange gains.

We celebrated the 20<sup>th</sup> anniversary of Banyan Tree during the year, and opened two new properties under management in China, which remains our fastest-growing market. Banyan Tree Yangshuo features 142 suites and villas nestled on the bank of the Li River in Guangxi, framed by a beautiful karst landscape and quaint towns. Angsana Xi'an Lintong is located near the ancient capital and minutes from the world-famous Terracotta Warriors archeological site.

**Americas**

Banyan Tree Mayakoba and Banyan Tree Cabo Marqués grew their occupancy and average room rate in 2014, achieving a healthy 21% increase in total room revenue.

During the later part of the year, however, Banyan Tree Cabo Marqués was affected by travel warnings for Acapulco and other parts of Mexico due to crime concerns.

**China**

China's performance stayed strong, recording a rise in room revenue of 34% year on year. Domestic arrivals continued to dominate across the leisure and wholesale segments. Our seven regional marketing offices in China have been focusing on the group and meetings market as well as cultivating partnerships with key online travel agencies which are the largest source of short lead time bookings.

**Asia Pacific**

Despite challenges, the region finished the year with 6% growth in room revenue compared to 2013. Banyan Tree Lăng Cô, Central Vietnam and Angsana Lăng Cô, Central Vietnam were affected by the political dispute between Vietnam and China, which began in August and led to the cancellation of direct flights to Danang. To mitigate this,

we made an extra effort to secure business from other source markets. At the end of the year, flights from China started to resume, creating a positive outlook for 2015.

**Europe, Middle East and South Asia**

Properties we manage in this region finished the year with room revenue growing by 1%.

**IN THE PIPELINE**

As part of the continued expansion of the Banyan Tree brand, we plan to open two new hotels under management in 2015. Banyan Tree Tamouda Bay will be the first Banyan Tree property in North Africa. This all-pool villa resort will be situated on Morocco's northern coast, with magnificent views of the Mediterranean. We will also continue to build our presence in China, with the launch of Banyan Tree Huangshan. Located in southern Anhui province, the hotel is close to a UNESCO World Heritage Site that is one of China's most iconic cultural destinations.



*With the opening of three new spas, namely Banyan Tree Spa Yangshuo, Angsana Spa Jinling Nanjing and Angsana Spa Xi'an Lintong, our spas are now present in 27 countries on five continents.*



Another addition to our management portfolio in the coming year will be the 229-key Cassia Phuket. The first property under our newest brand, Cassia Phuket, will mark our initial foray into the management of serviced apartments.

### FUND MANAGEMENT

Overall revenue from fund management was S\$7.0 million in 2014, S\$1.8 million less than the year before. This was mainly due to decreased revenue from the Banyan Tree China Hospitality Fund ("China Fund").

Revenue from the management of China Fund was S\$3.3 million, down S\$2.1 million year on year. This reflected lower resort development management fees as projects were completed for Banyan Tree Yangshuo and Angsana Lijiang residences.

Meanwhile, management fees from Banyan Tree Indochina Hospitality Fund was S\$3.7 million, an

improvement of S\$0.3 million due to higher management fees based on an increased capital commitment of US\$215 million to US\$218 million (2013: US\$200 million to US\$218 million).

### SPA OPERATIONS

Total Spa revenue for 2014 was S\$23.7 million, a decline from last year's S\$25.4 million, due to political uncertainties in Thailand, Indonesia, South Africa, China, and the closure of spa outlets in Australia and Egypt. Nevertheless, Egypt, Sri Lanka and Mexico saw EBITDA improve by 86% year on year. The overall average rate per hour improved by 4% to S\$103 for Banyan Tree Spa and held steady at S\$62 for Angsana Spa.

Despite challenges from economic volatility and a series of political events, our Spa operations registered EBITDA of S\$5.4 million, compared with S\$3.3 million the previous year. This was due to lower operating expenses by S\$3.8 million.

With the opening of three new spas, namely Banyan Tree Spa Yangshuo, Angsana Spa Jinling Nanjing and Angsana Spa Xi'an Lintong, our spas are now present in 27 countries on five continents. Given the strong growth in China, we plan to open 12 new spas in 2015 and 2016, including six in China. These additions will grow the Group's portfolio to 82 spas.

Attracting and grooming associates locally remains a key task for our continued expansion in the China market. Meanwhile, the Spa Academy has met its objective of decentralising training. Instead of travelling to Lijiang, new associates now receive their training at the respective outlets, resulting in time and cost savings. Besides the dedicated training of our associates and maintaining consistently high service standards, we are refining our guest management processes to improve efficiency. We have begun implementing a spa software system to enhance the reservation experience, and aim to have it running in most of our spas by 2016.

The spa is an essential part of the Banyan Tree and Angsana experience. We are known for our innovative spa menus which feature signature packages using local ingredients unique to the destinations. At our China outlets, we have also introduced signature treatments inspired by legendary Chinese beauties like Yang Gui Fei, as well as seasonal packages such as the Winter Escape package. At the newly opened Banyan Tree Spa Yangshuo, we launched a Ladies' Group Retreat Programme for wellness-conscious ladies' groups. Meanwhile, to promote the spa at Lăng Cô, we created the Ultimate spa package, which allows guests to indulge in unlimited spa treatments during their stay. In other markets, we are offering thematic Elements packages.

We continue to affirm our position as Asia's leading spa operator by forming strategic business partnerships and winning international recognition. Our Spa operations have earned 432 awards and accolades over the years, with 60 new awards in 2014. These included the title of Best Spa Operator at the TTG Travel Awards 2014 for



BANYAN TREE SPA MARINA BAY SANDS  
Singapore

Revenue from online sales increased by 29% in 2014. Contributing to this was the Banyan Tree Gallery Chinese e-commerce platform, which was launched during the year with an established third-party vendor.



ANGSANA GALLERY AT  
ANGSANA LANG CO, CENTRAL VIETNAM  
Vietnam

the 10th consecutive year, Best Spa Brand at both the Shanghai Morning Post Tourism Awards 2013 and Hurun Report China Best of The Best Awards 2014, and Global Winner for Best Luxury Spa Group at the 2014 World Luxury Spa Awards.

#### GALLERY OPERATIONS

With 83 outlets in 27 countries, Banyan Tree Gallery is one of the largest retail operators in the hospitality industry. The Gallery presents shopping as art, and demonstrates the Group's unwavering commitment to socially responsible tourism. It helps to sustain the livelihoods and skills of village artisans through gainful employment, and to conserve natural and cultural resources through unique merchandise. The Gallery also provides design expertise, procurement and logistical services, and supplies amenities to the Group's resorts, hotels and spas.

Total Gallery revenue for 2014 was S\$8.1 million, down 8% year on year because of lower sales in China and

Thailand. However, EBITDA improved by 60% to S\$0.8 million as a result of effective cost management. We also reduced stock on hand by 8%.

Average spending by Gallery customers rose by 10% as compared to 2013. The healthy increase was due to a successful merchandising mix emphasising items of high perceived value, upselling strategies and cross-marketing with the spa and hotel arms of the Group. The average return per square metre of retail space, increased slightly by 2%, hampered by slow sales in Thailand during the first seven months of the year.

Meanwhile, revenue from online sales increased by 29% in 2014. Contributing to this was the Banyan Tree Gallery Chinese e-commerce platform, which was launched during the year with an established third-party vendor. By developing digital marketing solutions and features, we will continue driving sales on the Banyan Tree Gallery and Angsana Gallery e-commerce platforms as well as third-party websites.



BANYAN TREE CLUB & SPA SEOUL  
South Korea

The coming year will see the Gallery portfolio grow in tandem with the Group's global expansion, as we cater to guests' preference for uniquely customised products that showcase Asia's vibrant cultural legacy.

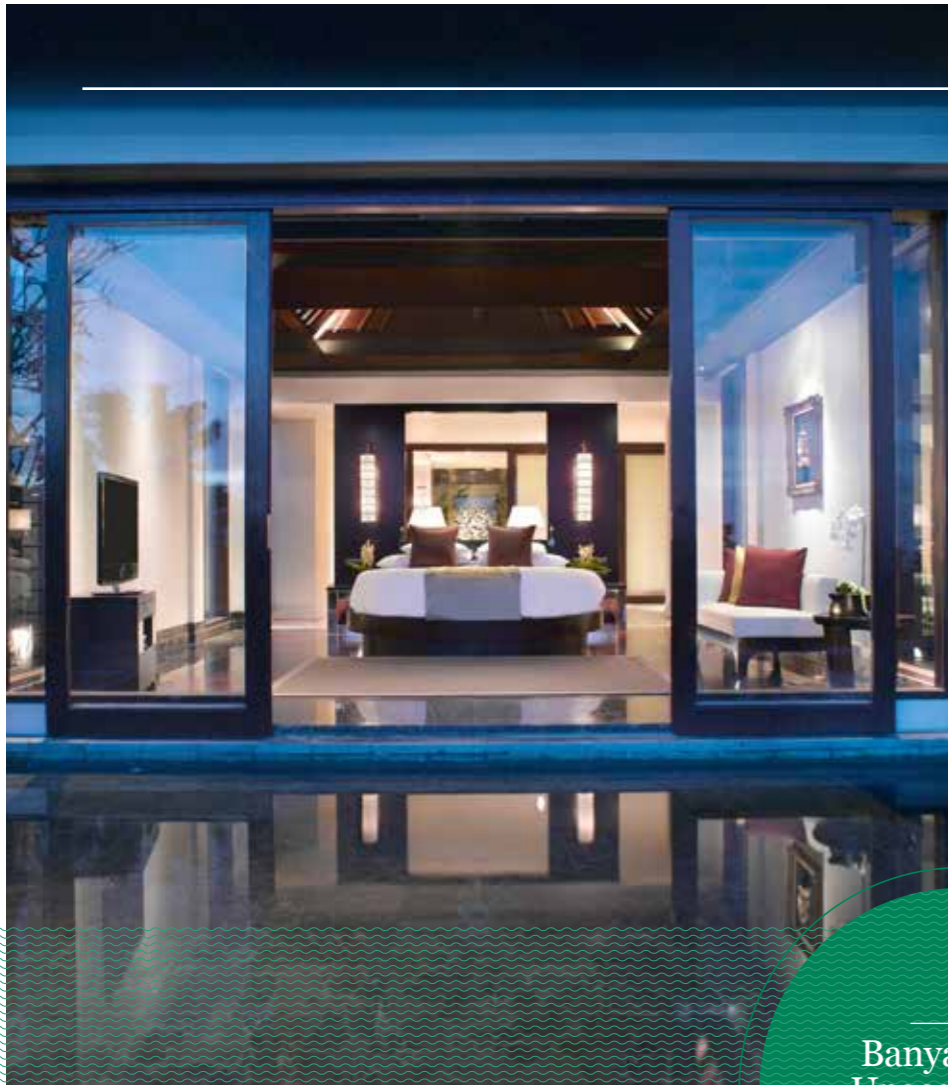
#### DESIGN FEES AND OTHER SERVICES

Revenue for design and other services amounted to S\$24.9 million, a decrease of S\$8.1 million from the previous year. This was due to lower revenue from architectural and design fees and golf club operations.

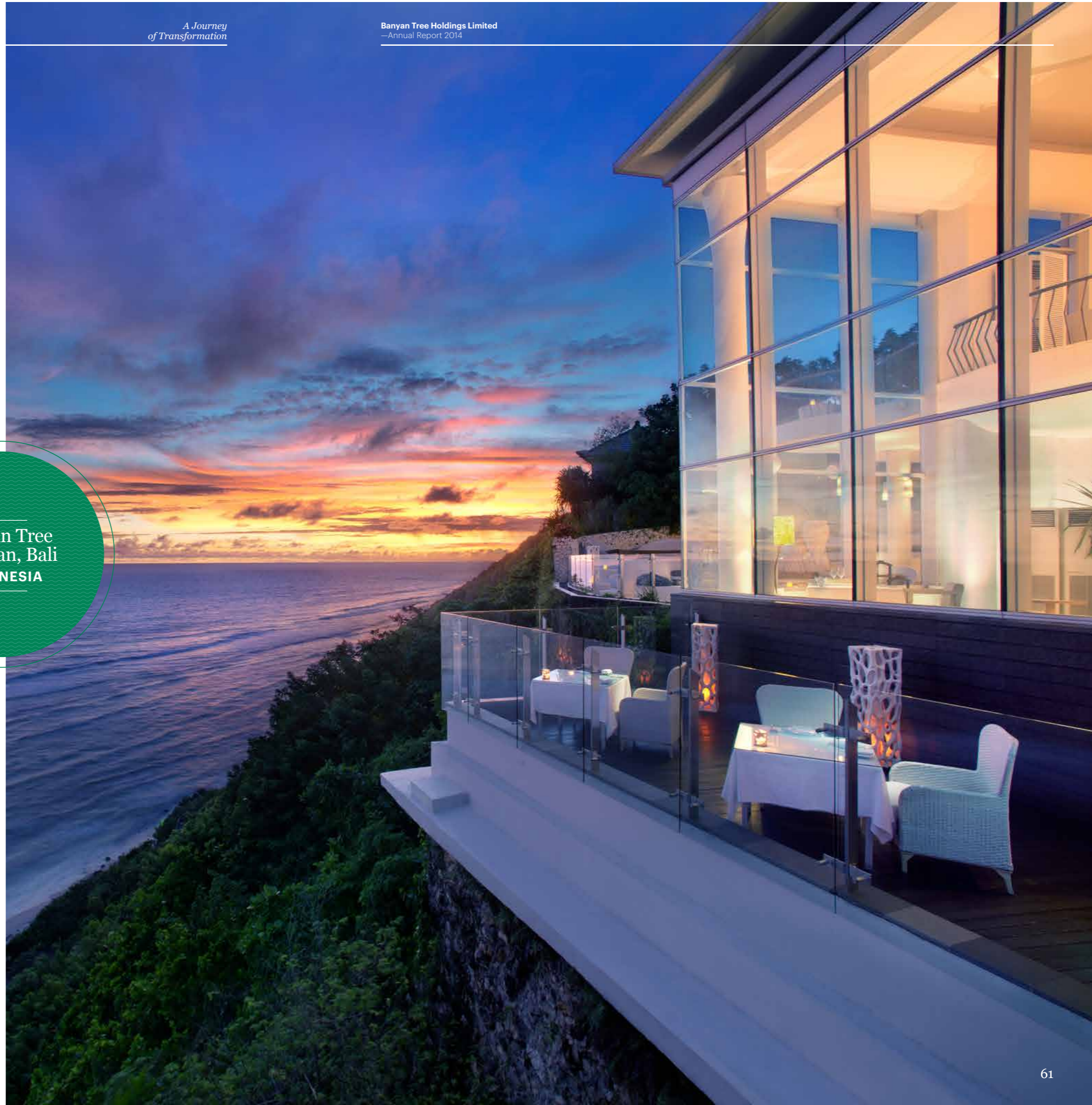
As revenue for architectural and design services is recognised only upon reaching specific construction milestones, slower progress in project construction in China resulted in lower revenue for the year.

Meanwhile, revenue from golf operations and rental declined because of fewer golfers and correspondingly less green fees for Laguna Phuket Golf Club as a result of renovations that began in July 2013. Other factors were reduced income from Laguna Excursions which was impacted by political unrest in Thailand and the Russian financial crisis, closure of the Laguna Phuket wedding chapel on 31 July 2013, and the weaker Thai Baht.

Lower revenue contributed to this year's shortfall of S\$0.3 million, compared to EBITDA of S\$5.4 million last year. This was however partially cushioned by lower operating expenses, such as the absence of any provision for diminution in investment as was the case in 2013.



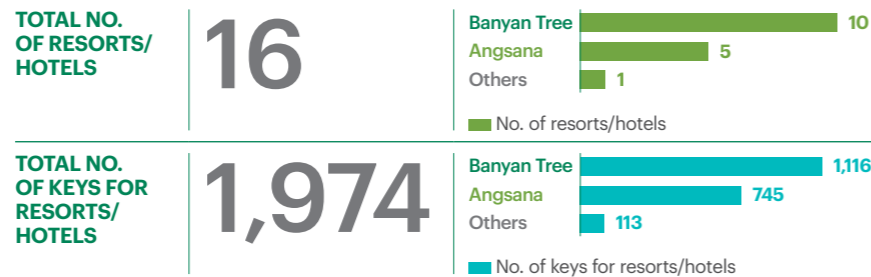
Banyan Tree  
Ungasan, Bali  
INDONESIA





## Portfolio Existing Resorts in 2014

### RESORTS/HOTELS WITH EQUITY INTEREST



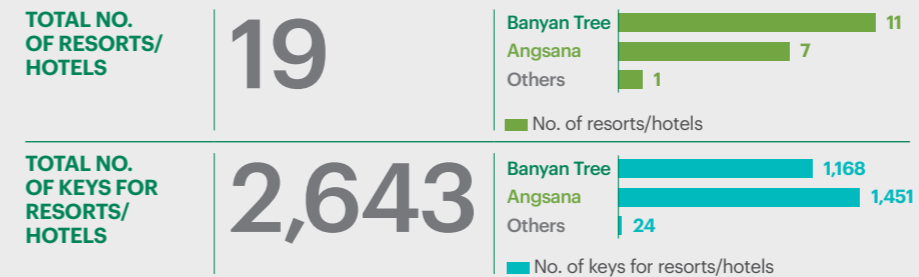
Resorts/Hotels with Equity Interest	Country	No. of Hotel Keys	Equity
<b>BANYAN TREE</b>			
1 Vabbinfaru	Maldives	48	100.0%
2 Seychelles	Seychelles	60	100.0%
3 Ringha	China	32	96.0%
4 Lijiang	China	125	83.2%
5 Bangkok	Thailand	325	65.8%
6 Phuket	Thailand	173	65.8%
7 Mayakoba	Mexico	117	6.1%
8 Cabo Marqués	Mexico	45	13.7%
9 Lăng Cô, Central Vietnam*	Vietnam	49	13.7%
10 Yangshuo**	China	142	5.0%
<b>Subtotal</b>		<b>1,116</b>	
<b>ANGSANA</b>			
1 Riads Collection Morocco	Morocco	34	100.0%
2 Ihuru	Maldives	45	100.0%
3 Velavaru^	Maldives	113	100.0%
4 Laguna Phuket	Thailand	324	65.8%
5 Lăng Cô, Central Vietnam*	Vietnam	229	15.7%
<b>Subtotal</b>		<b>745</b>	
<b>OTHERS</b>			
1 Laguna Holiday Club Phuket Resort	Thailand	113	65.8%
<b>Subtotal</b>		<b>113</b>	
<b>GRAND TOTAL</b>		<b>1,974</b>	

^ Under sale and leaseback arrangement w.e.f. 31 January 2013.

\* Project developed by Banyan Tree Indochina Hospitality Fund. The Group's equity investment in the fund was US\$41.9 million which had been progressively injected from 2009 to 2013.

\*\* Project developed by Banyan Tree China Hospitality Fund. The Group's equity investment in the fund was RMB57 million which had been progressively injected from 2010 to 2013.

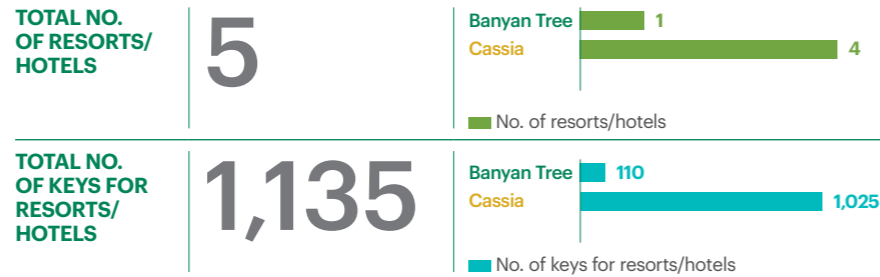
### RESORTS/HOTELS WITHOUT EQUITY INTEREST



Resorts/Hotels without Equity Interest	Country	No. of Hotel Keys
<b>BANYAN TREE</b>		
1 Bintan	Indonesia	64
2 Sanya	China	49
3 Ungasan	Indonesia	71
4 Hangzhou	China	72
5 Al Wadi	UAE	133
6 Club & Spa Seoul	South Korea	50
7 Samui	Thailand	88
8 Macau	China	256
9 Shanghai On The Bund	China	130
10 Tianjin Riverside	China	159
11 Chongqing Beibei	China	96
<b>Subtotal</b>		<b>1,168</b>
<b>ANGSANA</b>		
1 Bintan	Indonesia	113
2 Bangalore	India	79
3 Fuxian Lake	China	711
4 Hangzhou	China	59
5 Balaclava Mauritius	Mauritius	52
6 Tengchong • Hot Spring Village	China	37
7 Xi'an Lintong	China	400
<b>Subtotal</b>		<b>1,451</b>
<b>OTHERS</b>		
1 Maison Souvannaphoum Hotel	Laos	24
<b>Subtotal</b>		<b>24</b>
<b>GRAND TOTAL</b>		<b>2,643</b>

## Portfolio Pipeline of New Projects\*

### RESORTS/HOTELS WITH EQUITY INTEREST



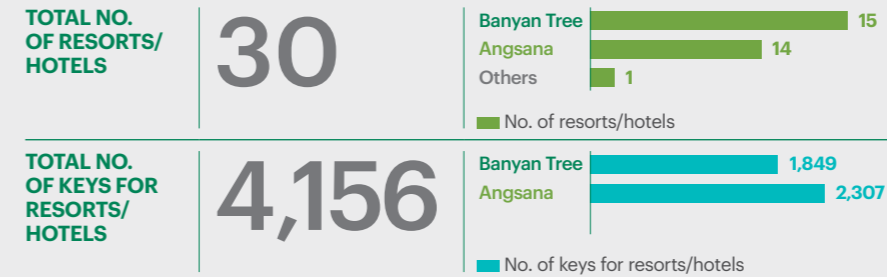
Resorts/Hotels with Equity Interest	Country	No. of Hotel Keys	Range of Room Rates (US\$)	Equity	Year of Opening
<b>BANYAN TREE</b>					
1 Huangshan**	China	110	258 – 360	5.0%	2015
<b>Subtotal</b>		<b>110</b>			
<b>CASSIA</b>					
1 Phuket (Phase 1)	Thailand	229	TBA*	65.8%	2015
Phuket (Phase 2)	Thailand	105	TBA*	65.8%	2016
2 Bintan (Phase 1)	Indonesia	104	TBA*	100.0%	2016
Bintan (Phase 2)	Indonesia	76	TBA*	100.0%	2017
3 Lijiang	China	172	TBA*	83.2%	2017
4 Northpoint	Australia	339	TBA*	100.0%	2018
<b>Subtotal</b>		<b>1,025</b>			
<b>GRAND TOTAL</b>		<b>1,135</b>			

\* As at 31 December 2014.

\*\* Project developed by Banyan Tree China Hospitality Fund. The Group's equity investment in the fund was RMB57 million which had been progressively injected from 2010 to 2013.

# To be advised.

### RESORTS/HOTELS WITHOUT EQUITY INTEREST



Resorts/Hotels without Equity Interest	Country	No. of Hotel Keys	Range of Room Rates (US\$)	Year of Opening
<b>BANYAN TREE</b>				
1 Tamouda Bay	Morocco	92	TBA*	2015
2 Jiuzhaigou	China	369	274 – 364	2016
3 Anji	China	151	241 – 321	2016
4 Janabiya	Bahrain	105	TBA*	2016
5 Goa	India	179	TBA*	2016
6 Emeishan	China	TBA*	258 – 327	2017
7 Signatures Pavilion, Kuala Lumpur	Malaysia	143	TBA*	2017
8 Yangcheng Lake	China	128	258 – 327	2017
9 Dali	China	165	290 – 367	2017
10 Wuxi	China	94	258 – 327	2017
11 Jilin Riverside	China	130	225 – 272	2018
12 Tufu Bay	China	293	290 – 350	2018
13 Fuxian Lake	China	TBA*	258 – 311	2018
14 Qingdao	China	TBA*	TBA*	2019
15 Lhasa	China	TBA*	TBA*	2019
<b>Subtotal</b>		<b>1,849</b>		
<b>ANGSANA</b>				
1 Corfu	Greece	199	TBA*	2016
2 Marbella	Spain	119	TBA*	2016
3 Chongqing Beibei	China	198	97 – 129	2016
4 Fuzhou Changle	China	184	121 – 153	2017
5 Kunming North	China	225	109 – 146	2017
6 Penon Del Lobo	Spain	200	TBA*	2017
7 Langfang	China	98	97 – 122	2017
8 Wuxi	China	215	129 – 163	2017
9 Teluk Bahang, Penang	Malaysia	400	TBA*	2018
10 Zhuhai	China	195	209 – 265	2018
11 Beijing Miyun	China	TBA*	TBA*	2018
12 Xishuangbanna	China	TBA*	137 – 182	2018
13 Tengchong	China	274	153 – 194	2018
14 Qingdao	China	TBA*	TBA*	2019
<b>Subtotal</b>		<b>2,307</b>		
<b>4<sup>TH</sup> BRAND (TO BE LAUNCHED)</b>				
1 Pu'er	China	TBA*	72 – 92	2018
<b>Subtotal</b>		<b>TBA*</b>		
<b>GRAND TOTAL</b>		<b>4,156</b>		

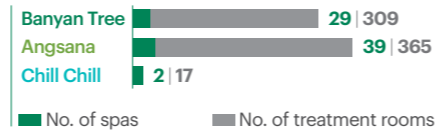
# To be advised.

## Portfolio Existing Spas

### EXISTING SPAS

TOTAL NO.  
OF OUTLETS

70



TOTAL NO.  
OF TREATMENT  
ROOMS

691

Name of Spa	Location	No. of Treatment Rooms
<b>BANYAN TREE</b>		
1 Phuket	Thailand	25
2 Vabbinfaru	Maldives	5
3 Bintan	Indonesia	15
4 Seychelles	Seychelles	8
5 Bangkok	Thailand	16
6 Shanghai	China	13
7 Phoenix Seagaia Resort	Japan	10
8 Ringha	China	6
9 Lijiang	China	7
10 Sanya	China	12
11 Mayakoba	Mexico	16
12 Al Wadi	UAE	12
13 Hangzhou	China	10
14 Ungasan	Indonesia	9
15 Cabo Marqués	Mexico	6
16 Estoril	Portugal	10
17 Club & Spa Seoul	South Korea	11
18 Samui	Thailand	10
19 Ras Al Khaimah Beach	UAE	2
20 Macau	China	21
21 Marina Bay Sands	Singapore	15
22 Shanghai on the Bund	China	9
23 Lăng Cô Central Vietnam	Vietnam	10
24 Tianjin Riverside	China	9
25 Chongqing Beibei	China	9
26 Yangshuo	China	9
<b>Subtotal</b>		<b>285</b>

Name of Spa	Location	No. of Treatment Rooms
<b>ANGSANA</b>		
1 Dusit Laguna Phuket	Thailand	8
2 Bintan	Indonesia	15
3 Laguna Phuket	Thailand	11
4 Ihuru	Maldives	8
5 Bangalore	India	6
6 Outrigger Phuket Beach Resort	Thailand	8
7 Allamanda Laguna Phuket	Thailand	8
8 Park Island	Hong Kong	8
9 Spa & Health Club Dubai Marina	Dubai	13
10 The Brehon	Ireland	9
11 Vineyard Hotel	South Africa	11
12 Luang Prabang	Laos	3
13 Arabian Ranches	Dubai	6
14 Moevenpick Resort El-Gouna	Egypt	10
15 The Montgomerie	Dubai	6
16 City Club & Spa Crescat City	Sri Lanka	11
17 Emirates Hills	Dubai	20
18 Velavaru	Maldives	11
19 Bunratty	Ireland	5
20 ANA Crowne Plaza Kobe	Japan	8
21 The Garden Hotel	China	12
22 Sheraton Laguna Guam	Guam	8
23 Riads Collection Morocco	Morocco	6
24 Prestige Ozone Bangalore	India	6
25 Tivoli Marina Vilamoura	Portugal	11
26 UB City Bangalore	India	11
27 Wyndham Grand Regency Doha	Qatar	8
28 Hotel Nikko Shanghai	China	8
29 Sankara Nairobi	Kenya	7
30 Fuxian Lake	China	22
31 Hotel ICON	Hong Kong	4
32 Balaclava Mauritius	Mauritius	8
33 Caesar Park Kenting	Taiwan	6
34 Nusajaya	Malaysia	6
35 Seaview Xiamen	China	8
36 Lăng Cô Central Vietnam	Vietnam	10
37 Tengchong • Hot Spring Village	China	23
38 Jinling Nanjing	China	11
39 Xi'an Lintong	China	5
<b>Subtotal</b>		<b>365</b>
<b>ELEMENTS SPA BY BANYAN TREE</b>		
1 Kuwait	Kuwait	7
2 Tivoli Victoria	Portugal	7
3 Tivoli Sao Paulo	Brazil	10
<b>Subtotal</b>		<b>24</b>
<b>CHILL CHILL</b>		
1 Sathorn	Thailand	9
2 Glenmarie, Kuala Lumpur	Malaysia	8
<b>Subtotal</b>		<b>17</b>
<b>GRAND TOTAL</b>		<b>691</b>

## Portfolio Spas in the Pipeline\*

### SPAS IN THE PIPELINE

TOTAL NO. OF SPAS  
From 2013: 34

28



#### Year of Opening 2015

##### BANYAN TREE

Huangshan, China  
Tamouda Bay, Morocco

##### CASSIA

Phuket, Thailand

##### ANGSANA

Club & Ireo Waterfront  
Ludhiana, India  
Monbala Xishuangbanna,  
China

#### Year of Opening 2016

##### BANYAN TREE

Jiuzhaigou, China  
Anji, China  
Janabiya, Bahrain  
Goa, India

##### ANGSANA

Corfu, Greece  
Marbella, Spain  
Chongqing Beibei, China

#### Year of Opening 2017

##### BANYAN TREE

Emeishan, China  
Signatures Pavilion  
Kuala Lumpur, Malaysia  
Yangcheng Lake, China  
Dali, China  
Wuxi, China

##### ANGSANA

Fuzhou Changle, China  
Kunming North, China  
Penon del Lobo, Spain  
Langfang, China  
Wuxi, China

#### Year of Opening 2018

##### BANYAN TREE

Jilin Riverside, China  
Tufu Bay, China

##### ANGSANA

Teluk Bahang, Penang,  
Malaysia  
Zhuhai, China  
Xishuangbanna, China  
Tengchong, China

\* As at 31 December 2014.

## Available Landbank

Location	Year of Acquisition*	Area (Ha)	Equity (%)
<b>CHINA</b>			
Tibet Lhasa	2008	5.5	100.0
Lijiang	2008	7.3	83.2
<b>THAILAND</b>			
Laguna Phuket	1975	162.6	65.8
Mae Hong Son	1990	9.3	65.8
Chiang Rai	1998	144.2	65.8
Chiang Mai	2003	74.6	65.8
<b>INDONESIA</b>			
Buahan Kaja, Bali	2002	4.1	100.0
<b>SEYCHELLES</b>			
Intendance, Mahe	1999	77.5	100.0
<b>PHILIPPINES</b>			
Diwaran Island	2007	55.1	9.1
<b>TOTAL</b>		<b>540.2</b>	

\* Based on earliest year of acquisition.

## Portfolio Property Products for Sale

	Planned launch	Total units for sale	Gross floor area (GFA) sqm	Sale value of units for sale S\$m	% Sold*	Unrecognised revenue S\$m	Estimated year of completion or recognition			
							2015	2016	2017	2018
<b>LAGUNA PROPERTIES</b>										
<b>Thailand</b>										
	Ongoing									
<b>Laguna Park</b>										
Townhome		155		56	45%		●	●		
Villa		96		56	49%		●	●		
Condos		300		48	-			●		
		551	72,481	160		43.4				
Laguna Village Villas^		36	5,592	17	97%	-				
Laguna Village Lofts^		22	3,402	12	36%	-				
Laguna Village Bungalows		10	6,710	14	50%	5.6	●			
<b>Indonesia</b>										
Laguna Park Bintan	2015	79	17,632	50	-	-				●
<b>China</b>										
<b>Laguna Chengdu**</b>										
Phase 1A	2015	214		23	-			●	●	
Phase 1B	2015	214		25	-			●	●	
Phase 2		556		88	-				●	●
Phase 3		180		108	-				●	●
		1,164	104,040	244		-				

\* As at 11 February 2015

^ Completed inventories

\*\* Excluded unplanned launch of GFA of 194,432 sqm

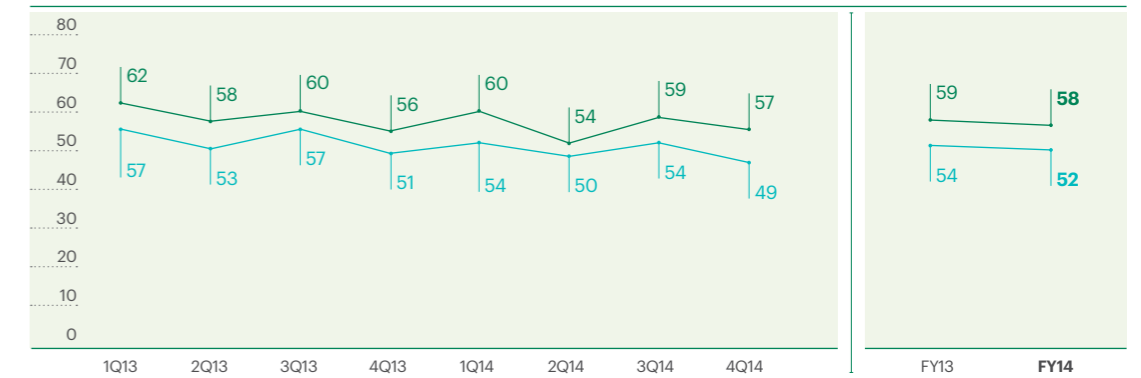
# Portfolio Property Products for Sale

	Planned launch	Total units for sale	Gross floor area (GFA) sqm	Sale value of units for sale S\$m	% Sold*	Unrecognised revenue S\$m	Estimated year of completion or recognition			
							2015	2016	2017	2018
<b>HOTEL RESIDENCES</b>										
<b>Thailand</b>										
Ongoing										
<b>Cassia Phuket</b>										
Phase 1		229		61	78%		●			
Phase 2		105		30	-			●	●	
		334	30,401	91		42.7				
Dusit^		28	8,176	39	79%	-				
Banyan Tree Phuket 2-Bed Pool Villas^		14	4,676	20	93%	-				
Banyan Tree Phuket DoublePool Villas^		22	10,935	67	77%	-				
Banyan Tree Phuket Grand Residences		19	14,478	80	5%	4.1		●		
Banyan Tree Phuket Deluxe DoublePool Villas^		4	2,148	13	100%	2.5	●			
Banyan Tree Bangkok Apartments^		24	3,120	29	63%	-				
<b>Indonesia</b>										
Ongoing										
<b>Cassia Bintan</b>										
Phase 1		104		29	45%			●		
Phase 2		76		23	-				●	
		180	13,806	52		10.5				
<b>Banyan Tree Bintan</b>										
1-Bed Bayfront Villas^		29	3,159	27	24%	-				
2-Bed Bayfront Pool Villas^		9	3,636	21	78%	-				
<b>Australia</b>										
<b>Banyan Tree Residences, Brisbane</b>										
	2015	98	26,571	147	-	-			●	
<b>Cassia Northpoint, Gold Coast</b>										
	2016	339	41,931	255	-	-				●
<b>China</b>										
<b>Cassia Lijiang</b>										
	2015	172	12,071	52	-	-		●	●	
<b>Banyan Tree Lijiang</b>										
2-Bed Townhouses^	Ongoing	16	2,784	18	88%	1.2	●			

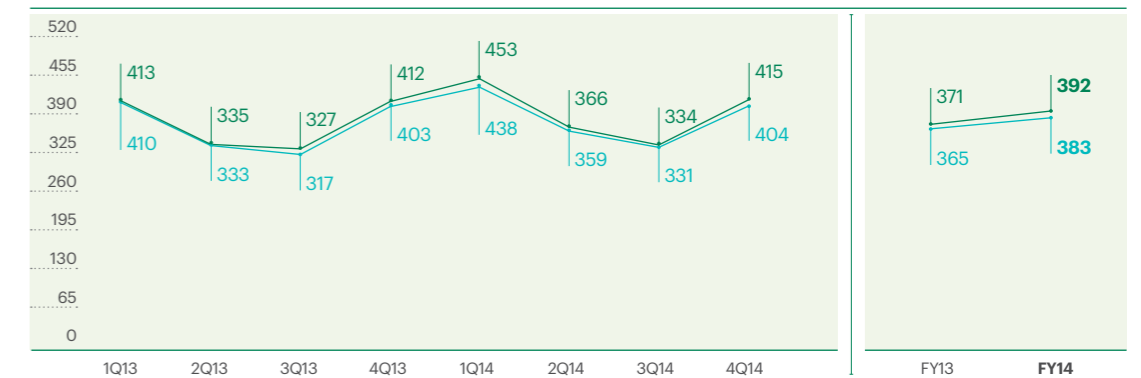
\* As at 11 February 2015  
^ Completed inventories

# Key Statistics All Hotels

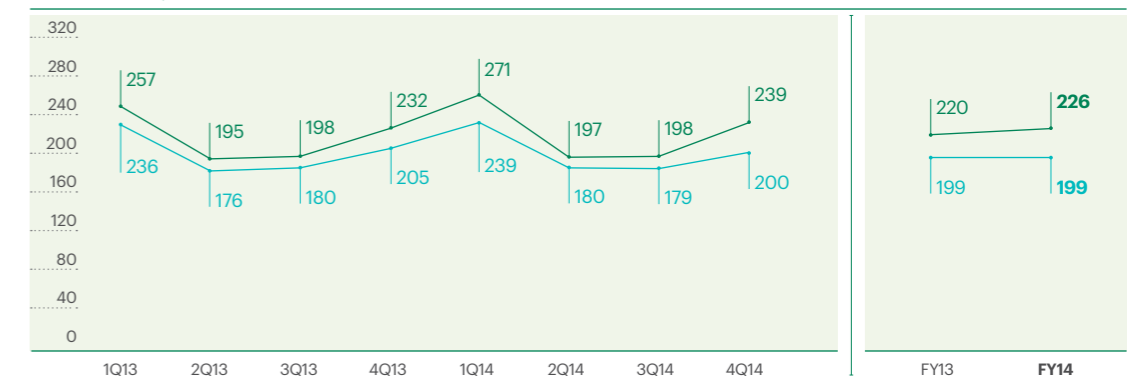
AVERAGE OCCUPANCY (%)



AVERAGE ROOM RATES (\$)



REVPAR<sup>2</sup> (\$)



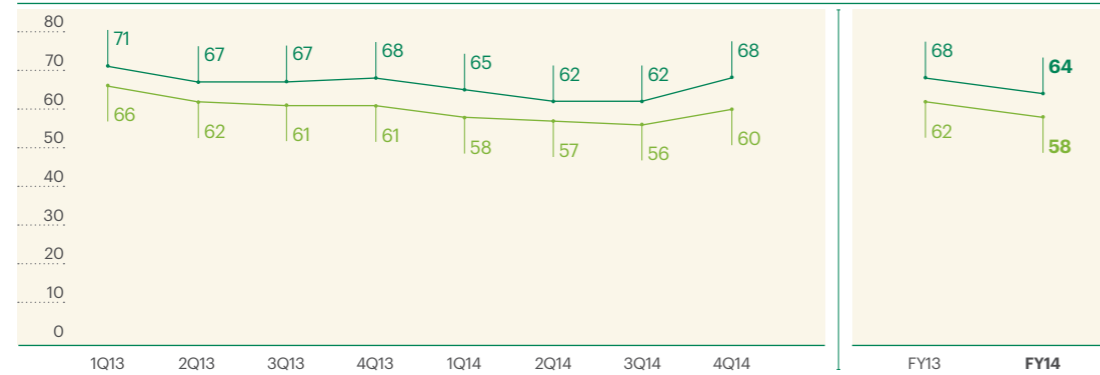
● Same Store<sup>3</sup>  
● Total Resorts

**ALL HOTELS<sup>1</sup>**

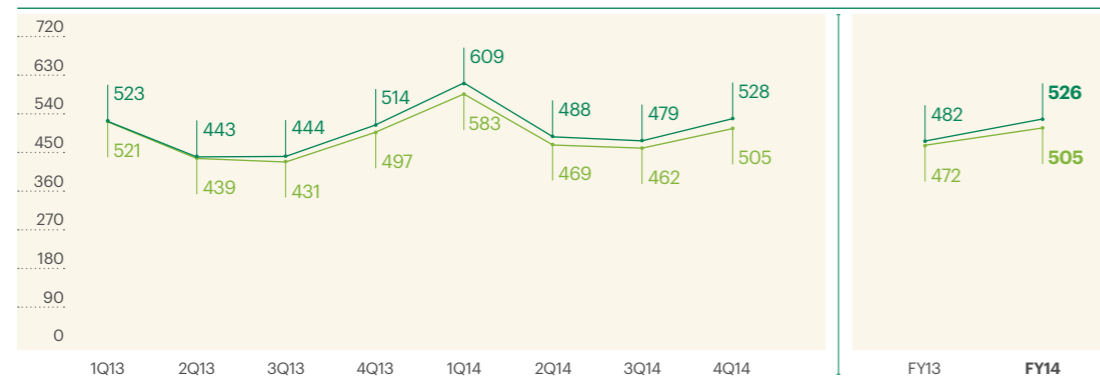
<sup>1</sup> All hotels refer to company total including hotels in Laguna Phuket, Banyan Tree and Angsana Resorts.  
<sup>2</sup> RevPAR denotes revenue per available room.  
<sup>3</sup> Same Store Concept excludes: Banyan Tree Madivaru, Angsana Great Barrier Reef, Gyalthang Dzong Hotel which were no longer in operation; all new resort opened/rebranded in the past two years, namely: Banyan Tree Shanghai On The Bund, Banyan Tree Lăng Cô, Central Vietnam, Banyan Tree Tianjin Riverside, Banyan Tree Chongqing Beibei, Banyan Tree Yangshuo, Angsana Lăng Cô, Central Vietnam, Angsana Tengchong • Hot Spring Village, Angsana Xi'an Lintong and abnormal hotel, Banyan Tree Ringha (open for six months). Comparatives for Same Store concept for prior periods have been adjusted to include Banyan Tree Macau, Angsana Hangzhou, Angsana Balaclava Mauritius and Angsana Laguna Phuket.

## Key Statistics Banyan Tree Resorts

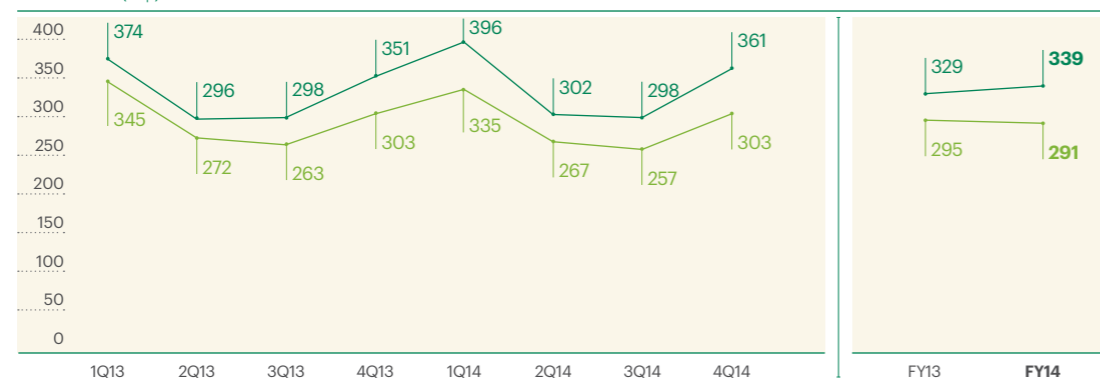
AVERAGE OCCUPANCY (%)



AVERAGE ROOM RATES (\$\$)



REVPAR<sup>1</sup> (\$\$)



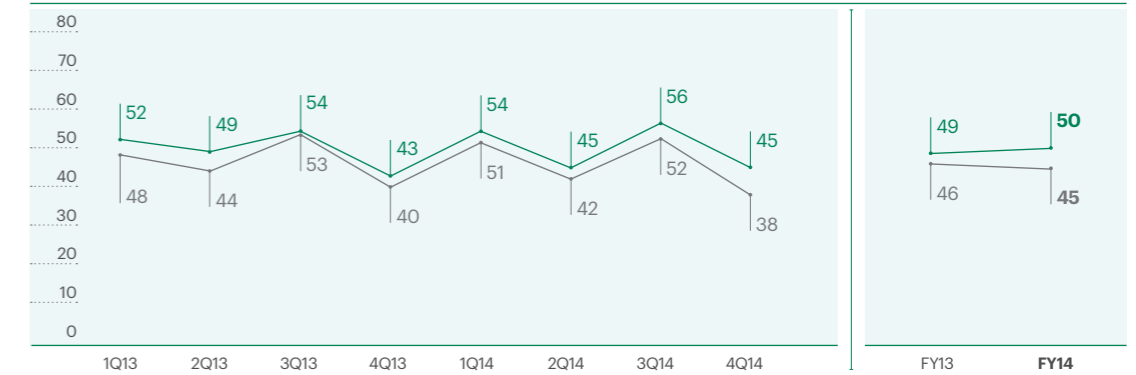
**BANYAN TREE RESORTS**

<sup>1</sup> RevPAR denotes revenue per available room.

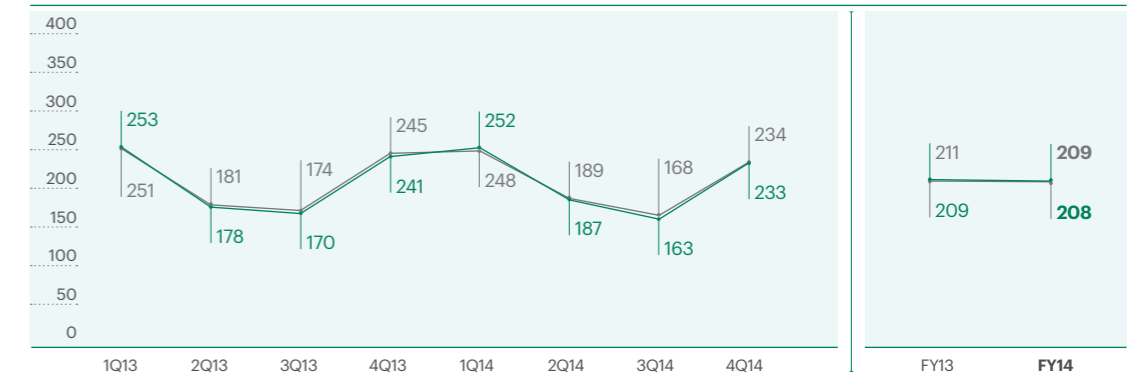
<sup>2</sup> Same Store Concept excludes: Banyan Tree Madivaru, which was no longer in operation; all new resort opened/rebranded in the past two years, namely: Banyan Tree Shanghai On The Bund, Banyan Tree Lăng Cô, Central Vietnam, Banyan Tree Tianjin Riverside, Banyan Tree Chongqing Beibei and Banyan Tree Yangshuo and abnormal hotel, Banyan Tree Ringha (open for six months). Comparatives for Same Store concept for prior periods have been adjusted to include Banyan Tree Macau.

## Key Statistics Angsana Resorts

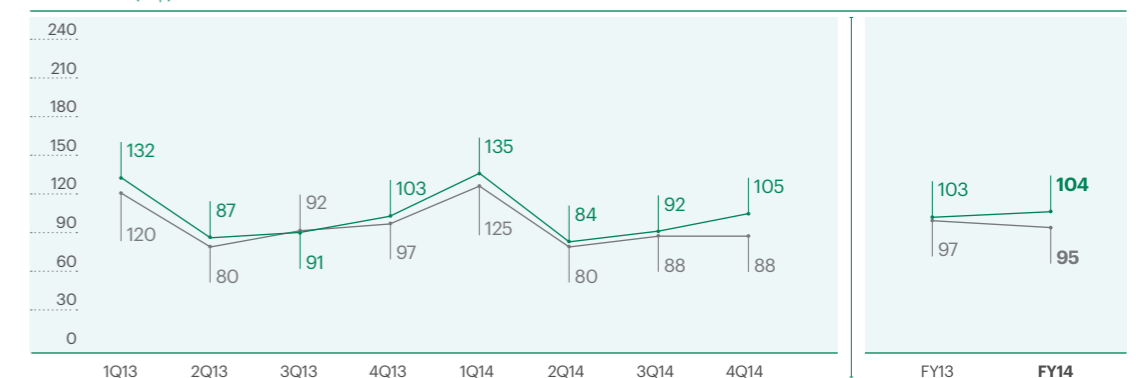
AVERAGE OCCUPANCY (%)



AVERAGE ROOM RATES (\$\$)



REVPAR<sup>1</sup> (\$\$)



**ANGSANA RESORTS**

<sup>1</sup> RevPAR denotes revenue per available room.

<sup>2</sup> Same Store Concept excludes: Angsana Great Barrier Reef which was no longer in operation; all new resort opened/rebranded in the past two years, namely: Angsana Lăng Cô, Central Vietnam, Angsana Tengchong • Hot Spring Village and Angsana Xi'an Lintong. Comparatives for Same Store concept for prior periods have been adjusted to include Angsana Hangzhou, Angsana Balaclava Mauritius and Angsana Laguna Phuket.

# Analytical Review

## REVENUE

	2014	2013	Incr/(Decr)	
	S\$'000	S\$'000	S\$'000	%
Hotel Investments	203,936	221,163	(17,227)	-8%
Property Sales	32,361	33,165	(804)	-2%
– Hotel Residences	12,400	9,281	3,119	34%
– Laguna Property Sales	19,961	23,884	(3,923)	-16%
Fee-based Segment	91,069	101,819	(10,750)	-11%
– Hotel/Fund/Club Management	34,377	34,617	(240)	-1%
– Spa/Gallery Operations	31,745	34,148	(2,403)	-7%
– Design and Others	24,947	33,054	(8,107)	-25%
<b>Total</b>	<b>327,366</b>	<b>356,147</b>	<b>(28,781)</b>	<b>-8%</b>

Revenue decreased by S\$28.7 million or 8% from S\$356.1 million for the year ended 31 December 2013 to S\$327.4 million for the year ended 31 December 2014. All three core segments performed below last year.

The Hotel Investments segment registered a decrease in revenue by S\$17.3 million or 8% from S\$221.2 million in 2013 to S\$203.9 million in 2014. This was mainly attributable to our resorts in Thailand whose performance during the first nine months of 2014 was significantly affected by the political unrest in Thailand that included the imposition of martial law since 22 May 2014. On the other hand, Maldives and Seychelles recorded higher revenue during the same period due to favourable demand from the leisure market. In 4Q14, revenue in Phuket, Maldives and Seychelles was affected by the slowdown in the European market, in particular the Russian market owing to sharp depreciation of the Rouble and the weak Russian economy. Russia is one of our key source markets during the peak season.

The Property Sales segment recorded revenue of S\$32.4 million in 2014, a decrease of S\$0.8 million or 2% compared to S\$33.2 million in 2013. This was mainly due to lower revenue from club membership sales for Laguna Holiday Club, but partially cushioned by higher contribution of property sales units based on the completion method of revenue recognition. In the current year, we recognised 31 units (S\$25.0 million) as compared to 21 units (S\$23.9 million) in 2013.

Revenue from the Fee-based segment decreased by S\$10.7 million or 11% from S\$101.8 million in 2013 to S\$91.1 million in 2014. This was mainly due to lower architectural and design fees for projects in China based on certain milestones achieved, and lower revenue from spa/gallery and golf operations in Thailand which were affected by the political unrest mentioned above.

## OTHER INCOME

	2014	2013	Incr/(Decr)	
	S\$'000	S\$'000	S\$'000	%
<b>Total</b>	<b>9,193</b>	<b>22,691</b>	<b>(13,498)</b>	<b>-59%</b>

Other income of S\$9.2 million for the year ended 31 December 2014 was S\$13.5 million lower than S\$22.7 million recorded in 2013, as the 2013 figure included a gain on sale of Angsana Velavaru. The shortfall was partially cushioned by a gain on revaluation of investment properties in Seychelles.

## COSTS AND EXPENSES

	2014	2013	Incr/(Decr)	
	S\$'000	S\$'000	S\$'000	%
Cost of operating supplies	27,420	30,467	(3,047)	-10%
Cost of properties sold	14,850	13,618	1,232	9%
Salaries and related expenses	103,174	120,162	(16,988)	-14%
Administrative expenses	59,420	57,942	1,478	3%
Sales and marketing expenses	17,387	15,416	1,971	13%
Other operating expenses	63,257	67,136	(3,879)	-6%
<b>Total</b>	<b>285,508</b>	<b>304,741</b>	<b>(19,233)</b>	<b>-6%</b>

### COST OF OPERATING SUPPLIES

Cost of operating supplies decreased by S\$3.1 million from S\$30.5 million for the year ended 31 December 2013 to S\$27.4 million for the year ended 31 December 2014. This was mainly due to lower hotel occupancy related expenses, in line with lower revenue from the Hotel Investments segment.

### COST OF PROPERTIES SOLD

Cost of properties sold increased by S\$1.3 million from S\$13.6 million for the year ended 31 December 2013 to S\$14.9 million for the year ended 31 December 2014 in line with higher property sales units from completion.

### SALARIES AND RELATED EXPENSES

Salaries and related expenses decreased by S\$17.0 million from S\$120.2 million for the year ended 31 December 2013 to S\$103.2 million in 31 December 2014, mainly due to lower headcount which resulted in lower staff and related costs.

### ADMINISTRATIVE EXPENSES

Administrative expenses increased by S\$1.5 million from S\$57.9 million for the year ended 31 December 2013 to S\$59.4 million for the year ended 31 December 2014, mainly due to lower exchange gain but partially cushioned by lower provision for doubtful debts.

### SALES AND MARKETING EXPENSES

Sales and marketing expenses increased by S\$2.0 million from S\$15.4 million for the year ended 31 December 2013 to S\$17.4 million for the year ended 31 December 2014. This was mainly due to higher marketing expenses incurred on new property sales projects but partially offset by lower expenditure on marketing hotels in Thailand following the political unrest.

### OTHER OPERATING EXPENSES

Other operating expenses decreased by S\$3.8 million from S\$67.1 million for the year ended 31 December 2013 to S\$63.3 million for the year ended 31 December 2014. This was mainly due to lower hotel occupancy related expenses, in line with lower revenue from the Hotel Investments segment.

## Analytical Review

### EBITDA

	2014	2013	Incr/(Decr)	
	S\$'000	S\$'000	S\$'000	%
Hotel Investments	38,860	44,819	(5,959)	-13%
Property Sales	(774)	3,309	(4,083)	NM
– Hotel Residences	4,093	2,298	1,795	78%
– Laguna Property Sales	207	1,634	(1,427)	-87%
– Development Project/Site Sales	(5,074)	(623)	(4,451)	NM
Fee-based Segment	18,892	19,330	(438)	-2%
– Hotel/Fund/Club Management	7,644	10,149	(2,505)	-25%
– Spa/Gallery Operations	6,161	3,750	2,411	64%
– Design and Others	5,087	5,431	(344)	-6%
Head Office Expenses	(15,120)	(16,052)	932	6%
Other Income (net)	9,193	22,691	(13,498)	-59%
<b>Total</b>	<b>51,051</b>	<b>74,097</b>	<b>(23,046)</b>	<b>-31%</b>

EBITDA decreased by S\$23.0 million from S\$74.1 million for the year ended 31 December 2013 to S\$51.1 million for the year ended 31 December 2014, mainly due to lower other income as mentioned earlier and lower EBITDA from all three core segments due to lower revenue.

### DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

	2014	2013	Incr/(Decr)	
	S\$'000	S\$'000	S\$'000	%
<b>Total</b>	<b>19,520</b>	<b>19,762</b>	<b>(242)</b>	<b>-1%</b>

Depreciation of property, plant and equipment decreased by S\$0.3 million from S\$19.8 million for the year ended 31 December 2013 to S\$19.5 million for the year ended 31 December 2014 mainly due to certain assets being fully depreciated.

### FINANCE INCOME

	2014	2013	Incr/(Decr)	
	S\$'000	S\$'000	S\$'000	%
<b>Total</b>	<b>3,402</b>	<b>2,749</b>	<b>653</b>	<b>24%</b>

Finance income increased by S\$0.7 million from S\$2.7 million for the year ended 31 December 2013 to S\$3.4 million for the year ended 31 December 2014, mainly related to higher deposits.

### FINANCE COSTS

	2014	2013	Incr/(Decr)	
	S\$'000	S\$'000	S\$'000	%
<b>Total</b>	<b>25,451</b>	<b>23,296</b>	<b>2,155</b>	<b>9%</b>

Finance costs increased by S\$2.2 million from S\$23.3 million for the year ended 31 December 2013 to S\$25.5 million for the year ended 31 December 2014, mainly due to an average of S\$256 million notes outstanding in 2014 as compared to S\$243 million in 2013.

### INCOME TAX EXPENSE

	2014	2013	Incr/(Decr)	
	S\$'000	S\$'000	S\$'000	%
<b>Total</b>	<b>6,564</b>	<b>12,961</b>	<b>(6,397)</b>	<b>-49%</b>

Income tax expense decreased by S\$6.4 million from S\$13.0 million for the year ended 31 December 2013 to S\$6.6 million for the year ended 31 December 2014, mainly due to lower profits and adjustments for overprovision of corporate tax made in prior years in the current period as compared to adjustments for underprovision in the same period last year. In addition, the gain on revaluation of investment properties is not subject to corporate tax.

### NON-CONTROLLING INTERESTS

	2014	2013	Incr/(Decr)	
	S\$'000	S\$'000	S\$'000	%
<b>Total</b>	<b>(426)</b>	<b>9</b>	<b>(435)</b>	<b>NM</b>

Non-controlling interests' share of loss was S\$0.4 million for the year ended 31 December 2014 as compared to nil in 2013. This was mainly due to inclusion in 2013 of a non-controlling interest's share of gain on sale of Angsana Velavaru.

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

	2014	2013	Incr/(Decr)	
	S\$'000	S\$'000	S\$'000	%
<b>Total</b>	<b>1,025</b>	<b>18,146</b>	<b>(17,121)</b>	<b>-94%</b>

As a result of the foregoing, profit attributable to owners of the Company decreased by S\$17.1 million from S\$18.1 million for the year ended 31 December 2013 to S\$1.0 million for the year ended 31 December 2014.



## Analytical Review

### CASH FLOWS

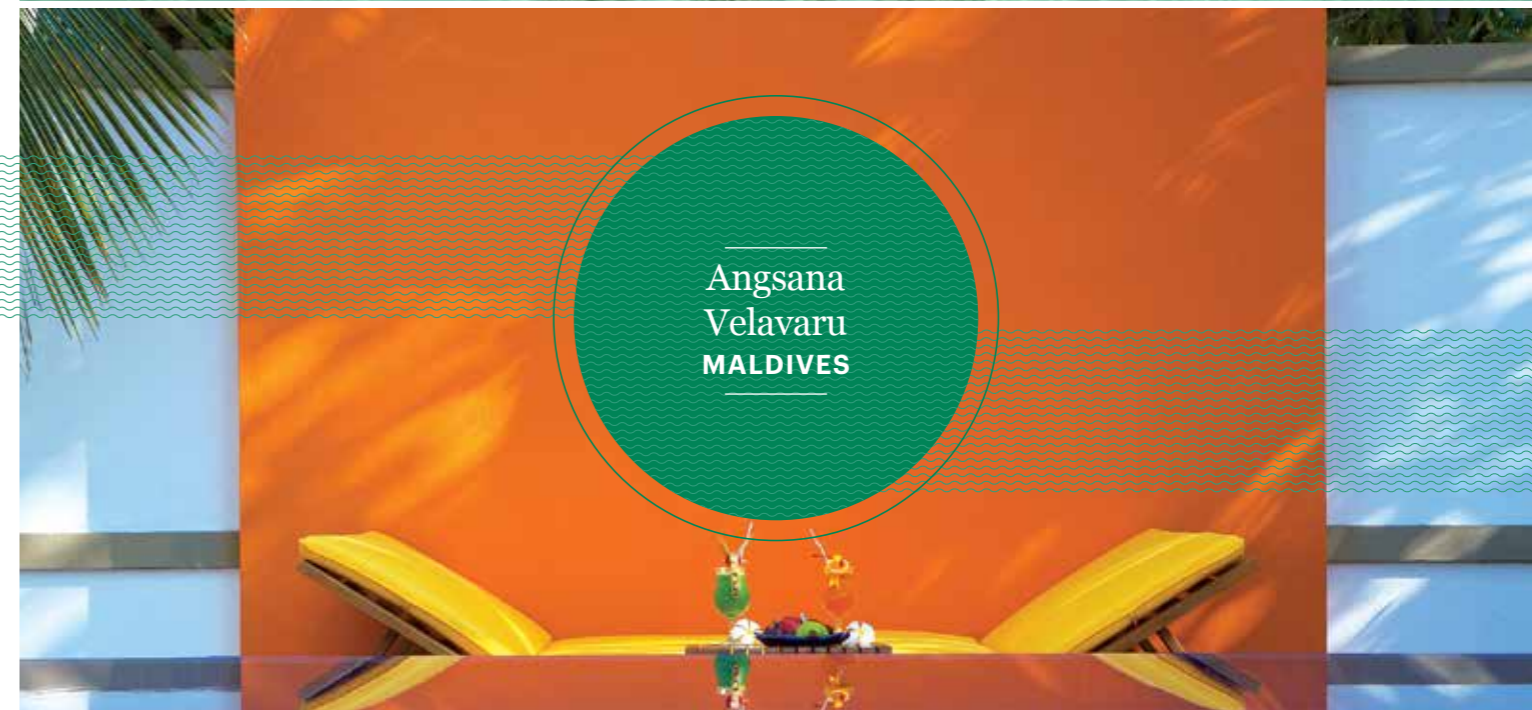
	2014 S\$'000	2013 S\$'000
Profit before taxation	7,163	31,116
Net decrease from changes in working capital	(53,936)	(46,264)
Net interest paid, tax paid and others	(33,629)	(28,620)
Adjustment for non-cash items	47,601	38,085
Net cash flows used in operating activities	(32,801)	(5,683)
Net cash flows (used in)/generated from investing activities	(32,606)	48,867
Net cash flows generated from financing activities	54,273	10,152
Net change in cash and cash equivalents	(11,134)	53,336
Cash and cash equivalents at beginning of the year	176,823	120,824
Effects of exchange rate changes for balances in foreign currencies	2,511	2,663
<b>Cash and cash equivalents at end of the year</b>	<b>168,200</b>	<b>176,823</b>

The Group's cash and cash equivalents decreased by S\$8.6 million or 5% from S\$176.8 million as at 31 December 2013 to S\$168.2 million as at 31 December 2014.

For the full year ended 31 December 2014, net cash flow used in operating activities was S\$32.8 million, mainly due to net decrease in cash generated from working capital of S\$53.9 million, net interest paid of S\$22.7 million and income tax payments of S\$10.3 million, but partially cushioned by profit before taxation of S\$7.2 million and adjustments for non-cash items of S\$47.6 million. Net decrease in cash generated from working capital was mainly due to land and development cost expended on Wenjiang, Lijiang, Phuket, Brisbane, Gold Coast and Bintan projects. Non-cash items relate mainly to finance costs of S\$25.5 million, depreciation and amortisation of island rental of S\$21.9 million and net fair valuation gains on investment properties of S\$4.0 million.

The net cash flows used in investing activities amounted to S\$32.6 million due largely to on-going purchases of S\$19.7 million of furniture, fittings and equipment by our resorts for their operations, the second instalment payment of S\$6.3 million for the purchase of Banyan Tree Seychelles and its surrounding lands in March 2012, and the purchase of investment securities of S\$3.3 million.

The net cash flows generated from financing activities amounted to S\$54.3 million. This was mainly due to new notes issuance of S\$125 million in June 2014 and additional loan drawdown of S\$85.9 million, but partially offset by notes repayment of S\$70 million upon maturity in March 2014, scheduled bank repayments of S\$78.3 million and payment of dividends to shareholders of S\$7.6 million.





BANYAN TREE SEYCHELLES  
Seychelles

# SUSTAINABILITY

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Banyan Tree  
Management Academy

86–87  
Sustainability Report

## Banyan Tree Management Academy

Since its establishment in 2008, Banyan Tree Management Academy (BTMA) has helped to forge a common identity and instil the Group's core values in a diverse workforce of more than 9,000 associates from over 50 countries, while equipping them with the skills to deliver the Banyan Tree experience. BTMA continues to accomplish 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. Its signature courses are the Management Development Programme for senior managers and the Talent Management Programme for new managers. Members of our senior management team serve as facilitators in these programmes, which allow us to share best practices and foster team spirit among managers across different properties.

Meanwhile, the 18-month Banyan LEAF Programme identifies and develops associates with the potential to lead the Group. "LEAF" is short for Leading and Empowering Associates Forward. Working with their mentors, LEAFers draw up their own development plans to prepare for their next position.

BTMA also offers two programmes focusing on supervisors and middle managers. The Intensive Pre-Head of Department workshop covers the entire

EMEASA\*, Asia Pacific and China regions, while the Intensive Supervisory Leadership workshop is for properties in China, our fastest-growing market.

During the year, we introduced the General Manager Programme. This three-stage programme for general managers comprises an on-line certification course, an on-site workshop and post-workshop activity.

### DEVELOPING OUR ASSOCIATES

At the very foundation, every associate needs to possess the skills, abilities and knowledge to provide the extraordinary service for which Banyan Tree is acclaimed. The BTHR Certification Programmes enable associates to master the knowledge and skills pertinent to their field. To receive full certification, associates must pass the assessment. Since 2013, BTMA has offered Certification Programmes for Front Office, F&B Service, Housekeeping, Bartender, Bellman, Culinary and Reservations.

\* Europe, Middle East, Americas and South Asia

*BTMA identifies and nurtures internal talent to manage our current and upcoming properties. Its signature courses are the Management Development Programme for senior managers and the Talent Management Programme for new managers. Members of our senior management team serve as facilitators in these programmes, which allow us to share best practices and foster team spirit among managers across different properties.*



Meeting of minds – igniting passion



From learning to leading – a journey of development

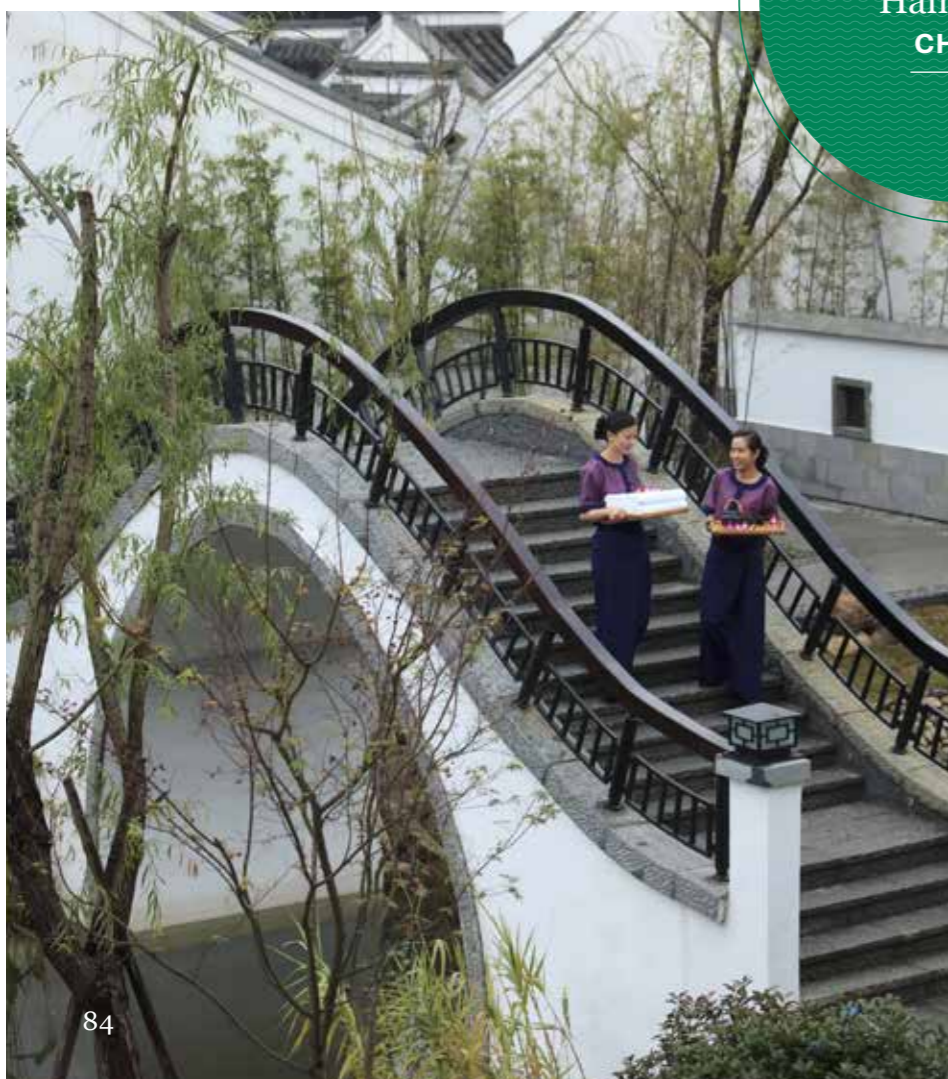
In 2014, we celebrated the first graduates of our 18-month Management Trainee Programme. Successful trainees cleared evaluations at the third, sixth and 12<sup>th</sup> months of the programme, and were placed as assistant managers after graduation. We also formalised the Management Trainee Club, a platform for all management trainees in the Group to gather on-line, share their learning experiences and how they resolve challenges.

BTMA also provides on-line learning through academic institutions with internationally renowned hospitality programmes. These include Glion Institute, eCornell, AHLEI and the University Alliance.

At Laguna Phuket, where BTMA is based, BTMA offers all associates English language and IT courses. These not only serve as a foundation for career development, but also contribute to professional and personal growth.



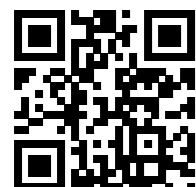
Banyan Tree  
Hangzhou  
CHINA



# Sustainability Report

**Banyan Tree was founded with the core values of driving sustainable development. As a global hospitality group operating in diverse locations, Banyan Tree's concept of sustainability seeks to create long term value for multiple stakeholders and destinations.**

Scan this QR Code to access to the online version of the Banyan Tree Sustainability Report 2014.



## OUR 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.



*In 2014, we launched the “Stay for Good” framework, which better conveys not only our ongoing sustainability efforts, but also how, by simply staying with us, guests contribute to the Group’s social and environmental initiatives. When they “Stay for Good”, guests have a spectrum of options, from passive support to active participation in our efforts.*

## OUR VALUES AT WORK

Banyan Tree's approach to sustainability is built on the internally focused pillar of increasing operational efficiency, and the two externally focused pillars of protecting biodiversity and developing local capacity.

In 2014, we launched the “Stay for Good” framework, which better conveys not only our ongoing sustainability efforts, but also how, by simply staying with us, guests contribute to the Group’s social and environmental initiatives. When they “Stay for Good”, guests have a spectrum of options, from passive support to active participation in our efforts.

This framework extends to how we design and build our resorts. Under the “Build for Good” umbrella, our resorts are set up to operate efficiently while supporting community and ecological efforts. Progress in operational efficiency continued with GPS Development Services earning certification for four more developments under the EarthCheck Design Standards – Banyan Tree Yangshuo, Banyan Tree Huangshan, Laguna Chengdu, and Cassia Phuket.

Among resorts already open, five more (Banyan Tree Mayakoba, Banyan Tree Samui, Banyan Tree Sanya, Banyan Tree Bangkok, and Maison

Souvannaphoum Hotel by Angsana) attained EarthCheck Silver Certified status for the first time, bringing the total to 14. A further 10 achieved EarthCheck Bronze Benchmarked status for the first time, bringing the total in this category to 25.

Our Greening Communities efforts included the planting of 81,121 trees across 22 resorts. This brings the total to 358,885 trees planted since 2007, well above our target of 2,000 trees per resort, or 286,272 during the period.

Under the Seedlings Mentorship programme, our associates at 13 resorts voluntarily mentored 74 young people in 2014. We also expanded our Seedlings Café social enterprise. Through the original Seedlings Café in Hoi An, Vietnam, Laguna Lăng Cô partnered local NGO's to identify and provide vocational and life skills training to at-risk young adults. Simultaneously, Laguna Phuket began a nine-month training programme for young adults in Phuket, with the goal of opening another Seedlings Café in 2015.

For more details, please refer to the accompanying 2014 Sustainability Report, or view it online at [www.banyantree.com/csrpublications](http://www.banyantree.com/csrpublications).



**Build for Good**  
**Stay for Good**



BANYAN TREE  
SHANGHAI ON THE BUND  
China

# CORPORATE GOVERNANCE

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# Corporate Governance Report

Banyan Tree Holdings Limited (“BTH” or the “Company”, and together with its subsidiaries, the “Group”) is 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”).

Singapore Exchange (SGX) has, on 29 January 2015, issued a disclosure guide (“Disclosure Guide”) to assist companies listed on the SGX in preparing meaningful disclosure that complies with the requirements of the Code. The Disclosure Guide sets out a list of relevant questions and the SGX has encouraged companies to enclose their answers as part of the Annual Report. The Company’s responses to the Disclosure Guide can be found on pages 101 to 103 of this Annual Report.

## (A) BOARD MATTERS

### Principle 1: Board’s Conduct of its Affairs

<sup>1</sup>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 2014 for the continual progress made in the Group’s commitment to sustainability.

<sup>2</sup>The Group has adopted a set of internal controls and guidelines setting out the financial authorisation and approval limits for borrowings, acquisitions and disposals of investments, operating and capital expenditures. Board’s approval is required for transactions where the value of these transactions exceed the approval limits. In addition, matters such as the issue of shares, dividend distributions and other returns to shareholders, the Group’s strategies and objectives, annual budget, and the announcement of quarterly and full year results also require the Board’s approval.

<sup>3</sup>Two Board Committees, namely the Audit and Risk Committee (“ARC”) and the 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.

<sup>4</sup>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 their performance in meeting the goals and objectives of the Company, after which the Lead Independent Director will provide any relevant feedback to the Executive Chairman. 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 2014 are set out in Table 1 below:

Table 1

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	4	4	4	–	4	1 <sup>1</sup>
Ariel P Vera	4	4	4	–	4	–
Chia Chee Ming Timothy	4	4	4	4	4	4
Fang Ai Lian	4	4	4	4	4	4
Elizabeth Sam	4	4	4	4	4	4
Chan Heng Wing	4	3	4	2	4	3
Tham Kui Seng	4	4	4	4	4	4
Lim Tse Ghow Olivier <sup>2</sup>	–	–	–	–	–	–

<sup>1</sup> By invitation

<sup>2</sup> Appointed on 13 November 2014

<sup>5</sup>Upon appointment, each new Director is issued with a formal letter of appointment along with materials pertaining to his obligations in relation to disclosure of interests in securities, conflicts of interest and restrictions on dealings in securities. An orientation programme is also conducted for new Directors to familiarise themselves with the Group’s businesses, operations, strategic directions, organisation structure and get acquainted with Senior Management. Each new Director will also receive information on the relevant policies and procedures of the Group, the Board meeting schedule for the year as well as a brief of the routine agenda for each Board and Board Committee meeting. When a Director is appointed to a Board Committee, he is provided with a copy of the Charter of the Board Committee.

<sup>6</sup>For any Director who has no prior experience as a director of a listed company, he/ she will be encouraged to attend the Listed Company Director (“LCD”) Programme conducted by the Singapore Institute of Directors (“SID”). The Company Secretary will assist such Director in enrolling in the LCD Programme. 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 to the Board articles, reports and news releases issued by Singapore Exchange Securities Trading Limited (“SGX-ST”) which are relevant to the Group’s businesses. Also, meetings are arranged for the Directors to meet with relevant experts on issues which impact the Group’s operating environment. In addition, the Directors are encouraged to attend appropriate relevant external programmes such as those conducted by the SID or seminars organised by SGX-ST or other professional institutes, at the Company’s expense.

<sup>7</sup>During the year, the Board embarked on a seven-day retreat in China and visited the three recently opened properties, namely, Banyan Tree Chongqing Beibei, Banyan Tree Yangshuo and Angsana Xi’an Lintong as well as Banyan Tree Macau. During the visit to Banyan Tree Chongqing Beibei and Banyan Tree Macau, the Board had the opportunity to meet with the respective hotel owners to further foster and strengthen their relationships. The Board also inspected the on-site construction and sales progress of the Group’s development in the Wenjiang District of Chengdu. In addition to engaging in in-depth discussions with Management on the Group’s strategies moving forward, at the retreat, the Board also took the

opportunity to engage in meaningful interactions with the associates of the various properties in order to better understand operational bearings on the ground. Board retreats are organised annually outside of Singapore to allow the Board members to have a closer and more in-depth understanding of the operations of the various properties within the Group.

### Principle 2: Board Composition and Guidance

<sup>1</sup>Currently, the Board comprises eight Directors, six of whom are Independent Directors. As such, there is a strong and independent element in the Board. The Independent Directors are Mr Chia, Mrs Fang, Mrs Sam, Mr Chan, Mr Tham and Mr Lim.

<sup>2</sup>The two Non-Independent Directors are Mr Ho and Mr Vera. Mr Ho is the Executive Chairman and Mr Vera is a Non-Executive Director.

<sup>3</sup>Each year, the NRC reviews the appropriate size, balance and diversity of skills and composition of the Board and Board Committees, and the experience 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.

<sup>4</sup>BTH was ranked third in the gender diversity ranking introduced in the Singapore Board Diversity Report 2013, a joint initiative between the Centre for Governance, Institutions and Organisations at the National University of Singapore’s Business School and BoardAgender. The ranking took into account, *inter alia*, the proportion of women and their representation on the Board.

<sup>5</sup>The profile of each Director which includes key information regarding 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 24 to 26 of this Annual Report. The details of the Directors’ shareholdings can be found under the section on Directors’ interests in shares and debentures on page 107 of the Directors’ Report.

### Principle 3: Role of Chairman and Chief Executive Officer

<sup>1</sup>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

# Corporate Governance Report

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 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.

<sup>2</sup>The execution of the Company's corporate and business strategies and policies, 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.

<sup>3</sup>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. Mr Chia may be contacted at [ethics@banyantree.com](mailto:ethics@banyantree.com).

#### Principle 4: Board Membership

<sup>1</sup>During FY2014, the NRC, chaired by Mr Chia, comprised 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 (as defined in the Code). Mrs Fang and Mr Tham ceased to be members of the NRC on 25 February 2015.

<sup>2</sup>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 also makes recommendations to the Board on the review of training and professional development programs for the Board. The NRC reviews the succession plans for its Board and Senior Management which also includes leadership plans for its Senior Management.

<sup>3</sup>The NRC also determines the independence of the Directors annually 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)  
Mr Lim Tse Ghow Olivier (Independent)

<sup>4</sup>The longest serving Independent Directors since the Company's initial public offering in 2006 ("IPO") are Mr Chia and Mrs Sam who have served on the Board for more than 9 years based on the date of their first appointment. Mr Chia was appointed a Director in 2001 and became the Lead Independent Director in 2007 after the IPO whereas Mrs Sam was appointed as an Independent Director in 2004. Mrs Fang joined as an Independent Director in 2008 followed by both Mr Chan and Mr Tham in 2012 and Mr Lim in 2014.

<sup>5</sup>The NRC and the Board have given due consideration to the recommendation under Guideline 2.4 of the Code which provides that the independence of any director who has served on the Board beyond 9 years from the date of his first appointment should be subject to particularly rigorous review. Having reviewed the NRC's recommendation, the Board has determined that both Mr Chia and Mrs Sam are independent notwithstanding that they have served on the Board beyond 9 years from the date of their first appointment as they continue to demonstrate strong independence in character and judgment in the discharge of their responsibilities as Directors. Further, 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. Also, there have been changes to the Board since their first appointment, allowing for progressive refreshing of the Board. The Directors have no affiliations or business relationships with the Company (save as disclosed in the next paragraph in respect of Mrs Fang and Mr Lim) and 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.

<sup>6</sup>Mrs Fang was the chairman of Great Eastern Holdings Limited ("GE") until her retirement in April 2014. GE insures certain policies taken up by the Group. These policies with GE were taken up on the recommendation by the Group's insurance broker based on its competitive rates. Mr Lim is a director of Raffles Medical Group Ltd ("RMG"). RMG is on the Group's panel of clinics, and RMG was appointed based on an assessment by the Group of the commercial terms offered by RMG, similar to the considerations which were taken into account in appointing the other panel clinics. Based on the foregoing reasons, the NRC and the Board have considered both Mrs Fang and Mr Lim as Independent Directors.

<sup>7</sup>The Board has 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 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 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.

<sup>8</sup>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

<sup>1</sup>The NRC has the responsibility of evaluating the Board's and Board Committees' effectiveness. The Company has in place a formal process for assessment of the effectiveness of the Board as a whole, the various Board Committees and the contribution by each Director to the effectiveness of the Board and the Board Committees. No external facilitator has been used in respect of FY2014. During FY2014, 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 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, including its recommendation, if any, for improvements to the Board.

<sup>2</sup>The assessment of the performance of the Executive Chairman was undertaken by the NRC based on both qualitative and quantitative performance criteria, comprising profits under the Founder's Grant.

<sup>3</sup>The Executive Chairman, together with the Chairman of the NRC, also assessed the performance of individual Directors based on factors which include their attendance, participation at Board and Board Committee meetings and contributions to the Board processes and the business strategies as well as their industry and business knowledge.

<sup>4</sup>The Board, having reviewed the feedback from the NRC, was of the view that the Board has met its performance objectives for FY2014.

<sup>5</sup>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

<sup>1</sup>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. Besides these Board Papers and analysts' reports, the Directors are also provided with additional information and reports (upon request) which will enable them to have a better understanding of the Group's business and strategies, the operating environment and the risks faced by the Group.

<sup>2</sup>In line with the Group's continuing commitment to the sustainability of the environment, the Board has opted to receive all its Board Papers electronically for all its Board and Board Committee meetings since August 2013 and has eliminated the need for hard copy Board Papers. The Board Papers are distributed in advance prior to these meetings where the Board can access and read them on their electronic devices.

<sup>3</sup>Each Director has separate and independent access to Senior Management and the Company Secretary.



# Corporate Governance Report

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

<sup>1</sup>The NRC reviews matters concerning remuneration of the Board, key management personnel and other employees who are related to the controlling shareholders and/or the Directors. The review of these remuneration packages are submitted to the Board for its endorsement. The NRC has direct access to the Head of Group Human Resources and may also seek expert advice from external consultants on executive compensation. Hay Group Consulting ("Hay Group") 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. Hay Group 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

<sup>1</sup>The employment contract of the Executive Chairman

is automatically renewed every year, unless otherwise terminated by either party giving not less than 6 months' notice in writing. The terms of the Executive Chairman's employment contract does not provide for benefits upon termination of employment with the Company. The termination clause of its key management personnel is 3 months which the NRC has reviewed and found to be fair and reasonable. There are no termination, retirement and post-employment benefits granted to the Directors, Executive Chairman and the top 5 key management personnel (who are not directors or the CEO). The Company has adopted the use of contractual provisions to allow it to reclaim incentive components of remuneration from the Executive Chairman and its key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

<sup>2</sup>The remuneration framework for the Non-Executive Directors is evaluated periodically by Hay Group 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 most recent review of the remuneration framework for Non-Executive Directors was undertaken by Hay Group in respect of FY2013. In respect of FY2014, the Board agreed with the NRC's recommendation that the existing fee structure for the Non-Executive Directors remains unchanged. The Non-Executive Directors are paid by way of 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 is set out in Table 2 below:

Table 2

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

<sup>3</sup>The Executive Chairman does not receive Directors' fees from the Company. His remuneration comprises a base salary, bonus and the Founder's Grant (as described on page 96).

<sup>4</sup>Table 3 on page 95 shows the gross remuneration of the Executive Chairman, Non-Executive Directors as well as the top 5 key management personnel (who are not Directors or the CEO).

Table 3

Name	Salary	Bonus	Other Benefits <sup>1</sup>	Long-term share-based Incentives	Directors' Fees	Total
<b>Executive Director</b>						
Ho KwonPing	57.65%	6.60%	33.65% <sup>2</sup>	–	2.10% <sup>3</sup>	S\$1,894,410
<b>Non-Executive Directors</b>						
Ariel P Vera	–	57.10% <sup>4</sup>	7.06%	15.90% <sup>5</sup>	19.94%	S\$220,676
Chia Chee Ming Timothy	–	–	8.10%	–	91.90%	S\$85,965
Fang Ai Lian	–	–	0.00%	–	100.00%	S\$84,000
Elizabeth Sam	–	–	8.79%	–	91.21%	S\$75,650
Chan Heng Wing	–	–	7.70%	–	92.30%	S\$73,676
Tham Kui Seng	–	–	6.08%	–	93.92%	S\$73,466
Lim Tse Ghow Olivier <sup>6</sup>	–	–	50.00%	–	50.00%	S\$10,658

### Top 5 Key Management Personnel

#### S\$1,000,000 to S\$1,250,000

Abid Butt	33.72%	14.80%	51.48%	–	–	100%
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#### S\$500,000 to S\$750,000

Eddy See Hock Lye	60.24%	15.42%	16.47%	4.58%	3.29% <sup>3</sup>	100%
Shankar Chandran	47.96%	11.48%	33.03%	4.53%	3.00% <sup>3</sup>	100%

#### S\$600,000 to S\$650,000

Ho KwonCjan	63.57%	7.21%	26.39%	–	2.83% <sup>3</sup>	100%
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#### S\$500,000 to S\$550,000

Claire Chiang	68.39%	7.82%	23.79%	–	–	100%
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<sup>1</sup> Including complimentary accommodation, spa and gallery benefits.

<sup>2</sup> Including Founder's Grant.

<sup>3</sup> Directors' fees received from LRH.

<sup>4</sup> Bonus paid during the year which is in respect of FY2013 during his employment as Group Managing Director ("GMD") of the Company. He retired on 31 December 2013.

<sup>5</sup> Vesting of shares pursuant to share grants awarded during his employment as GMD of the Company.

<sup>6</sup> Appointed on 13 November 2014.

<sup>5</sup>The aggregate amount of the total remuneration paid to the top 5 key management personnel (who are not Directors or CEO) is S\$3,289,258.

<sup>6</sup>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 in Table 3 above. 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.

<sup>7</sup>The Company adopts a remuneration framework that is responsive to the market elements and performance of the Company and its various Business Units respectively. The Company adopts a remuneration policy which comprises a fixed component, variable component, provident/superannuation fund, benefits-in-kind and long-term share incentives. The fixed component is in the form of salary

whereas the variable component is in the form of various bonus and incentive payments which is linked to the Company's and individual's performance. The provident/superannuation fund comprises the Group's contributions towards the Central Provident Fund or Zurich Provident Fund. The benefits-in-kind component include transport allowances and accommodation, spa and gallery vouchers issued by the Company to its employees. The long-term share incentives include performance shares and the Founder's Grant (as described on page 96).

## LONG-TERM SHARE INCENTIVES

<sup>8</sup>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

# Corporate Governance Report

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. Hay Group provided the valuation and vesting computation for the share grants awarded under the Plan. Details of the Plan, including the terms and performance conditions, can be found in the Directors' Report and Note 42 to the financial statements.

<sup>9</sup>The Company has not issued any options to eligible participants pursuant to the Banyan Tree Share Option Scheme.

## FOUNDER'S GRANT

<sup>10</sup>Prior to official listing on the SGX-ST, as stated in the prospectus dated 26 May 2006 in respect of the IPO, 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 10 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 FY2014, Mr Ho shall be paid a Founder's Grant of S\$376,984 in cash.

<sup>11</sup>Details of the Founder's Grant can be found in the Directors' Report and Note 42 to the financial statements.

## (C) ACCOUNTABILITY AND AUDIT

### Principle 10: Accountability

<sup>1</sup>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.

<sup>2</sup>Management provides the Board with detailed 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. Such information consist of consolidated profit and loss accounts, operating profit, pre-tax profit by the various business segments comparing BTH's actual performance against the budgets, together with explanations for significant variances.

<sup>3</sup>The Board reviews and approves the results as well as the relevant announcements before its release on SGXNet. The Board also reviews legal and regulatory compliance reports from Management to ensure that the Group complies with relevant regulatory requirements.

<sup>4</sup>For FY2014, the Executive Chairman and the Chief Financial Officer have provided written assurance to the Board on the integrity of the financial statements of the Company and its subsidiaries and on the adequacy and effectiveness of the Group's risk management and internal control systems, addressing financial, operational, compliance risks including information technology and sustainability risks. In relation to the interim financial statements, the Board provides a negative assurance confirmation to shareholders in line with the requirements of the Listing Rules.

### Principle 11: Risk Management and Internal Controls

<sup>1</sup>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 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.

<sup>2</sup>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.

<sup>3</sup>Under the COSO Framework, internal controls is broadly defined as a process effected by the Board and its Management, designed to provide reasonable assurance regarding the achievement of objectives in the categories as shown on page 97.

- effectiveness and efficiency of operations;
- reliability of financial reporting;
- compliance with applicable laws and regulations; and
- safeguarding of assets.

<sup>4</sup>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,

- control environment;
- risk assessment;
- control activities;
- information and communications; and
- monitoring.

<sup>5</sup>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. Risk registers are maintained by these operating Business Units that identify the key risks facing the Group's businesses and the internal controls in place to manage such 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 the BTH's risk appetite. Certain operating risks are mitigated through insurance management with the assistance of professional global insurance advisers, ensuring adequate coverage for, *inter alia*, its hotel/resorts and assets.

<sup>6</sup>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 Head of Group Internal Audit and External Auditors. The system of internal control and risk management is continually being refined by Management, the ARC and the Board.

<sup>7</sup>Based on the framework established and the reviews conducted by the Management and Head

of Group Internal Audit and External Auditors, the Board opines, with the concurrence of the ARC, that the Group's internal controls and risk management systems were adequate and effective to address financial, operational and compliance risks including information technology risk which the Group considers relevant and material to its current business environment.

<sup>8</sup>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.

<sup>9</sup>The Board has received assurance from the Executive Chairman and the Chief Financial Officer that:

- the financial records of BTH have been properly maintained and the financial statements for the year ended 31 December 2014 give a true and fair view of the Group's operations and finances; and
- the system of risk management and internal controls in place within BTH is adequate and effective in addressing the material risks of the Group in its current business environment, including material financial, operational, compliance risks including information technology risks and sustainability risks.

### Principle 12: Audit and Risk Committee

<sup>1</sup>During FY2014, the ARC, chaired by Mrs Fang, comprised Mr Chia, Mrs Sam, Mr Chan and Mr Tham, all of whom are Independent Directors. Mr Chia, Mrs Sam and Mr Chan ceased to be members of the ARC on 25 February 2015 and Mr Lim was appointed as member of the ARC on 25 February 2015. 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 and are kept abreast of relevant changes to the accounting standards and issues which have a significant impact on the financial statements through regular updates from the External Auditors. The ARC has adopted a Charter that is approved by the Board, the responsibilities of which are detailed under the Directors' Report on page 109 of the Annual Report.

<sup>2</sup>The ARC usually meets with the Head of Group 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

# Corporate Governance Report

the Head of Group Internal Audit and External Auditors to raise issues encountered in the course of their work directly to the ARC.

<sup>3</sup>The ARC reviews, with the Head of Group Internal Audit and External Auditors, their audit plans, the system of internal controls, audit reports, management letter and the Company's management 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 the Group's 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.

<sup>4</sup>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.

<sup>5</sup>The ARC also 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.

<sup>6</sup>The ARC has also reviewed the Group's Code of Corporate Conduct Policy which sets out the principles and standards of conduct expected of all its Directors and employees to carry out their duties with honesty, fairness, integrity and professionalism. For example, Directors and employees must not engage in conduct involving fraud or dishonesty, or commit any act that reflects adversely on the Group's integrity and professionalism. Standard operating policies have also been adopted at the various Group's business and operating units to ensure that procedures have been adopted to curb anti-corruption practices such as, by ensuring that, among others:-

- i) the Group's agreements/contracts with its business partners are lawful, fairly arrived at and fully documented in writing, and where appropriate, cleared by the Group's in-house Legal Counsel; and
- ii) employees act with honesty and integrity in all dealings with the government, businesses and other organisations and do not offer gifts, gratuities, or non-business related entertainment to unduly influence any employee of business partners that are transacting with the Group to make a business decision in the Group's favour.

<sup>7</sup>The ARC has explicit authority to investigate any matters within its Charter and has full access to and the co-operation of Management and full discretion to invite any Director or the 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 Head of Group Internal Audit as well as his independence from Management. In FY2014, the ARC assessed the strength of the Internal Audit team and confirmed that the team is adequately resourced and suitably qualified to discharge its duty.

<sup>8</sup>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 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 FY2014 and the breakdown of fees paid in total for audit and non-audit services respectively can be found on page 143 of the Annual Report. 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 223 of the Annual Report. Also, the names of the auditing firms for its significant subsidiaries and associated companies can be found on pages 161 and 163 of the Annual Report.

<sup>9</sup>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

<sup>1</sup>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 Group Internal Audit reports directly to the ARC with a dotted-line relationship to the Chief Financial Officer for administrative matters. The ARC approves the hiring, removal, evaluation and compensation of the Head of Group Internal Audit.

<sup>2</sup>The IAD is staffed by suitably qualified professional staff with the requisite skill sets and experience with 8 audit executives, including the Head of Group Internal Audit. The Head of Group Internal Audit ensures that 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.

<sup>3</sup>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.

<sup>4</sup>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 plan which is determined in consultation with, but independent of Management. The proposed scope of the internal audit function under the categories of financial audit, operational audit and information technology audit, focuses on the adequacy and effectiveness of internal controls in relation to financial, operational and information technology risks.

<sup>5</sup>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

<sup>1</sup>All BTH shareholders are treated fairly and equitably and the Company looks to facilitate the exercise of their ownership rights. 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.

<sup>2</sup>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. In FY2014, the Company held media and analysts' briefing upon the release of its half year and full-year results. These releases were also made available on the Company's website. It has an investor relations team ("IR Team") that communicates with its shareholders and analysts regularly and attends to their queries. IR team can be contacted 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.

<sup>3</sup>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.

<sup>4</sup>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.

<sup>5</sup>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 requests.

<sup>6</sup>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. When the amendments to the Companies Act come into force, the Central Provident Fund Board, and certain licensed corporations which provide

# Corporate Governance Report

nominee or custodial services, will be able to appoint one proxy per share or its shares.

<sup>7</sup>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.

<sup>8</sup>The Company's Dividend Policy seeks to maximise shareholder value and encourage shareholder loyalty with predictable annual growth in dividend payout which is not impacted by profit volatility. With that objective, the Company's Dividend Policy is based on the principles of stability, predictability and managed growth, outlined as follows:

- **Stability**  
Unless the Company suffers a substantial net loss, it will pay a dividend each year so that shareholders are not negatively affected by annual profit volatility.
- **Predictability**  
Shareholders will be able to better anticipate the appropriate level of dividends to expect each year and therefore may be better able to manage their portfolio investment strategy.
- **Managed growth**  
The Company will strive to increase and smooth out the dividends year-on-year within a broad band but the specific rate will be dependent on the Company's actual profit performance, cash and cash flow projections.

## DEALING IN SECURITIES

<sup>1</sup>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. The Company issues quarterly reminders to its Directors, relevant officers and employees on the restrictions in dealing in listed securities of the Company as set out above in compliance with Rule 1207(19) of the SGX-ST Listing Manual.

## INTERESTED PERSON TRANSACTIONS

<sup>1</sup>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 104 of this Annual Report.

# Disclosure Guide

Guideline*	Questions	How has the Company complied?
<b>General</b>	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.  (b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	Yes, save for Guideline 4.4, which requires the Board to determine the maximum number of listed board representations which any director may hold. Please refer to the Corporate Governance Report (the "Report").  Please refer to the seventh paragraph of Principle 4; Part A of the Report.
<b>Board Responsibility</b>		
<b>Guideline 1.5</b>	What are the types of material transactions which require approval from the Board?	Please refer to the second paragraph of Principle 1; Part A of the Report.
<b>Members of the Board</b>		
<b>Guideline 2.6</b>	(a) What is the Board's policy with regard to diversity in identifying director nominees?  (b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.  (c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	Please refer to the third paragraph of Principle 2; Part A of the Report.  Please refer to the first, third and fourth paragraphs of Principle 2; Part A of the Report. There are 8 Board Members of whom 2 are female comprising 25% of the Board representation.  The Board, with the assistance of the NRC, reviews the composition of the Board each year to ensure that, <i>inter alia</i> , the skills and competencies of the Directors remain comparable to the needs of the Group's business. By way of example, Mr Lim Tse Ghov Olivier was recently appointed to the Board as the Board is of the view that his expertise and experience in the real estate industry will be relevant to the Group's expansion into property development.
<b>Guideline 4.6</b>	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	Please refer to the second paragraph of Principle 4; Part A of the Report.
<b>Guideline 1.6</b>	(a) Are new directors given formal training? If not, please explain why.  (b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	The only new Director appointed in FY2014 was Mr Lim Tse Ghov Olivier who also sits on Boards of other listed companies. Thus, no new Director training is required for him.  Please refer to the fifth, sixth and seventh paragraphs of Principle 1; Part A of the Report.
<b>Guideline 4.4</b>	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?  (b) If a maximum number has not been determined, what are the reasons?  (c) What are the specific considerations in deciding on the capacity of directors?	Please refer to the seventh paragraph of Principle 4; Part A of the Report.  Please refer to the seventh paragraph of Principle 4; Part A of the Report.  The Board will consider the contributions of the Directors to the meetings of the Board and Board Committees as well as their attendance at these meetings.
<b>Board Evaluation</b>		
<b>Guideline 5.1</b>	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?  (b) Has the Board met its performance objectives?	Please refer to the first to third paragraphs of Principle 5; Part A of the Report.  Please refer to the fourth paragraph of Principle 5; Part A of the Report.

\* The Guideline refers to principles and guidelines set out in the Code of Corporate Governance 2012.

Guideline*	Questions	How has the Company complied?
<b>Independence of Directors</b>		
<b>Guideline 2.1</b>	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Please refer to the third paragraph of Principle 4; Part A of the Report. The Independent Directors comprise 75% of the Board.
<b>Guideline 2.3</b>	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.  (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Please refer to the fifth and sixth paragraphs of Principle 4; Part A of the Report.  Please refer to the sixth paragraph of Principle 4; Part A of the Report.
<b>Guideline 2.4</b>	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	Please refer to the fifth paragraph of Principle 4; Part A of the Report.
<b>Disclosure on Remuneration</b>		
<b>Guideline 9.2</b>	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Please refer to Table 3 set out in Principle 8 and Principle 9; Part B of the Report.
<b>Guideline 9.3</b>	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?  (b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	Please refer to Table 3 set out in Principle 8 and Principle 9; Part B of the Report.  Please refer to the fifth paragraph of Principle 8 and Principle 9; Part B of the Report.
<b>Guideline 9.4</b>	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	Please refer to the sixth paragraph of Principle 8 and Principle 9; Part B of the Report.
<b>Guideline 9.6</b>	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.  (b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?  (c) Were all of these performance conditions met? If not, what were the reasons?	Please refer to the seventh paragraph of Principle 8 and Principle 9; Part B of the Report.  Please refer to the seventh paragraph of Principle 8 and Principle 9; Part B of the Report.  Payments have been made based on the achievements of the performance conditions.

\* The Guideline refers to principles and guidelines set out in the Code of Corporate Governance 2012.

Guideline*	Questions	How has the Company complied?
<b>Risk Management and Internal Controls</b>		
<b>Guideline 6.1</b>	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Please refer to the first paragraph of Principle 6; Part A of the Report.
<b>Guideline 13.1</b>	Does the Company have an internal audit function? If not, please explain why.	Please refer to the first and second paragraphs of Principle 13; Part C of the Report.
<b>Guideline 11.3</b>	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.  (b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Please refer to the second to fifth paragraphs of Principle 11; Part C of the Report.  Please refer to the sixth to ninth paragraphs of Principle 11; Part C of the Report.
<b>Guideline 12.6</b>	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.  (b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors	Please refer to the eighth paragraph of Principle 12; Part C of the Report.  Please refer to the eighth paragraph of Principle 12; Part C of the Report.
<b>Communication with Shareholders</b>		
<b>Guideline 15.4</b>	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?  (b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?  (c) How does the Company keep shareholders informed of corporate developments, apart from SGXNet announcements and the annual report?	Please refer to the second paragraph of Principle 14 to Principle 16; Part D of the Report.  Please refer to the second paragraph of Principle 14 to Principle 16; Part D of the Report.  Please refer to the second and seventh paragraphs of Principle 14 to Principle 16; Part D of the Report. Apart from the AGM, the Company also addresses the shareholders' verbal or written queries as and when it arises.
<b>Guideline 15.5</b>	If the Company is not paying any dividends for the financial year, please explain why.	The Company will be paying dividends for the financial year ended 31 December 2014, subject to shareholders' approval at the annual general meeting of the Company to be held on 29 April 2015.

\* The Guideline refers to principles and guidelines set out in the Code of Corporate Governance 2012.

# Interested Person Transactions

	Aggregate value of all interested person transactions for FY2014 (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' Mandate) (S\$'000)	Aggregate value of all interested person transactions conducted under Shareholders' Mandate for FY2014 (excluding transactions less than S\$100,000) (S\$'000)
<b>A. Transactions with the Tropical Resorts Limited Group ("TRG")</b>		
a Provision of Resort Management and Related Services to TRG	–	3,330
b Provision of Spa Management and Related Services to TRG	–	788
c Rental Income from TRG in respect of units in Banyan Tree Bintan and Angsana Bintan	–	2,078
d (i) Reimbursement of Expenses to TRG	–	174
d (ii) Reimbursement of Expenses from TRG	–	724
<b>B. Transactions with Qatar Investment Authority Group ("QIAG")</b>		
a Royalty from QIAG in respect of sale of condominium units at Banyan Tree Signatures Pavilion, Kuala Lumpur	971	–
<b>Total</b>	<b>971</b>	<b>7,094</b>



BANYAN TREE  
UNGASAN BALI  
Indonesia

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# 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 2014.

## 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  
Lim Tse Ghow Olivier

## 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, Elizabeth Sam and Chan Heng Wing, 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 a Non-Executive Director and eligible participants during the financial year under the Plan, can be found in Note 42 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\$376,984 in cash pursuant to the Founder's Grant in respect of financial year ended 31 December 2014. Details of the Founder's Grant can be found in Note 42 to the financial statements.

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



## 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 and debentures 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		Holdings in which a director is deemed to have an interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
<b>Banyan Tree Holdings Limited</b>				
<b>(Incorporated in Singapore)</b>				
<b>Ordinary shares</b>				
Ho KwonPing	–	–	286,232,582	287,032,582
Ariel P Vera	990,000	1,044,000	675,500	376,500 <sup>1</sup>
Chia Chee Ming Timothy	257,000	257,000	–	–
Elizabeth Sam	156,000	156,000	–	–
<b>Debentures</b>				
Chan Heng Wing <sup>2</sup>	–	\$250,000	–	–
<b>Bangtao Development Limited</b>				
<b>(Incorporated in Thailand)</b>				
<b>Ordinary shares</b>				
Ho KwonPing	1	1	–	–
<b>Phuket Resort Development Limited</b>				
<b>(Incorporated in Thailand)</b>				
<b>Ordinary shares</b>				
Ho KwonPing	1	1	–	–
<b>Twin Waters Development Company Limited</b>				
<b>(Incorporated in Thailand)</b>				
<b>Ordinary shares</b>				
Ho KwonPing	2	2	–	–

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

<sup>2</sup> Series 09 Notes issued by BTH under its S\$700 million Multicurrency Debt Issuance Programme.

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 2015.

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, 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 date of appointment if later, 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 has employment relationships with the Company and has received remuneration in that capacity;
- (ii) Fang Ai Lian was the chairman of Great Eastern Holdings Limited which provides insurance to the Group. She retired in April 2014; and
- (iii) Lim Tse Ghow Olivier is a director of Raffles Medical Group Ltd which is on the Group's panel of clinics.

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 2014, there is no amount outstanding under these loans.

## Audit and Risk Committee ("ARC")

As at the date of this report, the members of the ARC are as follows:

Fang Ai Lian (Chairman)  
Tham Kui Seng  
Lim Tse Ghow Olivier (Appointed on 25 February 2015)

All ARC members are Non-Executive Independent Directors.

### **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 Corporate Governance Report.

### **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  
16 March 2015

## 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 2014 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  
16 March 2015

# *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 (collectively, “the Group”) set out on pages 112 to 217, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2014, 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 2014 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

16 March 2015

# Consolidated Income Statement

for the financial year ended 31 December 2014

	Note	GROUP	
		2014 \$'000	2013 \$'000
<b>Revenue</b>	3	<b>327,366</b>	356,147
Other income	4	<b>9,193</b>	22,691
		<b>336,559</b>	378,838
<b>Costs and expenses</b>			
Cost of operating supplies		<b>(27,420)</b>	(30,467)
Cost of properties sold		<b>(14,850)</b>	(13,618)
Salaries and related expenses	5	<b>(103,174)</b>	(120,162)
Administrative expenses		<b>(59,420)</b>	(57,942)
Sales and marketing expenses		<b>(17,387)</b>	(15,416)
Other operating expenses	6	<b>(63,257)</b>	(67,136)
		<b>(285,508)</b>	(304,741)
<b>Profit before interests, taxes, depreciation and amortisation</b>		<b>51,051</b>	74,097
Depreciation of property, plant and equipment	12	<b>(19,520)</b>	(19,762)
Amortisation of lease rental and land use rights		<b>(2,350)</b>	(2,694)
<b>Profit from operations and other gains</b>	7	<b>29,181</b>	51,641
Finance income	8	<b>3,402</b>	2,749
Finance costs	9	<b>(25,451)</b>	(23,296)
Share of results of associated companies		<b>31</b>	22
<b>Profit before taxation</b>		<b>7,163</b>	31,116
Income tax expense	10	<b>(6,564)</b>	(12,961)
<b>Profit after taxation</b>		<b>599</b>	18,155
<b>Attributable to:</b>			
Owners of the Company		<b>1,025</b>	18,146
Non-controlling interests		<b>(426)</b>	9
		<b>599</b>	18,155
<b>Earnings per share attributable to owners of the Company (in cents):</b>			
Basic	11	<b>0.13</b>	2.39
Diluted	11	<b>0.13</b>	2.38

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 2014

	GROUP	
	2014 \$'000	2013 \$'000
<b>Profit after taxation</b>	<b>599</b>	18,155
<b>Other comprehensive income:</b>		
<b>Items that may be reclassified subsequently to profit or loss</b>		
Exchange differences arising from consolidation of foreign operations and net investment in foreign operations	<b>21,718</b>	2,072
Realisation of currency translation reserves	–	2,767
Actuarial loss arising from defined benefit plan, net of deferred tax	–	(437)
Net change in fair value adjustment reserve, net of deferred tax	<b>5,600</b>	9,995
	<b>27,318</b>	14,397
<b>Items that will not be reclassified to profit or loss</b>		
Adjustment on property revaluation reserve and deferred tax	<b>8,663</b>	(40,006)
<b>Other comprehensive income for the year, net of tax</b>	<b>35,981</b>	(25,609)
<b>Total comprehensive income for the year</b>	<b>36,580</b>	(7,454)
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	<b>31,256</b>	10,044
Non-controlling interests	<b>5,324</b>	(17,498)
	<b>36,580</b>	(7,454)

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

# Balance Sheets

As at 31 December 2014

	Note	GROUP		COMPANY	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	12	<b>645,926</b>	622,202	<b>15</b>	28
Investment properties	13	<b>67,039</b>	60,677	–	–
Intangible assets	14	<b>33,122</b>	28,805	<b>2,364</b>	–
Land use rights	15	<b>12,553</b>	15,798	–	–
Subsidiary companies	16	–	–	<b>418,718</b>	428,263
Associated companies	17	<b>303</b>	282	<b>869</b>	869
Long-term investments	18	<b>103,596</b>	94,652	–	–
Deferred tax assets	37	<b>5,556</b>	10,063	–	–
Prepaid island rental	19	<b>22,845</b>	22,932	–	–
Prepayments		<b>3,893</b>	3,600	–	–
Long-term trade receivables	20	<b>27,013</b>	28,200	–	–
Other receivables	21	<b>6,831</b>	7,170	–	–
Investment securities	22	<b>2,546</b>	–	–	–
		<b>931,223</b>	894,381	<b>421,966</b>	429,160
<b>Current assets</b>					
Property development costs	23	<b>259,581</b>	168,858	–	–
Inventories	24	<b>11,636</b>	12,527	–	–
Prepayments and other non-financial assets	25	<b>17,753</b>	18,918	<b>225</b>	113
Trade receivables	26	<b>74,650</b>	77,326	<b>785</b>	752
Other receivables	27	<b>16,283</b>	29,622	<b>228</b>	3,382
Amounts due from subsidiary companies	28	–	–	<b>173,787</b>	110,810
Amounts due from associated companies	29	<b>98</b>	123	–	–
Amounts due from related parties	30	<b>13,747</b>	8,416	<b>2</b>	–
Investment securities	22	<b>761</b>	–	–	–
Cash and short-term deposits	31	<b>169,265</b>	178,807	<b>58,268</b>	81,596
		<b>563,774</b>	494,597	<b>233,295</b>	196,653
<b>Total assets</b>		<b>1,494,997</b>	1,388,978	<b>655,261</b>	625,813

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



	Note	GROUP		COMPANY	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Current liabilities</b>					
Tax payable		8,250	10,160	17	136
Unearned income		11,372	8,389	112	112
Other non-financial liabilities	32	55,097	34,880	262	357
Interest-bearing loans and borrowings	33	70,638	53,508	2,608	17,108
Notes payable	34	–	69,197	–	69,197
Trade payables		21,697	19,113	–	–
Other payables	35	50,586	53,177	11,328	13,144
Amounts due to subsidiary companies	28	–	–	59,550	58,292
Amounts due to associated companies	29	4	4	–	–
Amounts due to related parties	30	504	587	–	–
		<b>218,148</b>	249,015	<b>73,877</b>	158,346
<b>Net current assets</b>		<b>345,626</b>	245,582	<b>159,418</b>	38,307
<b>Non-current liabilities</b>					
Deferred income	36	9,224	8,844	–	–
Deferred tax liabilities	37	87,082	90,639	–	–
Defined and other long-term employee benefits	38	2,601	2,578	–	–
Deposits received		1,670	1,594	–	–
Other non-financial liabilities		3,490	2,394	–	–
Interest-bearing loans and borrowings	33	156,353	163,459	62,787	45,394
Notes payable	34	291,593	168,003	291,593	168,003
Other payables	39	532	6,504	–	6,024
		<b>552,545</b>	444,015	<b>354,380</b>	219,421
<b>Total liabilities</b>		<b>770,693</b>	693,030	<b>428,257</b>	377,767
<b>Net assets</b>		<b>724,304</b>	695,948	<b>227,004</b>	248,046
<b>Equity attributable to owners of the Company</b>					
Share capital	40	199,995	199,995	199,995	199,995
Treasury shares	41	(947)	(1,827)	(947)	(1,827)
Reserves	41	373,554	351,029	27,956	49,878
		<b>572,602</b>	549,197	<b>227,004</b>	248,046
Non-controlling interests		151,702	146,751	–	–
<b>Total equity</b>		<b>724,304</b>	695,948	<b>227,004</b>	248,046

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 2014

2014 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 41(f)	Accumulated profits \$'000	Equity attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total equity \$'000
At 1 January 2014	199,995	(1,827)	8,801	9,767	142,865	(54,213)	(8,384)	252,193	549,197	146,751	695,948
Profit after taxation	-	-	-	-	-	-	-	1,025	1,025	(426)	599
Other comprehensive income for the year	-	-	-	-	8,663	17,886	3,682	-	30,231	5,750	35,981
Total comprehensive income for the year	-	-	-	-	8,663	17,886	3,682	1,025	31,256	5,324	36,580
<b>Contributions by and distributions to owners</b>											
Dividends paid on ordinary shares	-	-	-	-	-	-	-	(7,600)	(7,600)	-	(7,600)
Treasury shares reissued pursuant to Share-based Incentive Plan	-	880	(347)	-	-	-	(533)	-	-	-	-
Issuance of share grants pursuant to Share-based Incentive Plan	-	-	311	-	-	-	-	-	311	-	311
Expiry of share grants pursuant to Share-based Incentive Plan	-	-	(137)	-	-	-	-	137	-	-	-
Total contributions by and distributions to owners	-	880	(173)	-	-	-	(533)	(7,463)	(7,289)	-	(7,289)
<b>Changes in ownership interests in subsidiary</b>											
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	(522)	-	(522)	377	(145)
Total changes in ownership interests in subsidiary	-	-	-	-	-	-	(522)	-	(522)	377	(145)
Total transactions with owners in their capacity as owners	-	880	(173)	-	-	-	(1,055)	(7,463)	(7,811)	377	(7,434)
<b>Other changes in equity</b>											
Dividends paid to loan stockholders of a subsidiary company	-	-	-	-	-	-	-	(40)	(40)	-	(40)
Dividends paid to non-controlling shareholders of a subsidiary company	-	-	-	-	-	-	-	-	-	(750)	(750)
Transfer to legal reserve	-	-	-	58	-	-	-	(58)	-	-	-
Total other changes in equity	-	-	-	58	-	-	-	(98)	(40)	(750)	(790)
At 31 December 2014	199,995	(947)	8,628	9,825	151,528	(36,327)	(5,757)	245,657	572,602	151,702	724,304

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

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 41(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)
<b>Contributions by and distributions to owners</b>											
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)
<b>Changes in ownership interests in subsidiary</b>											
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)
<b>Other changes in equity</b>											
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 2014

COMPANY	Share capital \$'000	Treasury shares \$'000	Share-based payment reserve \$'000	Other reserves \$'000 Note 41(f)	Accumulated profits \$'000	Total equity \$'000
At 1 January 2014	199,995	(1,827)	8,801	5,393	35,684	248,046
Profit after taxation	-	-	-	-	(13,753)	(13,753)
Total comprehensive income for the year	-	-	-	-	(13,753)	(13,753)
<b>Contributions by and distributions to owners</b>						
Dividends paid on ordinary shares	-	-	-	-	(7,600)	(7,600)
Treasury shares reissued pursuant to Share-based Incentive Plan	-	880	(347)	(533)	-	-
Issuance of share grants pursuant to Share-based Incentive Plan	-	-	311	-	-	311
Expiry of share grants pursuant to Share-based Incentive Plan	-	-	(137)	-	137	-
Total transactions with owners in their capacity as owners	-	880	(173)	(533)	(7,463)	(7,289)
At 31 December 2014	199,995	(947)	8,628	4,860	14,468	227,004
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
<b>Contributions by and distributions to owners</b>						
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

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 2014

	Note	2014 \$'000	2013 \$'000
<b>Cash flows from operating activities</b>			
Profit before taxation		7,163	31,116
Adjustments for:			
Share of results of associated companies		(31)	(22)
Depreciation of property, plant and equipment	12	19,520	19,762
Loss/(Gain) on disposal of property, plant and equipment, net	7	85	(16,080)
Provision for impairment in other investment	18	–	1,500
Finance income	8	(3,402)	(2,749)
Finance costs	9	25,451	23,296
Amortisation of intangible assets		48	–
Amortisation of lease rental and land use rights		2,350	2,694
Allowance for doubtful debts	7	3,727	4,161
Write-back of inventory obsolescence	7	(26)	(50)
Defined and other long term employee benefits expense	38	410	697
Share-based payment expenses	5	878	955
Net fair value gains on investment properties	13	(4,025)	(982)
Currency realignment		2,616	4,903
		<b>47,601</b>	<b>38,085</b>
Operating profit before working capital changes		<b>54,764</b>	69,201
Decrease in inventories		1,236	1,044
Increase in trade and other receivables		(70,353)	(59,950)
Increase in amounts due from related parties		(5,114)	(1,879)
Increase in trade and other payables		20,295	14,521
		<b>(53,936)</b>	<b>(46,264)</b>
<b>Cash flows generated from operating activities</b>			
		<b>828</b>	22,937
Interest received		3,350	2,743
Interest paid		(26,034)	(22,254)
Tax paid		(10,274)	(7,737)
Payment of employee benefits	38	(452)	(1,170)
Payment of cash settled share grants		(219)	(202)
<b>Net cash flows used in operating activities</b>		<b>(32,801)</b>	<b>(5,683)</b>

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 2014

	Note	2014 \$'000	2013 \$'000
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	12	(19,725)	(17,711)
Proceeds from disposal of property, plant and equipment		514	89,102
Payment of lease rental	19	(1,200)	(1,496)
Increase in long-term investments		–	(11,441)
Purchase of investment securities		(3,307)	–
Acquisition of non-controlling interest	16	(145)	(3,181)
Deferred cash settlement on acquisition of subsidiaries		(6,331)	(6,406)
Additions to intangible assets		(2,412)	–
<b>Net cash flows (used in)/generated from investing activities</b>		<b>(32,606)</b>	48,867
<b>Cash flows from financing activities</b>			
Proceeds from bank loans		85,889	53,095
Repayment of bank loans		(78,266)	(106,419)
Proceeds from issuance of notes payable		125,000	120,000
Repayments of notes payable		(70,000)	(50,000)
Payment of dividends			
– by subsidiary companies to non-controlling interests		(750)	(297)
– by subsidiary companies to loan stockholders		–	(295)
– by Company to shareholders		(7,600)	(4,954)
Purchase of treasury shares		–	(978)
<b>Net cash flows generated from financing activities</b>		<b>54,273</b>	10,152
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(11,134)</b>	53,336
<b>Net foreign exchange difference</b>		<b>2,511</b>	2,663
<b>Cash and cash equivalents at beginning of year</b>		<b>176,823</b>	120,824
<b>Cash and cash equivalents at end of year</b>	31	<b>168,200</b>	176,823

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 2014

### 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 16 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), except when otherwise 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 financial periods beginning on or after 1 January 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

#### 2.3 Standards issued but not yet effective

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
Amendments to FRS 19 <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Improvements to FRSs (January 2014)	
(a) Amendments to FRS 102 <i>Share Based Payment</i>	1 July 2014
(b) Amendments to FRS 103 <i>Business Combinations</i>	1 July 2014
(c) Amendments to FRS 108 <i>Operating Segments</i>	1 July 2014
(d) Amendments to FRS 113 <i>Fair Value Measurement</i>	1 July 2014
(e) Amendments to FRS 16 <i>Property, Plant and Equipment</i> and FRS 38 <i>Intangible Assets</i>	1 July 2014
(f) Amendments to FRS 24 <i>Related Party Disclosures</i>	1 July 2014
Improvements to FRSs (February 2014)	
(a) Amendments to FRS 103 <i>Business Combinations</i>	1 July 2014
(b) Amendments to FRS 113 <i>Fair Value Measurement</i>	1 July 2014
(c) Amendments to FRS 40 <i>Investment Property</i>	1 July 2014
FRS 114 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to FRS 16 and FRS 38 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 16 and FRS 41 <i>Agriculture: Bearer Plants</i>	1 January 2016
Amendments to FRS 111 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to FRS 110 and FRS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2016

# Notes to the Financial Statements

for the financial year ended 31 December 2014

## 2. Summary of significant accounting policies (continued)

### 2.3 Standards issued but not yet effective (continued)

Description	Effective for annual periods beginning on or after
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 January 2016
(b) Amendments to FRS 107 <i>Financial Instruments: Disclosures</i>	1 January 2016
(c) Amendments to FRS 19 <i>Employee Benefits</i>	1 January 2016
(d) Amendments to FRS 34 <i>Interim Financial Reporting</i>	1 January 2016
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2017
FRS 109 <i>Financial Instruments</i>	1 January 2018

Except for FRS 115, the Directors expect that the adoption of the other standards above will have no material impact to the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 is described below.

#### FRS 115 *Revenue from Contracts with Customers*

FRS 115 was issued in November 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in FRS 115 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of FRS 115.

### 2.4 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 were 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 14 to the financial statements.



## 2. Summary of significant accounting policies (continued)

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

#### (a) Key sources of estimation uncertainty (continued)

##### (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 2014 are \$645,926,000 (2013: \$622,202,000). 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. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there has been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

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 47 (h) to the financial statements.

##### (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.

Where taxable profits are expected in the foreseeable future, deferred tax assets are recognised on the unused tax losses. The carrying values of recognised tax losses and unrecognised tax losses at 31 December 2014 are \$18,496,000 (2013: \$38,212,000) and \$15,086,000 (2013: \$8,615,000) 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 13 respectively.

# Notes to the Financial Statements

for the financial year ended 31 December 2014

## 2. Summary of significant accounting policies (continued)

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

#### (b) Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments 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 2014 are \$8,250,000 (2013: \$10,160,000) and \$81,526,000 (2013: \$80,576,000) respectively.

##### (ii) *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.

### 2.5 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.

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.

## 2. Summary of significant accounting policies (continued)

### 2.5 Foreign currency (continued)

#### (b) Consolidated financial statements (continued)

In the case of a partial disposal without loss of control of a subsidiary company 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.

### 2.6 Subsidiary companies

A subsidiary company is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

### 2.7 Basis of consolidation and business combinations

#### (a) Basis of consolidation

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.

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.

# Notes to the Financial Statements

for the financial year ended 31 December 2014

## 2. Summary of significant accounting policies (continued)

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

#### (b) Business combinations and goodwill

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.

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 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. 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.

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.

### 2.8 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. Summary of significant accounting policies (continued)

### 2.9 Associated companies

An associated company is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associated companies using the equity method from the date on which it becomes an associated company.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate company's income statement in the period in which the investment is acquired.

Under the equity method, the investment in associated companies are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associated companies. The income statement reflects the share of results of the operations of the associate companies. Distributions received from associated companies reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associated companies, the Group recognises its share of such changes in other comprehensive income. Unrealised gains or losses resulting from transactions between the Group and associated companies are eliminated to the extent of the interest in the associated companies.

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

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in the associated companies. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associated company is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associated company and its carrying value and recognises the amount in income statement.

The financial statements of the associated companies are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

### 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.

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.

# Notes to the Financial Statements

for the financial year ended 31 December 2014

## 2. Summary of significant accounting policies (continued)

### 2.10 Property, plant and equipment (continued)

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. A revaluation deficit is recognised in income statement, except to the extent that it offsets an existing surplus on the same asset carried in the property revaluation reserve.

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 assets 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.

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.

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. Summary of significant accounting policies (continued)

### 2.12 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives except for other intangible assets are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in income statement when the asset is derecognised.

#### (a) 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.

#### (b) 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.

#### (c) Club membership

Club membership was acquired separately and is amortised on a straight line basis over its finite useful life of 50 years.

### 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 an annual impairment testing for an asset 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.

Impairment losses are recognised in income statement, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

# Notes to the Financial Statements

for the financial year ended 31 December 2014

## 2. Summary of significant accounting policies (continued)

### 2.13 Impairment of non-financial assets (continued)

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 previously. 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 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 assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

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.

##### 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 companies, associated companies and related parties; and
- cash and short-term deposits.

#### (ii) *Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in income statement when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

#### (iii) *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.



## 2. Summary of significant accounting policies (continued)

### 2.14 Financial instruments (continued)

#### (a) Financial assets (continued)

##### *Subsequent measurement* (continued)

##### (iii) *Available-for-sale financial assets* (continued)

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 income statement. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to income statement as a reclassification adjustment 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 reporting date.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

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

#### (b) Financial liabilities

##### *Initial recognition and measurement*

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 include trade payables, which are normally settled on 30 to 90 day terms, other payables, amounts due to subsidiary companies, associated companies and related parties, interest-bearing loans and borrowings, and notes payable.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

##### *Subsequent measurement*

Subsequent to initial recognition, all financial liabilities that are not carried at fair value through profit or loss are measured at amortised cost using the effective interest method. Gains and losses are recognised in income statement when the liabilities are derecognised, and through the amortisation process.

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

### 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.

# Notes to the Financial Statements

for the financial year ended 31 December 2014

## 2. Summary of significant accounting policies (continued)

### 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.

Non-refundable commissions paid to sales or marketing agents on the sale are capitalised and amortised to income statement when the Group recognises the related revenue.

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.

### 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 income statement.

## 2. Summary of significant accounting policies (continued)

### 2.18 Impairment of financial assets (continued)

#### (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.

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 income statement, is transferred from other comprehensive income and recognised in income statement. Reversals of impairment losses in respect of equity instruments are not recognised in 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 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.

# Notes to the Financial Statements

for the financial year ended 31 December 2014

## 2. Summary of significant accounting policies (continued)

### 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 48, including the factors used to identify the reportable segments and the measurement basis of segment information.

### 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 other comprehensive income 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.

## 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 economic resources 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, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. 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 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 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 income statement and a corresponding adjustment to equity over the remaining vesting period. The charge or credit to 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 2014

## 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 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 on vesting date. Any revision of this estimate is included in 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 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 income statement upon cancellation.

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

The subsidiary companies 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 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.

## 2. Summary of significant accounting policies (continued)

### 2.26 Leases

#### (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 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 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 on the same bases as rental income. The accounting policy for rental income is set out in Note 2.29 (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 income statement over the expected useful life of the relevant asset by equal annual instalments.

### 2.29 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.

# Notes to the Financial Statements

for the financial year ended 31 December 2014

## 2. Summary of significant accounting policies (continued)

### 2.29 Revenue (continued)

#### (b) Property sales (continued)

##### – 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.

#### (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. Summary of significant accounting policies (continued)

### 2.30 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.

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

# Notes to the Financial Statements

for the financial year ended 31 December 2014

## 2. Summary of significant accounting policies (continued)

### 2.30 Taxes (continued)

#### (c) Sales tax

Revenue, 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.

### 2.31 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.

### 2.32 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 transaction costs, is recognised in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

### 2.33 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. Summary of significant accounting policies (continued)

### 2.34 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).

## 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	
	2014 \$'000	2013 \$'000
Hotel investments	<b>203,936</b>	221,163
Property sales	<b>32,361</b>	33,165
Management services	<b>40,901</b>	42,919
Spa operation	<b>23,688</b>	25,351
Project and design services	<b>14,831</b>	21,096
Merchandise sales	<b>8,057</b>	8,797
Rental income	<b>3,592</b>	3,656
	<b>327,366</b>	356,147

# Notes to the Financial Statements

for the financial year ended 31 December 2014

## 4. Other income

	GROUP	
	2014 \$'000	2013 \$'000
Management and service fees	64	135
Course and academy fees	480	342
Insurance claims	169	313
Net fair value gains on investment properties (Note 13)	4,025	982
Amortisation of deferred income (Note 36)	484	202
Gain on disposal of property, plant and equipment *	–	17,367
Dividend income	996	521
Others	2,975	2,829
	<b>9,193</b>	<b>22,691</b>

\* 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	
	2014 \$'000	2013 \$'000
Salaries, wages and other related costs	97,344	113,764
Defined and other long term benefit expenses (Note 38)	410	697
Share-based payment expenses	878	955
Contributions to defined contribution plans	4,542	4,746
The above amounts include salaries and related expenses of key management personnel	<b>103,174</b>	<b>120,162</b>

## 6. Other operating expenses

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

	GROUP	
	2014 \$'000	2013 \$'000
Utilities and communication	19,214	20,462
Repair and maintenance	12,255	12,169
Printing and stationery	2,086	2,344
Travelling and transportation	2,715	2,692
Commission expenses	5,992	6,400
Laundry and valet	1,719	1,755
Guest expendable supplies	5,107	5,854

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

## 7. Profit from operations and other gains

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

	GROUP	
	2014 \$'000	2013 \$'000
Audit fees:		
– Auditors of the Company	421	409
– Other auditors	814	825
Non-audit fees:		
– Auditors of the Company	94	48
– Other auditors	75	68
Allowance for doubtful debts – trade, net	3,229	2,415
Allowance for doubtful debts – non-trade	498	1,746
Write-back of inventory obsolescence (Note 24)	(26)	(50)
Exchange gain	(586)	(2,089)
Loss/(Gain) on disposal of property, plant and equipment, net	85	(16,080)
Provision for impairment in other investment	–	1,500

## 8. Finance income

	GROUP	
	2014 \$'000	2013 \$'000
Interest received and receivable from:		
– banks	735	700
– related parties	–	15
– others	2,667	2,034
	3,402	2,749

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

## 9. Finance costs

	GROUP	
	2014 \$'000	2013 \$'000
Interest paid and payable to:		
– banks	10,691	11,967
– holders of notes payable	14,107	10,969
– others	653	360
	25,451	23,296

# Notes to the Financial Statements

for the financial year ended 31 December 2014

## 10. Income taxes

Major components of income taxes for the years ended 31 December 2014 and 2013 are:

	GROUP	
	2014 \$'000	2013 \$'000
<b>Consolidated income statement:</b>		
<b>Current tax expense</b>		
Current taxation	6,974	7,158
(Over)/Under provision in respect of prior years	(873)	495
	6,101	7,653
<b>Deferred tax expense</b>		
Origination and movement in temporary differences	(1,521)	(508)
Expiry of recognised tax losses	–	1,531
	(1,521)	1,023
<b>Withholding tax expense</b>		
Current year provision	3,002	4,183
(Over)/Under provision in respect of prior years	(1,018)	102
	1,984	4,285
Income tax expense recognised in the consolidated income statement	6,564	12,961
<b>Statement of comprehensive income:</b>		
Deferred tax credit related to other comprehensive income:		
– Adjustment on property revaluation reserve	–	(11,825)
– Actuarial loss on LSP	–	(109)
– Net change in fair value adjustment reserve	(529)	–

### 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 2014 and 2013 respectively are as follows:

	GROUP	
	2014 \$'000	2013 \$'000
Accounting profit before taxation	7,163	31,116
Income tax using Singapore tax rate of 17% (2013: 17%)	1,218	5,290
Effect of different tax rates in other countries	(439)	(314)
Expenses not deductible for tax purposes	4,818	3,907
Tax exempt income	(1,533)	(2,821)
(Over)/Under provision in respect of prior years	(873)	495
Deferred tax assets not recognised	1,389	588
Withholding tax	1,984	4,285
Expiry of recognised tax losses	–	1,531
Income tax expense recognised in the consolidated income statement	6,564	12,961

Group royalty fees income derived from Indonesia, Thailand and Maldives is subject to withholding tax at 15%, 15% and 10% respectively (2013: 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 (2013: 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	
	2014 \$'000	2013 \$'000
Profit after taxation attributable to owners of the Company used in computation of basic and diluted earnings per share	1,025	18,146
	No. of shares	No. of shares
Weighted average number of ordinary shares for basic earnings per share computation	759,876,895	760,290,234
Effect of dilution:		
– Contingently issuable shares under Banyan Tree Performance Share Plan	2,414,467	2,421,147
Weighted average number of ordinary shares for diluted earnings per share computation	762,291,362	762,711,381

### 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.

# Notes to the Financial Statements

for the financial year ended 31 December 2014

## 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
<b>Cost or valuation:</b>								
At 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 in/(out)	–	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 and 1 January 2014	<b>294,931</b>	<b>245,709</b>	<b>96,643</b>	<b>151,209</b>	<b>16,498</b>	<b>11,852</b>	<b>7,420</b>	<b>824,262</b>
Additions	–	<b>1,687</b>	<b>402</b>	<b>5,468</b>	<b>1,210</b>	<b>669</b>	<b>10,289</b>	<b>19,725</b>
Disposals	–	(1)	(464)	(7,934)	(2,685)	(798)	(176)	(12,058)
Revaluation surplus	<b>7,904</b>	<b>759</b>	–	–	–	–	–	<b>8,663</b>
Elimination of accumulated depreciation on revaluation	–	(805)	–	–	–	–	–	(805)
Transfer from/(to) property development costs	–	<b>1,113</b>	–	(3)	–	–	–	<b>1,110</b>
Transfer to investment properties	–	–	–	–	–	–	(290)	(290)
Transfer in/(out)	–	<b>1,335</b>	<b>189</b>	<b>1,275</b>	<b>91</b>	<b>31</b>	(2,921)	–
Net exchange differences	<b>6,253</b>	<b>6,429</b>	<b>2,717</b>	<b>4,400</b>	<b>173</b>	<b>311</b>	<b>429</b>	<b>20,712</b>
<b>At 31 December 2014</b>	<b>309,088</b>	<b>256,226</b>	<b>99,487</b>	<b>154,415</b>	<b>15,287</b>	<b>12,065</b>	<b>14,751</b>	<b>861,319</b>

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



## 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
<b>Accumulated depreciation and impairment losses:</b>								
At 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
<b>At 31 December 2013 and 1 January 2014</b>	<b>–</b>	<b>45,606</b>	<b>28,626</b>	<b>105,011</b>	<b>13,087</b>	<b>9,356</b>	<b>374</b>	<b>202,060</b>
Depreciation charge for the year	–	5,928	2,679	8,481	1,714	718	–	19,520
Disposals	–	–	(243)	(7,771)	(2,672)	(774)	–	(11,460)
Elimination of accumulated depreciation on revaluation	–	(805)	–	–	–	–	–	(805)
Transfer in/(out)	–	–	262	(267)	5	–	–	–
Net exchange differences	–	1,514	1,045	3,168	107	228	16	6,078
<b>At 31 December 2014</b>	<b>–</b>	<b>52,243</b>	<b>32,369</b>	<b>108,622</b>	<b>12,241</b>	<b>9,528</b>	<b>390</b>	<b>215,393</b>
<b>Net carrying amount:</b>								
<b>At 31 December 2014</b>	<b>309,088</b>	<b>203,983</b>	<b>67,118</b>	<b>45,793</b>	<b>3,046</b>	<b>2,537</b>	<b>14,361</b>	<b>645,926</b>
At 31 December 2013	294,931	200,103	68,017	46,198	3,411	2,496	7,046	622,202

# Notes to the Financial Statements

for the financial year ended 31 December 2014

## 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 and 4 November 2014 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; and
- Hotel buildings and other buildings were revalued using a fair value approach.

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

The hotel properties in Sri Lanka, which comprise of freehold land and buildings, were 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 47.

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	
	2014 \$'000	2013 \$'000
Freehold land at 31 December		
– Cost and net carrying amount	<b>89,965</b>	89,186
Freehold buildings at 31 December		
– Cost	<b>255,290</b>	243,556
– Accumulated depreciation	<b>(62,400)</b>	(56,102)
– Net carrying amount	<b>192,890</b>	187,454
Furniture, fittings and equipment at 31 December		
– Cost	<b>139,037</b>	131,284
– Accumulated depreciation	<b>(101,806)</b>	(94,533)
– Net carrying amount	<b>37,231</b>	36,751

As at 31 December 2014, certain properties with net book value amounting to \$316,196,000 (2013: \$368,953,000) were mortgaged to banks to secure credit facilities for the Group (Note 33).

## 12. Property, plant and equipment (continued)

COMPANY	Furniture, fittings and equipment \$'000	Computers \$'000	Total \$'000
<b>Cost:</b>			
At 1 January 2013	13	173	186
Additions	4	20	24
At 31 December 2013 and 1 January 2014	<b>17</b>	<b>193</b>	<b>210</b>
Additions	–	4	4
<b>At 31 December 2014</b>	<b>17</b>	<b>197</b>	<b>214</b>
<b>Accumulated depreciation:</b>			
At 1 January 2013	13	155	168
Depreciation charge for the year	1	13	14
At 31 December 2013 and 1 January 2014	<b>14</b>	<b>168</b>	<b>182</b>
Depreciation charge for the year	1	16	17
<b>At 31 December 2014</b>	<b>15</b>	<b>184</b>	<b>199</b>
<b>Net carrying amount:</b>			
<b>At 31 December 2014</b>	<b>2</b>	<b>13</b>	<b>15</b>
At 31 December 2013	3	25	28

## 13. Investment properties

	GROUP	
	2014 \$'000	2013 \$'000
<b>Balance sheet:</b>		
At 1 January	<b>60,677</b>	60,184
Additions (subsequent expenditure)	<b>3</b>	–
Net gains from fair value adjustments recognised in consolidated income statement (Note 4)	<b>4,025</b>	982
Transfer from property, plant and equipment (Note 12)	<b>290</b>	–
Net exchange differences	<b>2,044</b>	(489)
At 31 December	<b>67,039</b>	60,677
<b>Income statement:</b>		
Rental income from investment properties		
– Minimum lease payments	<b>3,215</b>	3,485
Direct operating expense (including repairs and maintenance) arising from:		
– Rental generating properties	<b>2,258</b>	2,261
– Non-rental generating properties	<b>50</b>	54

The Group has no restrictions on the realisability of its investment properties except for investment properties in Seychelles amounting to \$22,548,000 (2013: \$17,752,000) which are subject to the Immovable Property (Transfer Restriction) Act. This Act prohibits the sale or transfer of immovable property to any non-Seychellois citizen or company having any non-Seychellois citizen as its shareholder without the prior approval of the Seychelles Government.

The office tower in Thailand is subject to contractual obligations to an external party for repairs, maintenance and enhancements.

# Notes to the Financial Statements

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## 13. Investment properties (continued)

### Valuation of investment properties

Investment properties in Thailand are stated at fair value, which has been determined based on valuation report dated 11 December 2014. 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 was as follows:

- Land was revalued using the market value approach; and
- 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 30 January 2015 using the market value approach. 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.

Details of valuation techniques and inputs used are disclosed in Note 47.

### Properties pledged as security

Certain investment properties amounting to \$27,836,000 (2013: \$27,639,000) are mortgaged to secure bank loans (Note 33).

The investment properties held by the Group as at 31 December 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

## 14. Intangible assets

GROUP	Goodwill \$'000	Trademarks \$'000	Club membership \$'000	Other intangible assets \$'000	Total \$'000
<b>Cost:</b>					
At 1 January 2013	2,603	24,300	–	–	26,903
Additions	–	–	–	1,987	1,987
Net exchange differences	–	–	–	(85)	(85)
At 31 December 2013 and 1 January 2014	<b>2,603</b>	<b>24,300</b>	–	<b>1,902</b>	<b>28,805</b>
Additions	–	–	<b>2,412</b>	<b>2,323</b>	<b>4,735</b>
Net exchange differences	–	–	–	<b>111</b>	<b>111</b>
<b>At 31 December 2014</b>	<b>2,603</b>	<b>24,300</b>	<b>2,412</b>	<b>4,336</b>	<b>33,651</b>
<b>Accumulated amortisation and impairment losses:</b>					
At 1 January 2013, 31 December 2013, 1 January 2014	–	–	–	–	–
Amortisation	–	–	<b>48</b>	<b>469</b>	<b>517</b>
Net exchange differences	–	–	–	<b>12</b>	<b>12</b>
<b>At 31 December 2014</b>	–	–	<b>48</b>	<b>481</b>	<b>529</b>
<b>Net carrying amount:</b>					
<b>At 31 December 2014</b>	<b>2,603</b>	<b>24,300</b>	<b>2,364</b>	<b>3,855</b>	<b>33,122</b>
At 31 December 2013	2,603	24,300	–	1,902	28,805
<b>COMPANY</b>					<b>Club membership \$'000</b>
<b>Cost:</b>					
At 1 January 2013, 31 December 2013 and 1 January 2014	–				
Additions	<b>2,412</b>				
<b>At 31 December 2014</b>	<b>2,412</b>				
<b>Accumulated amortisation and impairment losses:</b>					
At 1 January 2013, 31 December 2013, 1 January 2014	–				
Amortisation	<b>48</b>				
<b>At 31 December 2014</b>	<b>48</b>				
<b>Net carrying amount:</b>					
<b>At 31 December 2014</b>	<b>2,364</b>				
At 31 December 2013	–				

### 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 recognises the related revenue.

### Amortisation expense

The amortisation of club membership is included in the “Administrative expenses” line item in income statement.

# Notes to the Financial Statements

for the financial year ended 31 December 2014

## 14. Intangible assets (continued)

### 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 the 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	
	2014	2013
Growth rate	0%	0%
Discount rate	10.8%	9.9%

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 represents the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is derived from its weighted average cost of capital (WACC) which takes into account both debt and equity. The cost of equity is derived from the expected return on investment and the cost of debt is based on servicing obligations over the interest bearing borrowings. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are derived annually based on publicly available market data.

### 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	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'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.

## 14. Intangible assets (continued)

### Impairment testing of trademarks (continued)

The discount rate applied to the cash flow projections of each reportable operating segment is 9.5% (2013: 9.5%). The growth rate used to extrapolate the cash flows of each business segment beyond the five-year period is 2% (2013: 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.

## 15. Land use rights

	GROUP	
	2014 \$'000	2013 \$'000
<b>Cost:</b>		
At 1 January	18,338	15,492
Additions	–	1,778
Disposals	(3,396)	–
Net exchange differences	233	1,068
At 31 December	15,175	18,338
<b>Accumulated amortisation:</b>		
At 1 January	2,540	1,993
Amortisation for the year	371	406
Disposals	(340)	–
Net exchange differences	51	141
At 31 December	2,622	2,540
<b>Net carrying amount</b>	<b>12,553</b>	<b>15,798</b>
<b>Amount to be amortised:</b>		
– Within 1 year	409	492
– Between 2 to 5 years	1,635	1,966
– After 5 years	10,509	13,340

# Notes to the Financial Statements

for the financial year ended 31 December 2014

## 15. Land use rights (continued)

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

Location	Tenure	
	2014	2013
<b>People's Republic of China</b>		
Banyan Tree Lijiang	<b>30 years</b>	31 years
Banyan Tree Ringha	<b>29 years</b>	30 years
Zhongdian Jiantang Hotel	<b>34 years</b>	35 years
Tibet Lhasa Banyan Tree Resorts	<b>33 years</b>	34 years

## 16. Subsidiary companies

	COMPANY	
	2014 \$'000	2013 \$'000
Unquoted shares, at cost	<b>113,576</b>	113,562
Quoted shares, at cost	<b>71,619</b>	72,263
Impairment losses	<b>(7,140)</b>	(2,376)
	<b>178,055</b>	183,449
Capital contribution through issue of ordinary shares to employees of subsidiary companies at no consideration under FRS 102 Share-based Payment	<b>5,863</b>	5,863
	<b>183,918</b>	189,312
<b>Loans and receivables</b>		
Loans to subsidiary companies	<b>234,800</b>	238,951
	<b>418,718</b>	428,263
Market value of quoted shares	<b>108,585</b>	100,164

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

During the financial year, management performed an impairment test for the investment in a subsidiary company. An impairment loss of \$5,500,000 was recognised for the year ended 31 December 2014 to write down the subsidiary company to its recoverable amount of \$3,383,000. The recoverable amount of the investment in the subsidiary company has been determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projection and the forecasted growth rate used to extrapolate cash flow projections beyond the five year period are 12.4% and 5% respectively.

During the last financial year, the impairment loss was recognised to write down the investment in a subsidiary company as it was in the process of being liquidated.

Included in the loans made to subsidiary companies is an unsecured loan of \$80,968,000 (2013: \$36,974,000) bearing interest at a rate of 1.6% to 7% (2013: COF+2% to 7%) 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 \$8,231,000 (2013: \$8,102,000) for impairment on the loans due from its subsidiary companies with a nominal amount of \$38,000,000 (2013: \$34,361,000). These subsidiary companies have been suffering significant financial losses.

During the financial year ended 31 December 2014, the Company has provided an allowance of \$129,000 (2013: written back an allowance of \$26,000).



## 16. Subsidiary companies (continued)

### Acquisition of ownership interest in subsidiary, without loss of control

On 23 September 2014, the Group acquired an additional 13.85% equity interest in Beruwela Walk Inn Limited (BWIL), formerly known as Beruwela Walk Inn PLC, from its non-controlling interests for a cash consideration of \$145,000. As a result of this acquisition, the Group's effective equity in BWIL increased to 93.70%. The carrying value of the net liabilities of BWIL at 23 September 2014 was \$2,718,000 and the carrying value of the additional interest acquired was net liabilities of \$377,000. The difference of \$522,000 has been recognised as "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 BWIL on the equity attributable to owners of the Company:

	\$'000
Consideration paid for acquisition of non-controlling interests	145
Increase in equity attributable to non-controlling interests	377
Decrease in equity attributable to owners of the Company	522

### Acquisition of ownership interest in subsidiary, without loss of control in 2013

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:

	\$'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		Effective equity held by the Group		
			2014 \$'000	2013 \$'000	2014 %	2013 %	
<b>(i) Held by the Company</b>							
<sup>(1)</sup> Banyan Tree Corporate Pte. Ltd.	Provision of resort, spa, project and golf management services	Singapore	5,466	5,466	100	100	
<sup>(1)</sup> Banyan Tree Investments Pte. Ltd.	Property holding	Singapore	10,673	10,673	100	100	
<sup>(1)</sup> Banyan Tree Spas Pte. Ltd.	Operation of spas	Singapore	—*	**	—	100	
<sup>(16)</sup> Banyan Tree Adventures Pte. Ltd.	Provision of travel agency services	Singapore	—	736	—	100	
<sup>(1)</sup> Banyan Tree China Holdings Pte. Ltd.	Investment holding	Singapore	**	**	100	100	
<sup>(1)</sup> Banyan Tree Capital Pte. Ltd.	Business management and consultancy services	Singapore	500	500	100	100	

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## 16. Subsidiary companies (continued)

Name of subsidiary company	Principal activities	Place of incorporation	Cost of investment		Effective equity held by the Group		
			2014 \$'000	2013 \$'000	2014 %	2013 %	
<b>(i) Held by the Company (continued)</b>							
<sup>(1)</sup> Brand Services (Singapore) Pte. Ltd.	Own and manage intellectual property for and on behalf of Banyan Tree Group	Singapore	**	**	100	100	
<sup>(1)</sup> Banyan Tree Indochina Holdings Pte. Ltd.	Investment holding	Singapore	**	**	100	100	
<sup>(1)</sup> Banyan Tree Indochina Management (Singapore) Pte. Ltd.	Investment holding	Singapore	**	**	100	100	
<sup>(16)</sup> Laguna Tours and Travel Pte. Ltd.	Property development and investments	Singapore	–	**	–	100	
<sup>(1)</sup> Banyan Tree Services Pte. Ltd.	Investment holding	Singapore	**	**	100	100	
<sup>(2)***</sup> Laguna Resorts & Hotels Public Company Limited	Hotel and property development business	Thailand	71,619	71,619	65.75	65.75	
<sup>(11)</sup> Tibet Lhasa Banyan Tree Resorts Limited	Construction and management of hotels and spas	China	5,097	5,097	100	100	
<sup>(2)</sup> Banyan Tree Investment Holdings (HK) Limited	Investment holding	Hong Kong	–*	39	–	100	
<sup>(2)</sup> Banyan Tree Properties (HK) Limited	Investment holding	Hong Kong	**	**	100	100	
<sup>(2)</sup> Vabbinvest Maldives Pvt Ltd	Operation of holiday resorts	Maldives	4,163	4,163	100	100	
<sup>(2)</sup> Maldives Bay Pvt Ltd	Development and management of resorts, hotels and spas	Maldives	49,934	49,934	100	100	
<sup>(2)</sup> Maldives Cape Pvt Ltd	Development and management of resorts, hotels and spas	Maldives	**	**	100	100	
<sup>(9)</sup> Hill View Resorts Holdings Limited	Investment holding	British Virgin Islands	25,751	25,751	100	100	
<sup>(2)</sup> 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	
<sup>(3)</sup> Beruwela Walk Inn Limited (formerly known as Beruwela Walk Inn PLC)	Operation of hotel resorts	Sri Lanka	790	645	93.70	79.85	
<sup>(16)</sup> Integrated Investments Limited	Investment holding	New Zealand	–	**	–	100	
<sup>(2)</sup> PT. Heritage Resorts & Spas	Tourism management consultancy services	Indonesia	1,319	1,319	100	100	
			<b>185,195</b>	<b>185,825</b>			

## 16. Subsidiary companies (continued)

Name of subsidiary company	Principal activities	Place of incorporation	Effective equity held by the Group	
			2014 %	2013 %
<b>(ii) Held through subsidiary companies</b>				
<sup>(1)</sup> Resort Planning Services Pte. Ltd.	Provision of consultancy services	Singapore	<b>100</b>	100
<sup>(1)</sup> Hotelspa Pte. Ltd.	Investment holding	Singapore	<b>100</b>	100
<sup>(1)</sup> Banyan Tree Gallery (Singapore) Pte Ltd	Sale of merchandise	Singapore	<b>82.53</b>	82.53
<sup>(1)</sup> Banyan Tree Dunhuang (S) Pte. Ltd.	Investment holding	Singapore	<b>100</b>	100
<sup>(1)</sup> Sanctuary Chengdu Development Company No. 3 (S) Pte. Ltd.	Investment holding	Singapore	<b>100</b>	100
<sup>(1)</sup> Sanctuary Chengdu Development Company No. 1 (S) Pte. Ltd.	Investment holding	Singapore	<b>100</b>	100
<sup>(1)</sup> Sanctuary Lijiang (S) Pte. Ltd.	Investment holding	Singapore	<b>100</b>	100
<sup>(1)</sup> Sanctuary Jiwa Renga (S) Pte. Ltd.	Investment holding	Singapore	<b>100</b>	100
<sup>(1)</sup> Banyan Tree Anhui (S) Pte. Ltd. (formerly known as Sanctuary Chengdu Development Company No. 2 (S) Pte. Ltd.)	Investment holding	Singapore	<b>100</b>	100
<sup>(1)</sup> Banyan Tree Indochina Pte. Ltd.	Business management and consultancy services	Singapore	<b>100</b>	100
<sup>(1)</sup> Architrave Design & Planning Services Pte. Ltd.	Provision of design, planning and consultancy services for hotels, resorts and spas	Singapore	<b>100</b>	100
<sup>(1)</sup> GPS Development Services Pte. Ltd.	Provision of purchasing and project services for hotels, resorts and spas	Singapore	<b>100</b>	100
<sup>(1)</sup> Banyan Tree Marketing Group Pte. Ltd.	Provision of marketing services	Singapore	<b>100</b>	100
<sup>(1)</sup> Banyan Tree Hotels & Resorts Pte. Ltd.	Hotel management consultancy services	Singapore	<b>100</b>	100
<sup>(16)</sup> Banyan Tree Marketing Group (Worldwide) Pte. Ltd.	Investment holding	Singapore	–	100
<sup>(1)</sup> Sanctuary Chengdu Development Company No. 4 (S) Pte. Ltd.	Investment holding	Singapore	<b>100</b>	100
<sup>(1)(10)</sup> BT Development Singapore Pte. Ltd. (formerly known as Cassia Development Singapore Pte. Ltd.)	Investment holding	Singapore	<b>100*</b>	–
<sup>(1)(10)</sup> Banyan Tree Management (S) Pte. Ltd.	Hotel management	Singapore	<b>100</b>	–
<sup>(1)</sup> Banyan Tree Spas Pte. Ltd.	Operation of spas	Singapore	<b>100*</b>	–
<sup>(2)</sup> Banyan Tree Mkg (HK) Limited	Provision of marketing services	Hong Kong	<b>100</b>	100
<sup>(2)</sup> Banyan Tree Resorts & Spas (Thailand) Company Limited	Provision of spa services	Thailand	<b>100</b>	100
<sup>(2)</sup> Banyan Tree Hotels & Resorts (Thailand) Limited	Provision of hotel management services	Thailand	<b>100</b>	100
<sup>(2)</sup> TWR – Holdings Limited	Investment holding and property development	Thailand	<b>65.75</b>	65.75

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## 16. Subsidiary companies (continued)

Name of subsidiary company	Principal activities	Place of incorporation	Effective equity held by the Group	
			2014 %	2013 %
<b>(ii) Held through subsidiary companies (continued)</b>				
<sup>(2)</sup> Laguna Holiday Club Limited	Holiday club membership and property development	Thailand	<b>65.75</b>	65.75
<sup>(2)</sup> Laguna (3) Limited	Property development	Thailand	<b>65.75</b>	65.75
<sup>(2)</sup> Banyan Tree Gallery (Thailand) Limited	Sale of merchandise	Thailand	<b>82.53</b>	82.53
<sup>(2)</sup> Pai Samart Development Company Limited	Property development	Thailand	<b>65.75</b>	65.75
<sup>(2)</sup> Mae Chan Property Company Limited	Property development	Thailand	<b>65.75</b>	65.75
<sup>(2)</sup> Phuket Resort Development Limited	Property development	Thailand	<b>65.75</b>	65.75
<sup>(2)</sup> Laguna Grande Limited	Operation of golf club and property development	Thailand	<b>65.75</b>	65.75
<sup>(2)</sup> Laguna Banyan Tree Limited	Hotel operations and property development	Thailand	<b>65.75</b>	65.75
<sup>(2)(8)</sup> Talang Development Company Limited	Property development	Thailand	<b>32.88</b>	32.88
<sup>(2)</sup> Twin Waters Development Company Limited	Property development	Thailand	<b>65.75</b>	65.75
<sup>(2)</sup> Bangtao (1) Limited	Property development	Thailand	<b>65.75</b>	65.75
<sup>(2)</sup> Bangtao (2) Limited	Property development	Thailand	<b>65.75</b>	65.75
<sup>(2)</sup> Bangtao (3) Limited	Property development	Thailand	<b>65.75</b>	65.75
<sup>(2)</sup> Bangtao (4) Limited	Property development	Thailand	<b>65.75</b>	65.75
<sup>(2)</sup> Bangtao Development Limited	Property development	Thailand	<b>65.75</b>	65.75
<sup>(2)</sup> Bangtao Grande Limited	Hotel operations	Thailand	<b>65.75</b>	65.75
<sup>(2)</sup> Laguna Central Limited	Dormant	Thailand	<b>55.89</b>	55.89
<sup>(2)(8)</sup> Laguna Service Company Limited	Provision of utilities and other services to hotels owned by the subsidiaries	Thailand	<b>47.93</b>	47.93
<sup>(2)</sup> Thai Wah Plaza Limited	Hotel operations, lease of office building space and property development	Thailand	<b>65.75</b>	65.75
<sup>(2)</sup> Thai Wah Tower Company Limited	Lease of office building space	Thailand	<b>65.75</b>	65.75
<sup>(2)</sup> Thai Wah Tower (2) Company Limited	Property development	Thailand	<b>65.75</b>	65.75
<sup>(2)(8)</sup> Laguna Excursions Limited	Travel operations	Thailand	<b>32.22</b>	32.22
<sup>(2)</sup> Laguna Lakes Limited	Property development	Thailand	<b>62.40</b>	62.40
<sup>(2)</sup> Laguna Village Limited	Hotel operations	Thailand	<b>65.75</b>	65.75
<sup>(17)</sup> LVCL (Thailand) Co., Ltd	Provision of project development services	Thailand	<b>100</b>	100
<sup>(2)</sup> Wanyue Leisure Health (Shanghai) Co., Ltd	Operation of spas	China	<b>100</b>	100
<sup>(2)</sup> Zhongdian Jiantang Hotel Limited	Hotel services	China	<b>80</b>	80
<sup>(2)</sup> Jiwa Renga Resorts Limited	Hotel construction and operation	China	<b>96</b>	96
<sup>(2)</sup> 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	<b>100</b>	100

## 16. Subsidiary companies (continued)

	Name of subsidiary company	Principal activities	Place of incorporation	Effective equity held by the Group	
				2014 %	2013 %
<b>(ii) Held through subsidiary companies (continued)</b>					
(2)	Lijiang Banyan Tree Property Service Company Limited	Hotel management	China	<b>87.04</b>	87.04
(2)	Lijiang Banyan Tree Hotel Co., Ltd	Hotel operations and development	China	<b>83.20</b>	83.20
(13)	Dunhuang Banyan Tree Hotel Company Limited	Develop, own and operate hotels and resorts in China	China	<b>100</b>	100
(2)	Banyan Tree Lijiang International Travel Service Co., Ltd	Provision of travel agency services	China	<b>83.20</b>	83.20
(2)	Lijiang Banyan Tree Gallery Trading Company Limited	Trading and retailing of consumer goods in resorts	China	<b>82.53</b>	82.53
(2)	Tianjin Banyan Tree Capital Investment Management Co., Ltd.	Investment management and related consulting services	China	<b>100</b>	100
(2)(18)	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	<b>100</b>	100
(15)	Yueliang Architectural Design Consulting (Shanghai), Co. Ltd	Provision of spas architect & design services	China	<b>100</b>	100
(15)	Xiangrong Business Consulting (Shanghai) Co., Ltd	Provision of project management and materials procurement services	China	<b>100</b>	100
(2)	Chengdu Banyan Tree No. 1 Property Co., Ltd	Residential property development	China	<b>100</b>	100
(2)(10)	Chengdu Banyan Tree No. 3 Property Co., Ltd	Commercial property development	China	<b>100</b>	–
(2)	Chengdu Banyan Tree No. 4 Property Co., Ltd	Residential property development	China	<b>100</b>	100
(2)(10)	Chengdu Laguna Property Service Co., Ltd.	Property management	China	<b>100</b>	–
(2)	Banyan Tree Marketing (Shanghai) Co., Ltd	Provision of marketing services	China	<b>100</b>	100
(5)(10)	BT Development No. 1 Pty Ltd (formerly known as Cassia Brisbane Development Pty Ltd)	Development of residential property	Australia	<b>100*</b>	–
(2)	Banyan Tree Resorts Limited	Provision of resort management services	Hong Kong	<b>100</b>	100
(2)	Banyan Tree Spa (HK) Limited	Provision of spa management services	Hong Kong	<b>100</b>	100
(4)	Cheer Golden Limited	Investment holding	Hong Kong	<b>65.75</b>	65.75
(2)	Triumph International Holdings Limited	Investment holding	Hong Kong	<b>80</b>	80
(2)(10)	Northpoint Investments Limited	Investment holding	Hong Kong	<b>100</b>	–
(2)	Banyan Tree Investment Holdings (HK) Limited	Investment holding	Hong Kong	<b>100*</b>	–
(9)	Banyan Tree Hotels & Resorts Korea Limited	Provision of hotel management services	Korea	<b>100</b>	100

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## 16. Subsidiary companies (continued)

Name of subsidiary company	Principal activities	Place of incorporation	Effective equity held by the Group	
			2014 %	2013 %
<b>(ii) Held through subsidiary companies (continued)</b>				
<sup>(16)</sup> Sanctuary Lijiang (Cayman) Limited	Investment holding	Cayman Islands	–	100
<sup>(16)</sup> Sanctuary Jiwa Renga (Cayman) Limited	Investment holding	Cayman Islands	–	100
<sup>(1)</sup> Banyan Tree Indochina (GP) Company Limited	Manage and operate the Banyan Tree Indochina Hospitality Fund, L.P.	Cayman Islands	<b>100</b>	100
<sup>(9)</sup> Jayanne International Limited	Investment holding	British Virgin Islands	<b>100</b>	100
<sup>(9)</sup> Club Management Limited	Provision of resort and hotel management and operation services and ancillary services related to the hospitality industry	British Virgin Islands	<b>100</b>	100
<sup>(9)</sup> Lindere Villas Limited	Investment holding	British Virgin Islands	<b>100</b>	100
<sup>(9)(10)</sup> Resort Holdings Limited	Investment holding	British Virgin Islands	<b>100</b>	–
<sup>(14)</sup> PT. AVC Indonesia	Holiday club membership	Indonesia	<b>65.75</b>	65.75
<sup>(2)</sup> PT. Management Banyan Tree Resorts & Spas	Provision of consultation and management services of the international hotels marketing	Indonesia	<b>100</b>	100
<sup>(2)</sup> PT. Banyan Tree Management	Provision of hotel management services	Indonesia	<b>100</b>	100
<sup>(2)(10)</sup> PT Cassia Resorts Investments	Hotel operations and development	Indonesia	<b>100</b>	–
<sup>(2)</sup> 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	<b>100</b>	100
<sup>(5)</sup> 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	<b>100</b>	100
<sup>(2)</sup> Banyan Tree Guam Limited	Business office operation service and operation of spa facilities	Guam	<b>100</b>	100
<sup>(2)</sup> Banyan Tree Spas Sdn. Bhd.	Operation of spas	Malaysia	<b>100</b>	100
<sup>(9)</sup> Banyan Tree Japan Yugen Kaisha	Operation of spas	Japan	<b>100</b>	100
<sup>(2)</sup> Heritage Spas Egypt LLC	Operation and investment in resorts, spas and retail outlets	Egypt	<b>100</b>	100
<sup>(2)</sup> Banyan Tree (Private) Limited	Operation of spas	Sri Lanka	<b>100</b>	100
<sup>(6)</sup> Heritage Spas South Africa (Pty) Ltd	Operation and investment in resorts, spas and retail outlets	South Africa	<b>100</b>	100
<sup>(2)</sup> Heritage Spas Dubai LLC	Operation of spas	Dubai	<b>100</b>	100

## 16. Subsidiary companies (continued)

	Name of subsidiary company	Principal activities	Place of incorporation	Effective equity held by the Group	
				2014 %	2013 %
<b>(ii)</b>	<b>Held through subsidiary companies (continued)</b>				
(2)	Maldives Angsana Pvt Ltd	Operation of holiday resorts	Maldives	100	100
(5)	Keelbay Pty Ltd	Development of residential property	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
(16)	Ocean Estate (Seychelles) Limited	Development of residences for sale	Seychelles	–	100
(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 Mkg (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
(12)	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 is 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 subsidiary companies 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) Incorporated/Acquired during the year.

(11) Audited by Tibet Zhongrong Certified Public Accountant.

(12) Not required to be audited as the company has not commenced operation as at 31 December 2014.

(13) Audited by Dunhuang Fang Zheng Certified Public Accountant.

(14) Audited by RSM AAJ Associates.

(15) Audited by Shanghai Zhong Qin Wan Xin Certified Public Accountant.

(16) Strike off/Liquidated during the year.

(17) In the process of voluntary liquidation.

(18) On 20 June 2014, Banyan Tree Holdings Limited made an announcement on SGXNet relating to the sale of 10% equity interest ("Sale") in Banyan Tree Hotels Management (Tianjin) Co., Ltd. to Tianjin Wanrong Enterprise Management Co., Ltd., an investment vehicle of the Banyan Tree China Hospitality Fund. The Sale is pending the completion of tax registration with Tianjin tax authority.

\* Investment transferred from being held by the holding company to be held through a subsidiary company during the year.

\*\* Cost of investment is less than \$1,000.

\*\*\* As at 31 December 2014, 26.05% (2013: 26.78%) of the issued and paid up capital of Laguna Resorts & Hotels Public Company Limited ("LRH") is held by Thai Trust Fund Management Company Limited ("TTFMC") and Thai NVDR Company Limited (a subsidiary wholly owned by the Stock Exchange of Thailand issuing "Non-Voting Depository Receipt") ("TNVDR"). Pursuant to the provisions of their prospectus, TTFMC and TNVDR will not attend nor vote in any shareholders' meeting of LRH other than delisting.

Of the effective equity held by the Group of 65.75% in LRH, 10.90% (2013: 10.90%) is held in trust by TTFMC. Taking into account of the issued and paid up capital of LRH held by TTFMC and TNVDR, the voting rights held by the Group in the subsidiary company amount to 74.17% (2013: 74.91%).

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for the financial year ended 31 December 2014

## 16. Subsidiary companies (continued)

### Interest in subsidiary company with material non-controlling interest (NCI)

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Loss allocated to NCI during the reporting period \$'000	Accumulated NCI at the end of reporting period \$'000	Dividends paid to NCI \$'000
<b>31 December 2014:</b>					
Laguna Resorts & Hotels Public Company Limited	Thailand	34.25%*	(9)	151,174	750
<b>31 December 2013:</b>					
Laguna Resorts & Hotels Public Company Limited	Thailand	34.25%*	(900)	146,276	297

\* As at 31 December 2014, 26.05% (2013: 26.78%) of the issued and paid up capital of Laguna Resorts & Hotels Public Company Limited ("LRH") is held by Thai Trust Fund Management Company Limited ("TTFMC") and Thai NVDR Company Limited (a subsidiary wholly owned by the Stock Exchange of Thailand issuing "Non-Voting Depository Receipt") ("TNVDR"). Pursuant to the provisions of their prospectus, TTFMC and TNVDR will not attend nor vote in any shareholders' meeting of LRH other than delisting.

Of the effective equity held by the non-controlling interest of 34.25% in LRH, 3.18% (2013: 3.18%) and 11.97% (2013: 12.70%) is held by TTFMC and TNVDR respectively. Taking into account of the issued and paid up capital of LRH held by TTFMC and TNVDR, the voting rights held by the non-controlling interest in the subsidiary company amount to 25.83% (2013: 25.09%).

### Summarised financial information about subsidiary company with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiary company with material non-controlling interests are as follows:

#### Summarised balance sheets

	Laguna Resorts & Hotels Public Company Limited	
	As at 31 December 2014 \$'000	As at 31 December 2013 \$'000
<b>Current</b>		
Assets	207,992	184,317
Liabilities	(128,735)	(73,411)
Net current assets	79,257	110,906
<b>Non-current</b>		
Assets	547,375	529,740
Liabilities	(164,248)	(191,346)
Net non-current assets	383,127	338,394
Net assets	462,384	449,300

#### Summarised statement of comprehensive income

	Laguna Resorts & Hotels Public Company Limited	
	2014 \$'000	2013 \$'000
Revenue	157,172	177,615
(Loss)/Profit before taxation	(691)	225
Income tax expenses	(662)	(3,877)
Loss after taxation	(1,353)	(3,652)
Other comprehensive income	5,086	(35,212)
Total comprehensive income	3,733	(38,864)



## 16. Subsidiary companies (continued)

### Summarised financial information about subsidiary company with material NCI (continued)

#### Other summarised information

	Laguna Resorts & Hotels Public Company Limited	
	2014 \$'000	2013 \$'000
Net cash flows from/(used in) operations	2,885	(7,849)
Acquisition of significant property, plant and equipment	(12,278)	(10,432)

## 17. Associated companies

	GROUP		COMPANY	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Unquoted equity shares, at cost	942	942	869	869
Share of post-acquisition reserves	85	54	—	—
Impairment loss	(586)	(586)	—	—
Net exchange differences	(138)	(128)	—	—
	303	282	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	
				2014 %	2013 %
	<b>Held through subsidiary companies</b>				
②	Lotes 3 Servicios S.A. De C.V.	Provision of business management and services	Mexico	20	20
①③	Tropical Resorts Limited	Resort investment and development	Hong Kong	17	17
①③	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 \$4,770,000 (2013: \$3,256,000) and \$482,000 (2013: \$626,000) respectively. The Group's share of the current year's unrecognised losses was \$1,514,000 (2013: \$1,285,000).

The Group has no obligation in respect of these losses.

# Notes to the Financial Statements

for the financial year ended 31 December 2014

## 17. 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:

	2014 \$'000	2013 \$'000
<b>Assets and liabilities:</b>		
Current assets	14,189	17,843
Non-current assets	58,890	55,088
Total assets	73,079	72,931
Current liabilities	(24,383)	(22,101)
Non-current liabilities	(68,368)	(58,906)
Total liabilities	(92,751)	(81,007)
<b>Results:</b>		
Revenue	26,839	25,958
Loss for the year	(11,634)	(19,040)
Other comprehensive income	144	173
Total comprehensive income	(11,490)	(18,867)

The Group's share of the capital commitments and contingent liabilities of the associated companies is Nil (2013: Nil).

## 18. Long-term investments

	GROUP	
	2014 \$'000	2013 \$'000
<b>Quoted investments</b>		
Equity shares, at fair value	16,100	9,568
<b>Unquoted investments</b>		
Equity shares, at cost	89,059	86,647
Less: Impairment in value of unquoted investments	(1,563)	(1,563)
Total unquoted investments	87,496	85,084
Total available-for-sale financial assets	103,596	94,652

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

In the previous financial year, the Group recognised impairment loss of \$1,500,000 for unquoted investments carried at cost, reflecting the write-down in the carrying value of this investment to its recoverable amount.

## 19. Prepaid island rental

	GROUP	
	2014 \$'000	2013 \$'000
At 1 January	24,782	24,675
Net exchange differences	1,044	899
Payment of island rental during the year	1,200	1,496
	27,026	27,070
Less: Amount charged to expenses during the year	(1,979)	(2,288)
At 31 December	25,047	24,782
Amount chargeable within 1 year (Note 25)	2,202	1,850
Amount chargeable after 1 year	22,845	22,932
	25,047	24,782

The above amounts were paid to the owners of the Vabbinfaru Island, Ihuru Island and Madivaru Island as operating lease rentals.

At the end of the reporting period, the lease periods are as follows:

Island	Lease period 2014	Lease period 2013
<b>Maldives</b>		
Vabbinfaru Island	1 May 1993 – 9 Apr 2045	1 May 1993 – 9 Apr 2045
Ihuru Island	16 Oct 2000 – 15 Oct 2044	16 Oct 2000 – 15 Oct 2044
Madivaru Island	5 May 2006 – 11 Feb 2015	5 May 2006 – 17 Aug 2022

## 20. Long-term trade receivables

	GROUP	
	2014 \$'000	2013 \$'000
<b>Loans and receivables</b>		
Long-term trade receivables are repayable as follows:		
Within 12 months (Note 26)	5,565	5,457
Between 2 to 5 years	18,167	17,539
After 5 years	8,846	10,661
	27,013	28,200

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% and the Group's cost of funds plus 0.5% per annum (2013: 5 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 10 years (2013: 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 2014, the amounts due from the third party are \$20,575,000 (2013: \$21,428,000), out of which an amount of \$14,237,000 (2013: \$14,774,000) bears an interest rate of 6% per annum (2013: 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.

# Notes to the Financial Statements

for the financial year ended 31 December 2014

## 20. Long-term trade receivables (continued)

### Significant foreign currency denominated balances

	GROUP	
	2014 \$'000	2013 \$'000
US Dollars	13,411	14,610

At the end of the reporting period, the Group has provided for an allowance of \$529,000 (2013: Nil) for impairment of the long-term trade receivables with a nominal amount of \$6,339,000 (2013: Nil). The allowance account for the financial year ended 31 December 2014 in relation to the long-term trade receivables is \$529,000 (2013: Nil).

### Receivables subject to offsetting arrangements

The Group provides club management services to Private Collection Limited. The Group will be regularly recharged by Private Collection Limited for rental, utilities and other miscellaneous payments incurred on behalf of the Group. Both parties have an agreement to settle the net amount due to or from each other.

The Group's trade receivables and trade payables that are off-set are as follows:

Description	2014 \$'000		
	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Trade receivables	8,681	(2,342)	6,339
Trade payables	2,342	(2,342)	–

Description	2013 \$'000		
	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Trade receivables	8,898	(2,244)	6,654
Trade payables	2,244	(2,244)	–

## 21. Other receivables – non current

	GROUP	
	2014 \$'000	2013 \$'000
<b>Loans and receivables</b>		
Deposits	3,150	3,146
Loans to third parties	3,681	4,024
	6,831	7,170

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.

## 22. Investment securities

	GROUP	
	2014 \$'000	2013 \$'000
<b>Current</b>		
<b>Held-to-maturity investment</b>		
3.95% SGD corporate bonds due 29 September 2015	761	—
<b>Non-current</b>		
<b>Held-to-maturity investment</b>		
SGD corporate bonds with interest rate ranging from 4.64% to 5.80% and due date ranging from 22 February 2016 to 21 June 2016	2,546	—

## 23. Property development costs

	GROUP	
	2014 \$'000	2013 \$'000
<b>Properties under development</b>		
Cost incurred to date	210,741	132,078
Less: Allowance for foreseeable losses	(3,801)	(3,706)
	206,940	128,372
<b>Properties held for sale</b>	52,641	40,486
	259,581	168,858

	GROUP	
	2014 \$'000	2013 \$'000
<b>Amounts expected to be recovered:</b>		
No more than 12 months	37,830	10,992
More than 12 months	221,751	157,866
	259,581	168,858

# Notes to the Financial Statements

for the financial year ended 31 December 2014

## 23. Property development costs (continued)

Details of the properties as at 31 December 2014 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 Apartments	Bangkok, Thailand	100	Held for sale	1,152	Completed	65.75
Banyan Tree Phuket Double Pool Villas	Phuket, Thailand	100	Held for sale	2,255	Completed	65.75
Banyan Tree Phuket Deluxe Double Pool Villas	Phuket, Thailand	100	Held for sale	537	Completed	65.75
Laguna Village Villas	Phuket, Thailand	100	Held for sale	315	Completed	65.75
Laguna Village Lofts	Phuket, Thailand	100	Held for sale	2,722	Completed	65.75
Cassia Phuket	Phuket, Thailand	31	Under construction	22,700	September 2015	65.75
Laguna Park Phuket Townhome and Villas	Phuket, Thailand	29	Under construction	60,481	November 2015	65.75
Banyan Tree Lijiang Phase 1 extension	Lijiang, China	100	Held for sale	523	Completed	83.20
Laguna Chengdu	Wenjiang, China	13	Under construction	104,040	December 2017	100
Banyan Tree Bintan	Bintan, Indonesia	100	Held for sale	4,838	Completed	100

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 Apartments	Bangkok, Thailand	100	Held for sale	1,152	Completed	65.75
Banyan Tree Phuket Double Pool Villas	Phuket, Thailand	100	Held for sale	2,255	Completed	65.75
Banyan Tree Phuket Deluxe Double Pool Villas	Phuket, Thailand	100	Held for sale	537	Completed	65.75
Laguna Village Villas	Phuket, Thailand	100	Held for sale	755	Completed	65.75
Laguna Village Lofts	Phuket, Thailand	100	Held for sale	2,984	Completed	65.75
Cassia Phuket	Phuket, Thailand	2	Under construction	22,700	September 2015	65.75
Banyan Tree Lijiang Phase 1 extension	Lijiang, China	100	Held for sale	523	Completed	83.20
Laguna Chengdu	Wenjiang, China	11	Under construction	58,528	December 2015	100
Banyan Tree Bintan	Bintan, Indonesia	100	Held for sale	4,954	Completed	100

## 24. Inventories

	GROUP	
	2014 \$'000	2013 \$'000
<b>Balance sheet:</b>		
Food and beverage, at cost	2,202	2,160
Trading goods and supplies, at cost	7,002	7,254
Materials, at cost	2,432	3,102
Others	–	11
	<b>11,636</b>	<b>12,527</b>
<b>Income statement inclusive of the following charge:</b>		
– Inventories recognised as an expense in cost of sales	27,420	30,467
– Inventories write-back (Note 7)	(26)	(50)

The write-back of inventories represent a reversal of amount previously written down and is recorded when related inventories were sold above their carrying amounts.

## 25. Prepayments and other non-financial assets - current

	GROUP		COMPANY	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Prepayments	5,636	5,783	222	81
Prepaid island rental – current portion (Note 19)	2,202	1,850	–	–
Advances to suppliers	2,515	3,045	–	–
Goods and services tax/value-added tax receivable	3,598	4,068	–	–
Others	3,802	4,172	3	32
	<b>17,753</b>	<b>18,918</b>	<b>225</b>	<b>113</b>

## 26. Trade receivables

	GROUP	
	2014 \$'000	2013 \$'000
<b>Loans and receivables</b>		
Trade receivables	79,476	84,552
Current portion of long-term trade receivables (Note 20)	5,565	5,457
	<b>85,041</b>	<b>90,009</b>
Less: Allowance for doubtful debts	(10,391)	(12,683)
	<b>74,650</b>	<b>77,326</b>

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.

# Notes to the Financial Statements

for the financial year ended 31 December 2014

## 26. Trade receivables (continued)

### Significant foreign currency denominated balances

	GROUP		COMPANY	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
US Dollars	21,467	14,163	785	752
Chinese Renminbi	8	9,593	-	-

### Receivables that are past due but not impaired

The Group has trade receivables amounting to \$46,789,000 (2013: \$41,820,000) 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	
	2014 \$'000	2013 \$'000
<b>Trade receivables past due but not impaired:</b>		
Less than 30 days	11,719	11,872
30 to 60 days	3,280	3,719
60 to 90 days	2,539	1,841
More than 90 days	29,251	24,388
	<b>46,789</b>	<b>41,820</b>

### 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	
	2014 \$'000	2013 \$'000
Trade receivables – nominal amounts	10,391	12,683
Less: Allowance for doubtful debts	(10,391)	(12,683)
	-	-

	GROUP	
	2014 \$'000	2013 \$'000
<b>Movement in allowance accounts:</b>		
At 1 January	12,683	12,973
Charge for the year	2,721	2,415
Utilisation	(5,461)	(3,100)
Exchange differences	448	395
At 31 December	<b>10,391</b>	<b>12,683</b>

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.



## 26. Trade receivables (continued)

### 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.

The Group's trade receivables and trade payables that are off-set are as follows:

Description	2014 \$'000		
	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Trade receivables	124	(62)	62
Trade payables	62	(62)	–

Description	2013 \$'000		
	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Trade receivables	1,240	(223)	1,017
Trade payables	223	(223)	–

## 27. Other receivables - current

	GROUP		COMPANY	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Loans and receivables</b>				
Deposits	4,732	22,812	22	3,248
Interest receivable	95	44	61	36
Staff advances	244	336	–	–
Insurance recoverable	13	36	–	–
Other recoverable expenses	2,029	1,346	–	–
Other receivables	9,170	5,048	145	98
	<b>16,283</b>	<b>29,622</b>	<b>228</b>	<b>3,382</b>

# Notes to the Financial Statements

for the financial year ended 31 December 2014

## 28. Amounts due from/(to) subsidiary companies

	COMPANY	
	2014 \$'000	2013 \$'000
<b>Loans and receivables</b>		
Amounts due from subsidiary companies		
– non-trade	<b>173,787</b>	110,810
<b>Financial liabilities at amortised cost</b>		
Amounts due to subsidiary companies		
– non-trade	<b>(59,550)</b>	(58,292)

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 \$862,000 (2013: \$494,000) for impairment of the amounts due from its subsidiary companies with a nominal amount of \$4,134,000 (2013: \$3,046,000). The allowance account for the financial year ended 31 December 2014 in relation to the amounts due from the subsidiary companies is \$3,535,000 (2013: \$2,673,000).

## 29. Amounts due from/(to) associated companies

	GROUP		COMPANY	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Loans and receivables</b>				
Amounts due from associated companies				
– trade	<b>98</b>	123	–	–
	<b>98</b>	123	–	–
<b>Financial liabilities at amortised cost</b>				
Amounts due to associated companies				
– trade	<b>(4)</b>	(4)	–	–
	<b>(4)</b>	(4)	–	–

## 30. Amounts due from/(to) related parties

	GROUP		COMPANY	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Loans and receivables</b>				
Amounts due from related parties				
– trade	<b>13,640</b>	8,354	–	–
– non-trade	<b>107</b>	62	<b>2</b>	–
	<b>13,747</b>	8,416	<b>2</b>	–
<b>Financial liabilities at amortised cost</b>				
Amounts due to related parties				
– trade	<b>(61)</b>	(6)	–	–
– non-trade	<b>(443)</b>	(581)	–	–
	<b>(504)</b>	(587)	–	–

### 30. Amounts due from/(to) related parties (continued)

The amounts due from/(to) related parties are unsecured, non-interest bearing and repayable on demand.

#### Significant foreign currency denominated balances

	GROUP		COMPANY	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
US Dollars	5,121	2,484	–	(4)

### 31. Cash and short-term deposits

	GROUP		COMPANY	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Loans and receivables</b>				
Cash on hand and at bank	106,411	100,680	14,939	11,560
Fixed deposit, secured	7,600	–	–	–
Fixed deposit, unsecured	55,254	78,127	43,329	70,036
	<b>169,265</b>	178,807	<b>58,268</b>	81,596
<b>Significant foreign currency denominated balances</b>				
US Dollars	26,550	10,699	21,070	3,882

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. The ranges of interest rates as at 31 December 2014 for the Group and the Company were 0.05% to 2.50% (2013: 0.11% to 3.00%) and 0.05% to 1.28% (2013: 0.11% to 0.65%) respectively.

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	GROUP	
	2014 \$'000	2013 \$'000
Cash and short-term deposits	169,265	178,807
Bank overdrafts (Note 33)	(1,065)	(1,984)
Cash and cash equivalents	<b>168,200</b>	176,823

# Notes to the Financial Statements

for the financial year ended 31 December 2014

## 32. Other non-financial liabilities - current

	GROUP		COMPANY	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Advances received from customers	45,516	26,019	–	–
Deferred membership fee	936	935	–	–
Goods and services tax/value added tax payable	4,384	4,387	262	250
Others	4,261	3,539	–	107
	<b>55,097</b>	34,880	<b>262</b>	357

## 33. Interest-bearing loans and borrowings

	GROUP		COMPANY	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Financial liabilities at amortised cost</b>				
<b>Current liabilities</b>				
Secured bank loans 2015	65,073	35,024	2,608	2,608
Unsecured bank loans 2015	4,500	16,500	–	14,500
Bank overdrafts On demand	1,065	1,984	–	–
	<b>70,638</b>	53,508	<b>2,608</b>	17,108
<b>Non-current liabilities</b>				
Secured bank loans 2016-2024	98,103	133,459	12,787	15,394
Unsecured bank loans 2016-2017	58,250	30,000	50,000	30,000
	<b>156,353</b>	163,459	<b>62,787</b>	45,394

The secured bank loans of the Group are secured by the assets with the following net book values:

	GROUP	
	2014 \$'000	2013 \$'000
Freehold land and buildings (Note 12)	273,142	325,471
Investment properties (Note 13)	27,836	27,639
Quoted shares in a subsidiary company	5,616	5,148
Leasehold buildings (Note 12)	43,054	43,482
Property development costs	35,133	24,092
Other assets	925	674
	<b>385,706</b>	426,506

The secured bank loans of the Company are secured by freehold land and buildings of its subsidiary companies, amounting to \$50,346,000 (2013: \$41,754,000).

## 34. Notes payable

Notes payable which are unsecured relates to the principal of the \$50 million fixed rate notes due on 30 May 2017, \$70 million fixed rate notes due on 31 July 2018, \$50 million fixed rate notes due on 26 November 2018 and \$125 million fixed rate notes due on 3 June 2019. The notes bear interest rates of 6.25% per annum (2013: 6.25%), 5.75% per annum (2013: 5.75%), 5.35% per annum (2013: 5.35%) and 4.875% per annum (2013: Nil) respectively, payable semi-annually.

### 35. Other payables - current

	GROUP		COMPANY	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Financial liabilities at amortised cost</b>				
Accrued operating expenses	39,813	42,500	4,702	6,688
Accrued service charges	1,733	1,744	–	–
Deposits	165	304	–	–
Deferred cash settlement (Note 39)	6,286	6,326	6,286	6,326
Sundry creditors	2,589	2,303	340	130
	<b>50,586</b>	53,177	<b>11,328</b>	13,144

### 36. Deferred income

	Government grants \$'000	Others \$'000	Total \$'000
<b>Cost</b>			
At 1 January 2013	7,575	–	7,575
Additions	1,778	–	1,778
Net exchange differences	772	–	772
<b>At 31 December 2013 and 1 January 2014</b>	<b>10,125</b>	–	<b>10,125</b>
Additions	–	671	671
Net exchange differences	193	41	234
<b>At 31 December 2014</b>	<b>10,318</b>	<b>712</b>	<b>11,030</b>
<b>Accumulated amortisation</b>			
At 1 January 2013	1,008	–	1,008
Amortisation for the year (Note 4)	202	–	202
Net exchange differences	71	–	71
<b>At 31 December 2013 and 1 January 2014</b>	<b>1,281</b>	–	<b>1,281</b>
Amortisation for the year (Note 4)	251	233	484
Net exchange differences	33	8	41
<b>At 31 December 2014</b>	<b>1,565</b>	<b>241</b>	<b>1,806</b>
<b>Net carrying amount:</b>			
<b>At 31 December 2014</b>	<b>8,753</b>	<b>471</b>	<b>9,224</b>
At 31 December 2013	8,844	–	8,844

Included in deferred income is an amount of \$8,753,000 (2013: \$8,844,000) relating 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.

# Notes to the Financial Statements

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## 37. Deferred tax

	GROUP				COMPANY	
	Consolidated balance sheet		Consolidated income statement		Balance sheet	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Deferred tax liabilities:</b>						
Differences in depreciation for tax purposes	(51,738)	(56,060)	(4,898)	(1,053)	-	-
Revaluation to fair value:						
- Freehold land and buildings	(28)	(104)	(8)	-	-	-
- Investment properties	(6,272)	(6,043)	72	1,760	-	-
- Available-for-sale financial assets	(542)	-	-	-	-	-
Temporary differences arising from revenue recognition	(26,325)	(26,970)	(1,298)	(541)	-	-
Other items	(2,177)	(1,462)	537	516	-	-
	(87,082)	(90,639)			-	-
<b>Deferred tax assets:</b>						
Provisions	772	802	(61)	84	-	-
Unutilised tax losses	3,840	7,142	3,746	(391)	-	-
Other items	944	2,119	389	648	-	-
	5,556	10,063			-	-
<b>Deferred tax expense</b>			(1,521)	1,023		

### Unrecognised tax losses

The Group has tax losses of \$15,086,000 as at 31 December 2014 (2013: \$8,615,000) 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.

	GROUP	
	2014 \$'000	2013 \$'000
<b>Year of expiry:</b>		
Within 1 year	887	303
Between 2 to 5 years	11,538	6,237
After 5 years	1,329	1,347
No expiry	1,332	728
	15,086	8,615

### Unrecognised temporary differences relating to investments in subsidiary companies

At the end of the reporting period, no deferred tax liability (2013: 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 \$119,433,000 (2013: \$115,261,000). The unrecognised deferred tax liability is estimated to be \$11,943,000 (2013: \$11,338,000).

### 37. Deferred tax (continued)

#### Tax consequences of proposed dividends

There are no income tax consequences (2013: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 49).

### 38. 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.

GROUP	LSP		LSA		TOTAL	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Net benefit expense</b>						
Current service cost	176	154	140	186	316	340
Interest cost on benefit obligation	50	47	44	47	94	94
Net actuarial loss recognised in the year	–	–	–	263	–	263
Net benefit expense	226	201	184	496	410	697
Net actuarial loss recognised in the other comprehensive income	–	546	–	–	–	546

Changes in present value of the LSP and LSA obligations are as follows:

	LSP		LSA		TOTAL	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
At 1 January	1,300	1,277	1,278	1,296	2,578	2,573
Interest cost	50	47	44	47	94	94
Current service cost	176	154	140	186	316	340
Benefits paid	(288)	(689)	(164)	(481)	(452)	(1,170)
Actuarial loss on obligation	–	546	–	263	–	809
Exchange differences	31	(35)	34	(33)	65	(68)
At 31 December	1,269	1,300	1,332	1,278	2,601	2,578

The principal assumptions used in determining the Group’s employee benefits are as follows:

	2014	2013
Discount rates	4.25%	4.25%
Future salary increases	3.00%	3.00%
Gold price (per Baht weight of gold)	THB 20,000	THB 20,000
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	2014 \$'000	2013 \$'000	2012 \$'000
LSP and LSA obligation	2,601	2,578	2,573
Experience adjustments on the plan liabilities	–	174	(1,155)

# Notes to the Financial Statements

for the financial year ended 31 December 2014

## 39. Other payables – non current

	GROUP		COMPANY	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Deferred cash settlement	–	6,024	–	6,024
Others	532	480	–	–
	<b>532</b>	6,504	–	6,024

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 \$30,853,000 (2013: \$28,273,000) 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.

## 40. Share capital

	GROUP AND COMPANY			
	2014		2013	
	No. of shares	\$'000	No. of shares	\$'000
<b>Issued and fully paid up</b>				
At 1 January and 31 December	<b>761,402,280</b>	<b>199,995</b>	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.

## 41. Treasury shares and reserves

### (a) Treasury shares

	GROUP AND COMPANY			
	2014		2013	
	No. of shares	\$'000	No. of shares	\$'000
At 1 January	<b>(1,930,200)</b>	<b>(1,827)</b>	(1,255,000)	(2,172)
Acquired during the financial year	–	–	(1,440,000)	(978)
Reissued pursuant to Share-based Incentive Plan	<b>537,300</b>	<b>880</b>	764,800	1,323
At 31 December	<b>(1,392,900)</b>	<b>(947)</b>	(1,930,200)	(1,827)

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 Nil (2013: 1,440,000) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was \$Nil (2013: \$978,000) and this was presented as a component within the shareholders' equity.

As of 31 December 2014, there are 1,392,900 (2013: 1,930,200) treasury shares held by the Company.



#### 41. 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 42). 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, net of tax, 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.

# Notes to the Financial Statements

for the financial year ended 31 December 2014

## 41. 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 adjustment 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 2014	(18,038)	7,852	6,814	(2,553)	(2,459)	(8,384)
Other comprehensive income for the year	-	-	3,682	-	-	3,682
Total comprehensive income for the year	-	-	3,682	-	-	3,682
<b>Contributions by and distributions to owners</b>						
Treasury shares reissued pursuant to Share-based Incentive Plan	-	-	-	-	(533)	(533)
Total contributions by and distributions to owners	-	-	-	-	(533)	(533)
<b>Changes in ownership interests in subsidiary</b>						
Acquisition of non-controlling interest without a change in control	-	-	-	(522)	-	(522)
Total changes in ownership interests in subsidiary	-	-	-	(522)	-	(522)
Total transactions with owners in their capacity as owners	-	-	-	(522)	(533)	(1,055)
At 31 December 2014	(18,038)	7,852	10,496	(3,075)	(2,992)	(5,757)
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
<b>Contributions by and distributions to owners</b>						
Treasury shares reissued pursuant to Share-based Incentive Plan	-	-	-	-	(848)	(848)
Total contributions by and distributions to owners	-	-	-	-	(848)	(848)
<b>Changes in ownership interests in subsidiary</b>						
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)

## 41. Treasury shares and reserves (continued)

### (f) Other reserves (continued)

COMPANY	Capital reserve \$'000	Loss on reissuance of treasury shares \$'000	Other reserves \$'000	Total reserves \$'000
At 1 January 2014	7,852	(2,459)		5,393
<b>Contributions by and distributions to owners</b>				
Treasury shares reissued pursuant to Share-based Incentive Plan	–	(533)		(533)
Total transactions with owners in their capacity as owners	–	(533)		(533)
At 31 December 2014	7,852	(2,992)		4,860
At 1 January 2013	7,852	(1,611)		6,241
<b>Contributions by and distributions to owners</b>				
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

## 42. 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 KwongPing, 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 three Independent Directors with Chia Chee Ming Timothy, as the Chairman, Elizabeth Sam and Chan Heng Wing 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 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.

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

# Notes to the Financial Statements

for the financial year ended 31 December 2014

## 42. Equity compensation benefits (continued)

### Banyan Tree Share Option Scheme and Banyan Tree Performance Share Plan (continued)

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.

The details of the Plan existed as at 31 December 2014 are set out as follows:

	PSP	RSP
<b>Plan Description</b>	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.
<b>Date of Grant:</b>		
FY 2014 Grant	1 April 2014	1 April 2014
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
<b>Performance Period:</b>		
FY 2014 Grant	1 January 2014 to 31 December 2016	1 January 2014 to 31 December 2014
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
<b>Performance Conditions:</b>		
FY 2014 Grant, FY 2013 Grant, FY 2012 Grant and FY 2011 Grant	<ul style="list-style-type: none"> <li>Absolute Total Shareholder Return ("TSR") outperform Cost of Equity ("COE")</li> <li>Relative TSR against FTSE ST Mid Cap Index</li> <li>Relative TSR against selected hospitality listed peers</li> </ul>	<ul style="list-style-type: none"> <li>Return on Invested Capital ("ROIC")</li> <li>EBITDA#</li> </ul>
<b>Vesting Period:</b>		
FY 2014 Grant, FY 2013 Grant, FY 2012 Grant and FY 2011 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.
<b>Payout:</b>		
	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

## 42. 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 2014 Grant:

	PSP	RSP
<b>Historical Volatility</b>		
Banyan Tree Holdings Limited ("BTH")	33.426%	33.426%
FTSE Mid Cap Index	16.119%	Not applicable
<b>Risk-free interest rates</b>		
Singapore Sovereign	1.055%	0.318% - 1.055%
Term	36 months	12 to 36 months
<b>BTH expected dividend yield</b>		
	1.56%	1.56%
<b>Share price at grant date</b>		
	\$0.650	\$0.650

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					Estimated fair value at grant date
	Balance as at 1 January 2014 <sup>1</sup>	Shares granted during financial year <sup>1</sup>	Shares cancelled during financial year <sup>2</sup>	Shares released during financial year	Balance as at 31 December 2014 <sup>1</sup>	
<b>Grant date</b>						
<b>6 April 2011</b>						
Non-Executive Director (Ariel P Vera <sup>3</sup> )	100,000	–	(100,000)	–	–	\$0.622
Other Participants	180,000	–	(180,000)	–	–	\$0.622
<b>2 April 2012</b>						
Non-Executive Director (Ariel P Vera <sup>3</sup> )	75,000	–	–	–	75,000	\$0.612
Other Participants	146,300	–	–	–	146,300	\$0.612
<b>1 April 2013</b>						
Non-Executive Director (Ariel P Vera <sup>3</sup> )	75,000	–	–	–	75,000	\$0.470
Other Participants	195,000	–	–	–	195,000	\$0.470
<b>1 April 2014</b>						
Other Participants	–	240,000	–	–	240,000	\$0.533
<b>Total</b>	<b>771,300</b>	<b>240,000</b>	<b>(280,000)</b>	<b>–</b>	<b>731,300</b>	

<sup>1</sup> 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.

<sup>2</sup> The number of shares cancelled due to forfeiture arising from not achieving the pre-set performance conditions or resignation during the performance period.

<sup>3</sup> Share grants awarded during his employment as Group Managing Director of the Company. He retired on 31 December 2013.

# Notes to the Financial Statements

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## 42. Equity compensation benefits (continued)

	RSP					
	Balance as at 1 January 2014 <sup>1</sup>	Shares granted during financial year <sup>1</sup>	Shares cancelled during financial year <sup>2</sup>	Shares released during financial year	Balance as at 31 December 2014 <sup>1</sup>	Estimated fair value at grant date
<b>Grant date</b>						
<b>2 April 2012</b>						
Non-Executive Director (Ariel P Vera <sup>3</sup> )	63,000	–	–	(31,500)	31,500	\$0.660 - \$0.669
Other Participants	951,600	–	(103,400)	(447,900)	400,300	\$0.660 - \$0.669
<b>1 April 2013</b>						
Non-Executive Director (Ariel P Vera <sup>3</sup> )	75,000	–	(7,500)	(22,500)	45,000	\$0.601 - \$0.613
Other Participants	1,315,200	–	(269,000)	(372,200)	674,000	\$0.601 - \$0.613
<b>1 April 2014</b>						
Other Participants	–	1,545,000	(167,800)	–	1,377,200	\$0.620 - \$0.640
<b>Total</b>	<b>2,404,800</b>	<b>1,545,000</b>	<b>(547,700)</b>	<b>(874,100)</b>	<b>2,528,000</b>	

<sup>1</sup> 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.

<sup>2</sup> The number of shares cancelled due to forfeiture arising from not achieving the pre-set performance conditions or resignation during the performance period.

<sup>3</sup> Vesting of shares pursuant to share grants awarded during his employment as Group Managing Director of the Company. He retired on 31 December 2013.

The number of contingent shares granted but not released as at 31 December 2014 were 731,300 and 2,528,000 (2013: 771,300 and 2,404,800) for PSP and RSP respectively. Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 1,462,600 and 3,216,600 (2013: 1,542,600 and 3,099,900) 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 \$7,539,686 (2013: \$32,753,418) for the financial year ended 31 December 2014. Accordingly, the amount payable pursuant to the Founder's Grant is \$376,984 (2013: \$1,637,671).

The NRC and the Board met and approved on 16 February 2015 and 25 February 2015 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 \$376,984 (2013: \$1,637,671) in cash pursuant to the Founder's Grant in respect of the financial year ended 31 December 2014.

### 43. 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	
	2014 \$'000	2013 \$'000
Capital commitments in respect of property, plant and equipment	66,234	19,915
Capital commitments in respect of Banyan Tree Indochina Hospitality Fund	—	10,222

#### (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	
	2014 \$'000	2013 \$'000
<b>Payable:</b>		
Within 1 year	2,254	3,320
Between 2 to 5 years	7,575	9,225
After 5 years	55,870	59,168
	63,445	68,393
	65,699	71,713

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2014 amounted to \$3,561,000 (2013: \$3,868,000).

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	
	2014 \$'000	2013 \$'000
Guarantees issued on banking facilities of subsidiary companies	33,072	29,225

At the end of the reporting period, the Company has provided financial support amounting to \$171,887,000 (2013: \$117,448,000) 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.

# Notes to the Financial Statements

for the financial year ended 31 December 2014

## 43. 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 \$7.5 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 Court of First Instance on 27 June 2014 ordered the defendants to transfer 10 Rai 3 Ngan 97.1 Square Wah, compensate Baht 5.9 million including 7.5% interest per annum from the date the claim was lodged until payment has been made in full, Baht 16,000 per day from the date the claim was lodged until the transfer of aforementioned land has been completed, and a further Baht 0.5 million for legal fees to the plaintiffs. On 23 January 2015, the defendants lodged an appeal on the judgment at the Court of First Instance and the Court ordered the acceptance of the appeal application of the defendants.

The subsidiaries of LRH have set aside provision of \$1.6 million (Baht 39 million) for liabilities arising as a result of this case.

- (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.

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.



#### 43. Commitments and contingencies (continued)

##### (c) Contingent liabilities (continued)

##### *Litigation* (continued)

On 31 August 2014, the Court of First Instance dismissed Meydan's claim on the basis of the arbitration clause in the HMA. On 22 February 2015, the Court of Appeal dismissed Meydan's appeal against the decision of the Court of First Instance.

#### 44. 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	
	2014 \$'000	2013 \$'000
(a) Related parties:		
– Management and service fee income	694	1,391
– Rental income	2,298	2,022
– Reservation fee income	139	137
– Spa gallery income	68	150
– Royalty income	556	530
(b) Compensation of key management personnel:		
– Salaries and employee benefits	6,224	5,928
– Central Provident Fund contributions	160	146
– Share-based payment expenses	119	196
– Other short-term benefits <sup>1</sup>	1,035	1,910
Total compensation paid to key management personnel	7,538	8,180
Comprise amounts paid to:		
• Directors of the Company	2,519	4,244
• Other key management personnel	5,019	3,936
	7,538	8,180

<sup>1</sup> Other short-term benefits include amount payable to Ho KwonPing under the Founder's Grant of \$376,984 (2013: \$1,637,671).

#### 45. 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.

##### (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, cash and short-term deposits and investment securities), the Group and the Company minimise credit risk by dealing with high credit rating counterparties.

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## 45. Financial risk management objectives and policies (continued)

### (a) Credit risk (continued)

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 \$33,072,000 (2013: \$29,225,000) 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.

#### 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:

Note	GROUP			
	2014		2013	
	\$'000	% of total	\$'000	% of total
<b>By geographical regions:</b>				
South East Asia	34,916	34	34,785	33
Indian Oceania	2,226	2	2,277	2
Middle East	1,756	2	1,619	2
North East Asia	32,583	32	34,303	32
Rest of the world	30,182	30	32,542	31
	<b>101,663</b>	<b>100</b>	105,526	100
<b>By industry sectors:</b>				
Hotel Investments	13,152	13	17,061	16
Property sales	25,315	25	34,555	33
Fee-based segment	63,196	62	53,910	51
	<b>101,663</b>	<b>100</b>	105,526	100
<b>Trade receivables</b>				
Non-current	20	27,013	28,200	
Current	26	74,650	77,326	
		<b>101,663</b>	105,526	

#### 45. Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

*Credit risk concentration profile* (continued)

Included in trade receivables are amounts due from a third party of \$20,575,000 (2013: \$21,428,000). 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 \$14,237,000 (2013: \$14,774,000) bears interest rate of 6% per annum (2013: 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, long-term investments and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

*Financial assets that are either past due or impaired*

Information regarding financial assets that are either past due or impaired is disclosed in Note 26.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group'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 13.6% (2013: 27.0%) 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. 0.7% (2013: 28.8%) 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 assets and 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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for the financial year ended 31 December 2014

## 45. Financial risk management objectives and policies (continued)

### (b) Liquidity risk (continued)

GROUP	Note	2014				2013					
		Effective rate %	1 year \$'000	2 to 5 years \$'000	After 5 years \$'000	Total \$'000	Effective rate %	1 year \$'000	2 to 5 years \$'000	After 5 years \$'000	Total \$'000
<b>Financial assets</b>											
Trade receivables	20/26	-	73,409	12,916	1,766	88,091	-	76,202	12,316	9,781	98,299
Trade receivables	20/26	6	2,065	8,261	8,071	18,397	6	1,981	7,924	2,298	12,203
Other receivables	21/27	-	16,283	-	6,831	23,114	-	29,622	-	7,170	36,792
Amounts due from associated companies	29	-	98	-	-	98	-	123	-	-	123
Amounts due from related parties	30	-	13,747	-	-	13,747	-	8,416	-	-	8,416
Cash and short-term deposits	31	-	169,265	-	-	169,265	-	178,807	-	-	178,807
Total undiscounted financial assets			274,867	21,177	16,668	312,712		295,151	20,240	19,249	334,640
<b>Financial liabilities</b>											
Trade payables		-	(21,697)	-	-	(21,697)	-	(19,113)	-	-	(19,113)
Other payables	35	-	(44,300)	-	-	(44,300)	-	(46,851)	-	-	(46,851)
Other payables	35	5	(7,277)	-	-	(7,277)	5	(6,974)	-	-	(6,974)
Other payables	39	-	-	-	(532)	(532)	5	-	(6,974)	(480)	(7,454)
Amounts due to associated companies	29	-	(4)	-	-	(4)	-	(4)	-	-	(4)
Amounts due to related parties	30	-	(504)	-	-	(504)	-	(587)	-	-	(587)
<b>Loans and borrowings</b>											
- Bank overdraft	33	6.15	(1,423)	-	-	(1,423)	7.50 – 10	(2,157)	-	-	(2,157)
- S\$ floating rate loan	33	-	-	-	-	-	COF + 1.75	(1,028)	-	-	(1,028)
- S\$ floating rate loan	33	6 mths SIBOR + 3.25	(758)	(21,516)	-	(22,274)	Prevailing market rate	(1,039)	-	-	(1,039)
- S\$ floating rate loan	33	SIBOR + 3.25	(4,952)	(8,567)	-	(13,519)	COF + 3.25	(12,966)	-	-	(12,966)
- S\$ floating rate loan	33	COF + 2	(2,995)	(10,648)	(3,636)	(17,279)	COF + 2	(3,072)	(13,626)	(3,693)	(20,391)
- S\$ floating rate loan	33	-	-	-	-	-	SIBOR + 2	(2,048)	-	-	(2,048)
- S\$ floating rate loan	33	SIBOR + 3.50	(1,175)	(31,077)	-	(32,252)	SIBOR + 3.50	(1,170)	(32,243)	-	(33,413)
- BHT floating rate loan	33	MLR – 1.00 to MLR – 1.50	(31,911)	(75,991)	(11,112)	(119,014)	MLR – 1.00 to MLR – 1.50	(25,344)	(100,969)	(18,854)	(145,167)
- BHT floating rate loan	33	4.10	(4,997)	-	-	(4,997)	3.55	(6,865)	-	-	(6,865)
- BHT floating rate loan	33	3.60	(24,450)	-	-	(24,450)	5.40	(685)	-	-	(685)
- RMB floating rate loan	33	6.15	(8,686)	(13,726)	-	(22,412)	6.55	(7,856)	(22,863)	-	(30,719)
Notes payable	34	4.88 – 6.25	(15,919)	(338,447)	-	(354,366)	5.35 – 6.25	(80,788)	(202,452)	-	(283,240)
Total undiscounted financial liabilities			(171,048)	(499,972)	(15,280)	(686,300)		(218,547)	(379,127)	(23,027)	(620,701)
Total net undiscounted financial assets/(liabilities)			103,819	(478,795)	1,388	(373,588)		76,604	(358,887)	(3,778)	(286,061)

## 45. Financial risk management objectives and policies (continued)

### (b) Liquidity risk (continued)

COMPANY	Note	2014				2013					
		Effective rate %	1 year \$'000	2 to 5 years \$'000	After 5 years \$'000	Total \$'000	Effective rate %	1 year \$'000	2 to 5 years \$'000	After 5 years \$'000	Total \$'000
<b>Financial assets</b>											
Trade receivables	26	-	785	-	-	785	-	752	-	-	752
Other receivables	27	-	228	-	-	228	-	3,382	-	-	3,382
Amounts due from subsidiary companies	28	-	173,787	-	-	173,787	-	110,810	-	-	110,810
Amounts due from related parties	30	-	2	-	-	2	-	-	-	-	-
Cash and short-term deposits	31	-	58,268	-	-	58,268	-	81,596	-	-	81,596
Total undiscounted financial assets			233,070	-	-	233,070		196,540	-	-	196,540
<b>Financial liabilities</b>											
Other payables	35	-	(5,042)	-	-	(5,042)	-	(6,818)	-	-	(6,818)
Other payables	35	5	(7,277)	-	-	(7,277)	5	(6,974)	-	-	(6,974)
Other payables	39	-	-	-	-	-	5	-	(6,974)	-	(6,974)
Amounts due to subsidiary companies	28	-	(59,550)	-	-	(59,550)	-	(58,292)	-	-	(58,292)
Loans and borrowings											
- S\$ floating rate loan	33	-	-	-	-	-	COF + 1.75	(1,028)	-	-	(1,028)
- S\$ floating rate loan	33	-	-	-	-	-	Prevailing market rate	(1,039)	-	-	(1,039)
- S\$ floating rate loan	33	6 mths SIBOR + 3.25	(758)	(21,516)	-	(22,274)	COF + 3.25	(12,966)	-	-	(12,966)
- S\$ floating rate loan	33	COF + 2	(2,995)	(10,648)	(3,636)	(17,279)	COF + 2	(3,072)	(13,626)	(3,693)	(20,391)
- S\$ floating rate loan	33	SIBOR + 3.50	(1,175)	(31,077)	-	(32,252)	SIBOR + 3.50	(1,170)	(32,243)	-	(33,413)
Notes payable	34	4.88 - 6.25	(15,919)	(338,447)	-	(354,366)	5.35 - 6.25	(80,788)	(202,452)	-	(283,240)
Total undiscounted financial liabilities			(92,716)	(401,688)	(3,636)	(498,040)		(172,147)	(255,295)	(3,693)	(431,135)
Total net undiscounted financial assets/(liabilities)			140,354	(401,688)	(3,636)	(264,970)		24,393	(255,295)	(3,693)	(234,595)

BHT: Thai Baht

MAD: Morocco Dirham

RMB: Chinese Renminbi

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
<b>2014</b>				
Financial guarantees	33,072	-	-	33,072
<b>2013</b>				
Financial guarantees	29,225	-	-	29,225

# Notes to the Financial Statements

for the financial year ended 31 December 2014

## 45. 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 57% (2013: 53%) of the Group's interest-bearing financial liabilities are at fixed rates of interest. The table in Note 45 (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 (2013: 75) basis points lower/higher with all other variables held constant, the Group's profit before taxation would have been \$1,703,000 (2013: \$1,626,000) 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 2014, approximately 34% (2013: 39%) of the Group's trade receivables are denominated in foreign currencies.

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.

#### *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 and RMB exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	GROUP Profit before taxation	
	2014 \$'000	2013 \$'000
USD/Baht – strengthened 5% (2013: 5%)	18	31
– weakened 5% (2013: 5%)	(18)	(31)
USD/SGD – strengthened 5% (2013: 5%)	2,951	2,226
– weakened 5% (2013: 5%)	(2,951)	(2,226)
RMB/SGD – strengthened 5% (2013: 5%)	164	480
– weakened 5% (2013: 5%)	(164)	(480)

## 46. 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 2014 and 2013.

As disclosed in Note 41(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 2014 and 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. 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	
	2014 \$'000	2013 \$'000
Interest-bearing loans and borrowings (Note 33)	226,991	216,967
Notes payable (Note 34)	291,593	237,200
Less: Cash and short-term deposits (Note 31)	(169,265)	(178,807)
Net debt	349,319	275,360
Total capital	724,304	695,948
Gearing ratio	48%	40%

## 47. Fair value of assets and liabilities

### (a) Fair value hierarchy

The Group categorises 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.

# Notes to the Financial Statements

for the financial year ended 31 December 2014

## 47. Fair value of assets and liabilities (continued)

### (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			
		2014			
		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	
<b>Assets measured at fair value</b>					
<b>Financial assets:</b>					
Available-for-sale financial assets					
– Equity shares (quoted)	18	16,100	–	–	16,100
Total available-for-sale financial assets		16,100	–	–	16,100
<b>Financial assets as at 31 December 2014</b>		<b>16,100</b>	<b>–</b>	<b>–</b>	<b>16,100</b>
<b>Non-financial assets:</b>					
Investment properties					
Freehold land					
– Thailand, Phuket		–	–	8,731	8,731
– Northern Thailand		–	–	6,345	6,345
– Seychelles		–	–	22,548	22,548
Freehold buildings					
– Thailand, Phuket		–	–	1,579	1,579
– Thailand, Bangkok		–	–	27,836	27,836
Total investment properties	13	–	–	67,039	67,039
Property, plant and equipment					
Freehold land					
– Singapore		–	–	44,454	44,454
– Thailand, Phuket		–	–	205,598	205,598
– Thailand, Bangkok		–	–	29,760	29,760
– Morocco		–	–	13,167	13,167
– Sri Lanka		–	3,236	–	3,236
– Seychelles		–	–	12,873	12,873
Freehold buildings					
– Singapore		–	–	5,419	5,419
– Thailand, Phuket		–	–	93,745	93,745
– Thailand, Bangkok		–	–	49,483	49,483
– Morocco		–	–	7,833	7,833
– Seychelles		–	–	47,082	47,082
– Australia		–	421	–	421
Total property, plant and equipment		–	3,657	509,414	513,071
<b>Non-financial assets as at 31 December 2014</b>		<b>–</b>	<b>3,657</b>	<b>576,453</b>	<b>580,110</b>



#### 47. 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	
<b>Assets measured at fair value</b>					
<b>Financial assets:</b>					
Available-for-sale financial assets					
– Equity shares (quoted)	18	9,568	–	–	9,568
Total available-for-sale financial assets		9,568	–	–	9,568
<b>Financial assets as at 31 December 2013</b>		<b>9,568</b>	<b>–</b>	<b>–</b>	<b>9,568</b>
<b>Non-financial assets:</b>					
<u>Investment properties</u>					
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	13	–	17,752	42,925	60,677
<u>Property, plant and equipment</u>					
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
<b>Non-financial assets as at 31 December 2013</b>		<b>–</b>	<b>20,866</b>	<b>534,845</b>	<b>555,711</b>

# Notes to the Financial Statements

for the financial year ended 31 December 2014

## 47. 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 2014 \$'000	Valuation techniques	Unobservable inputs	Range (weighted average)
<b>Recurring fair value measurements</b>				
<i>Investment properties:</i>				
<i>Freehold land</i>				
Thailand, Phuket	<b>8,731</b>	Market value approach	Yield adjustments*	21.4%
Northern Thailand	<b>6,345</b>	Market value approach	Yield adjustments*	36.7% to 62.0%
Seychelles	<b>22,548</b>	Market value approach	Yield adjustments*	4.6% to 30.0%
<i>Freehold buildings</i>				
Thailand, Phuket	<b>1,579</b>	Discounted cash flow	Growth rate Discount rate 10 years net cash flow	3.0% 13.0% Baht 22.4 million to Baht 35.2 million (Baht 30.3 million)
Thailand, Bangkok	<b>27,836</b>	Discounted cash flow	Growth rate Discount rate 10 years operating income	3.0% to 10.0% 11.0% Baht 21.2 million to Baht 49.9 million (Baht 36.5 million)

## 47. 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 2014 \$'000	Valuation techniques	Unobservable inputs	Range (weighted average)
<b>Recurring fair value measurements</b>				
<b><i>Property, plant and equipment:</i></b>				
<b><i>Freehold land</i></b>				
Singapore	44,454	Market value approach	Yield adjustments*	15.0% to 20.0%
Thailand, Phuket	205,598	Market value approach	Yield adjustments*	29.6% to 75.1% (59.0%)
Thailand, Bangkok	29,760	Market value approach	Yield adjustments*	9.0%
Morocco	13,167	Market value approach	Yield adjustments*	11.0% to 12.0%
Seychelles	12,304	Discounted cash flow	Long-term revenue growth rate Discount rate 10 years operating income	3.5% 13.5% USD3.2 million to USD7.1 million (USD5.7 million)
Seychelles	569	Income capitalisation	Capitalisation rate 5 years average income	11.2% USD191,500
<b><i>Freehold buildings</i></b>				
Singapore	5,419	Market value approach	Yield adjustments*	15.0% to 20.0%
Thailand, Phuket	93,745	Fair value approach	Standard construction cost per Sq meter	Baht 468 to Baht 35,000 per Sq meter (Baht 11,258)
Thailand, Bangkok	49,483	Fair value approach	Standard construction cost per Sq meter	Baht 1,000 to Baht 45,000 per Sq meter (Baht 21,560)
Morocco	7,833	Market value approach	Yield adjustments*	11.0% to 12.0%
Seychelles	45,555	Discounted cash flow	Long-term revenue growth rate Discount rate 10 years operating income	3.5% 13.5% USD3.2 million to USD7.1 million (USD5.7 million)
Seychelles	1,527	Income capitalisation	Capitalisation rate 5 years average income	11.2% USD191,500

\* The yield adjustments are made for any difference in the nature, location or condition of the specific property.

# Notes to the Financial Statements

for the financial year ended 31 December 2014

## 47. 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)
<b>Recurring fair value measurements</b>				
<b>Investment properties:</b>				
<b>Freehold land</b>				
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%
<b>Freehold buildings</b>				
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% 11.0% Baht 30.7 million to Baht 51.0 million (Baht 44.3 million)
<b>Property, plant and equipment:</b>				
<b>Freehold land</b>				
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 Discount rate 10 years operating income	3.5% 13.5% USD3.2 million to USD7.1 million (USD5.7 million)
Seychelles	545	Income capitalisation	Capitalisation rate 5 years average income	11.2% USD191,500

#### 47. 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)
<b>Recurring fair value measurements</b>				
<b><i>Property, plant and equipment:</i></b>				
<b><i>Freehold buildings</i></b>				
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 Discount rate 10 years operating income	3.5% 13.5% USD3.2 million to USD7.1 million (USD5.7 million)
Seychelles	1,504	Income capitalisation	Capitalisation rate 5 years average income	11.2% USD191,500

\* The yield adjustments are made for any difference in the nature, location or condition of the specific property.

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.

## Notes to the Financial Statements

for the financial year ended 31 December 2014

### 47. Fair value of assets and liabilities (continued)

#### (d) Level 3 fair value measurements (continued)

##### (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 2014	Fair value measurements using significant unobservable inputs (Level 3)					Fair value measurements using significant unobservable inputs (Level 3)										Total \$'000
	Property, plant and equipment					Property, plant and equipment					Investment properties					
	Freehold land					Freehold buildings					Freehold land			Freehold buildings		
	Singapore \$'000	Morocco \$'000	Seychelles \$'000	Thailand, Phuket \$'000	Thailand, Bangkok \$'000	Singapore \$'000	Morocco \$'000	Seychelles \$'000	Thailand, Phuket \$'000	Thailand, Bangkok \$'000	Seychelles \$'000	Thailand, Phuket \$'000	Northern Thailand \$'000	Thailand, Phuket \$'000	Thailand, Bangkok \$'000	
Opening balance	36,550	13,456	12,337	200,458	29,016	4,831	8,197	45,377	91,415	50,283	–	7,785	6,180	1,321	27,639	534,845
Transferred in from Level 2	–	–	–	–	–	–	–	–	–	–	17,752	–	–	–	–	17,752
Total gains or losses for the period	–	–	–	–	–	–	–	–	–	–	3,864	728	3	219	(789)	4,025
– Included in income statement	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
– Included in other comprehensive income	7,904	–	–	–	–	759	–	–	–	–	–	–	–	–	–	8,663
Purchases, issues, sales and settlements	–	–	–	–	–	–	11	17	1,235	–	–	–	3	–	–	1,266
– Purchases	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
– Sales	–	–	–	–	–	–	–	–	(1)	–	–	–	–	–	–	(1)
– Transferred from property development costs	–	–	–	–	–	–	–	–	1,113	–	–	–	–	–	–	1,113
– Transferred from construction-in-progress	–	–	–	–	–	–	–	978	357	–	–	–	–	–	290	1,625
Depreciation	–	–	–	–	–	(171)	(184)	(1,262)	(2,271)	(2,037)	–	–	–	–	–	(5,925)
Exchange differences	–	(289)	536	5,140	744	–	(191)	1,972	1,897	1,237	932	218	159	39	696	13,090
Closing balance	44,454	13,167	12,873	205,598	29,760	5,419	7,833	47,082	93,745	49,483	22,548	8,731	6,345	1,579	27,836	576,453

#### Transfers between fair value hierarchy

##### Transfers into Level 3

During the financial year ended 31 December 2014, the Group transferred investment properties in Seychelles from Level 2 to Level 3 of the fair value hierarchy. The carrying amount of the total financial assets transferred was \$17,752,000.

The reason for the transfer from Level 2 to Level 3 is that significant inputs to the valuation models for the investment property ceased to be observable. Prior to the transfer, the fair value of the investment property was determined using observable market transactions for the same or similar properties. Since the transfer, the investment property has been valued using valuation models incorporating significant non market-observable inputs.

# Notes to the Financial Statements

for the financial year ended 31 December 2014

## 47. Fair value of assets and liabilities (continued)

### (d) Level 3 fair value measurements (continued)

#### (ii) Movements in Level 3 assets and liabilities measured at fair value (continued)

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

GROUP 2013	Fair value measurements using significant unobservable inputs (Level 3)					Fair value measurements using significant unobservable inputs (Level 3)									Total \$'000
	Property, plant and equipment					Property, plant and equipment					Investment properties				
	Freehold land					Freehold buildings					Freehold land		Freehold buildings		
	Singapore \$'000	Morocco \$'000	Seychelles \$'000	Thailand, Phuket \$'000	Thailand, Bangkok \$'000	Singapore \$'000	Morocco \$'000	Seychelles \$'000	Thailand, Phuket \$'000	Thailand, Bangkok \$'000	Thailand, Phuket \$'000	Northern Thailand \$'000	Thailand, Phuket \$'000	Thailand, Bangkok \$'000	
Opening balance	28,645	14,050	11,900	315,546	18,520	4,875	7,301	44,385	97,220	58,925	7,800	6,372	1,250	27,640	644,429
Total gains or losses for the period															
– Included in income statement	–	–	–	–	–	–	–	–	–	–	188	(34)	107	721	982
– Included in other comprehensive income	7,905	(988)	–	(64,364)	11,451	86	827	–	(1,115)	(5,465)	–	–	–	–	(51,663)
Purchases, issues, sales and settlements															
– Purchases	–	–	–	–	–	–	–	421	–	–	–	–	–	–	421
– Sales	–	–	–	(728)	–	–	–	–	(1)	–	–	–	–	–	(729)
– Transferred (to)/from property development costs	–	–	–	(46,917)	–	–	–	–	2,444	–	–	–	–	–	(44,473)
– Transferred from construction-in-progress	–	–	–	–	–	–	–	–	1,545	–	–	–	–	–	1,545
Depreciation	–	–	–	–	–	(130)	(165)	(1,226)	(2,478)	(2,025)	–	–	–	–	(6,024)
Exchange differences	–	394	437	(3,079)	(955)	–	234	1,797	(6,200)	(1,152)	(203)	(158)	(36)	(722)	(9,643)
Closing balance	36,550	13,456	12,337	200,458	29,016	4,831	8,197	45,377	91,415	50,283	7,785	6,180	1,321	27,639	534,845

## Notes to the Financial Statements

for the financial year ended 31 December 2014

### 47. Fair value of assets and liabilities (continued)

#### (d) Level 3 fair value measurements (continued)

##### (ii) Movements in Level 3 assets and liabilities measured at fair value (continued)

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

	Fair value measurements using significant unobservable inputs (Level 3)							Total \$'000
	Property, plant and equipment		Investment properties					
	Freehold land	Freehold buildings	Freehold land		Freehold buildings			
GROUP 2014	Singapore \$'000	Singapore \$'000	Seychelles \$'000	Thailand, Phuket \$'000	Northern Thailand \$'000	Thailand, Phuket \$'000	Thailand, Bangkok \$'000	
Total gains or losses for the period included in income statement:								
– Other income								
– Net gain/(loss) from fair value adjustment of investment properties			3,864	728	3	219	(789)	4,025
Other comprehensive income:								
– Net surplus on revaluation of land and buildings	7,904	759	–	–	–	–	–	8,663

	Fair value measurements using significant unobservable inputs (Level 3)				Fair value measurements using significant unobservable inputs (Level 3)				Total \$'000				
	Property, plant and equipment				Property, plant and equipment								
	Freehold land				Freehold buildings								
GROUP 2013	Singapore \$'000	Morocco \$'000	Thailand, Phuket \$'000	Thailand, Bangkok \$'000	Singapore \$'000	Morocco \$'000	Thailand, Phuket \$'000	Thailand, Bangkok \$'000	Thailand, Phuket \$'000	Northern Thailand \$'000	Thailand, Phuket \$'000	Thailand, Bangkok \$'000	
Total gains or losses for the period included in income statement:													
– Other income													
– Net gain/(loss) from fair value adjustment of investment properties	–	–	–	–	–	–	–	–	188	(34)	107	721	982
Other comprehensive income:													
– Net surplus on revaluation of land and buildings	7,905	(988)	(64,364)	11,451	86	827	(1,115)	(5,465)	–	–	–	–	(51,663)



# Notes to the Financial Statements

for the financial year ended 31 December 2014

## 47. Fair value of assets and liabilities (continued)

### (d) Level 3 fair value measurements (continued)

#### (iii) Valuation policies and procedures

The Group Chief Financial Officer ("CFO"), who is assisted by Vice President, Corporate Finance (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 who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and FRS 113 fair value measurement guidance to perform the valuation.

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

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

### (e) Assets and liabilities not carried at fair value but for which fair value is disclosed

	Note	COMPANY	
		Fair value measurements at the end of the reporting period using	
		Quoted prices in active markets for identical assets (Level 1) \$'000	Carrying amount \$'000
<b>2014</b>			
<b>Assets</b>			
Subsidiary companies	16	108,585	71,619
<b>2013</b>			
<b>Assets</b>			
Subsidiary companies	16	100,164	72,263

#### 47. Fair value of assets and liabilities (continued)

(f) **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, investment securities, notes payable, interest-bearing loans and borrowings and deferred cash settlement classified within other payables carry interest which approximates market interest rate. Accordingly their notional amounts approximate their fair values.

(g) **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 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 cannot be determined reliably 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 2014

## 47. Fair value of assets and liabilities (continued)

### (h) 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	Held to maturity \$'000	Non-financial assets \$'000	Total \$'000
<b>Year ended 31 December 2014</b>						
<b>Non-current assets</b>						
Property, plant and equipment	12	–	–	–	645,926	645,926
Investment properties	13	–	–	–	67,039	67,039
Intangible assets	14	–	–	–	33,122	33,122
Land use rights	15	–	–	–	12,553	12,553
Associated companies	17	–	–	–	303	303
Long-term investments	18	–	103,596	–	–	103,596
Deferred tax assets	37	–	–	–	5,556	5,556
Prepaid island rental	19	–	–	–	22,845	22,845
Prepayments		–	–	–	3,893	3,893
Long-term trade receivables	20	27,013	–	–	–	27,013
Other receivables	21	6,831	–	–	–	6,831
Investment securities	22	–	–	2,546	–	2,546
		<b>33,844</b>	<b>103,596</b>	<b>2,546</b>	<b>791,237</b>	<b>931,223</b>
<b>Current assets</b>						
Property development costs	23	–	–	–	259,581	259,581
Inventories	24	–	–	–	11,636	11,636
Prepayments and other non-financial assets	25	–	–	–	17,753	17,753
Trade receivables	26	74,650	–	–	–	74,650
Other receivables	27	16,283	–	–	–	16,283
Amounts due from associated companies	29	98	–	–	–	98
Amounts due from related parties	30	13,747	–	–	–	13,747
Investment securities	22	–	–	761	–	761
Cash and short-term deposits	31	169,265	–	–	–	169,265
		<b>274,043</b>	<b>–</b>	<b>761</b>	<b>288,970</b>	<b>563,774</b>
<b>Total assets</b>		<b>307,887</b>	<b>103,596</b>	<b>3,307</b>	<b>1,080,207</b>	<b>1,494,997</b>

#### 47. Fair value of assets and liabilities (continued)

##### (h) Classification of financial instruments (continued)

GROUP	Note	Liabilities at amortised cost \$'000	Non-financial liabilities \$'000	Total \$'000
<b>Year ended 31 December 2014</b>				
<b>Current liabilities</b>				
Tax payable		–	8,250	8,250
Unearned income		–	11,372	11,372
Other non-financial liabilities	32	–	55,097	55,097
Interest-bearing loans and borrowings	33	70,638	–	70,638
Trade payables		21,697	–	21,697
Other payables	35	50,586	–	50,586
Amounts due to associated companies	29	4	–	4
Amounts due to related parties	30	504	–	504
		<b>143,429</b>	<b>74,719</b>	<b>218,148</b>
<b>Non-current liabilities</b>				
Deferred income	36	–	9,224	9,224
Deferred tax liabilities	37	–	87,082	87,082
Defined and other long-term employee benefits	38	–	2,601	2,601
Deposits received		–	1,670	1,670
Other non-financial liabilities		–	3,490	3,490
Interest-bearing loans and borrowings	33	156,353	–	156,353
Notes payable	34	291,593	–	291,593
Other payables	39	532	–	532
		<b>448,478</b>	<b>104,067</b>	<b>552,545</b>
<b>Total liabilities</b>		<b>591,907</b>	<b>178,786</b>	<b>770,693</b>

# Notes to the Financial Statements

for the financial year ended 31 December 2014

## 47. Fair value of assets and liabilities (continued)

### (h) Classification of financial instruments (continued)

GROUP	Note	Loans and receivables \$'000	Available for sale \$'000	Non-financial assets \$'000	Total \$'000
<b>Year ended 31 December 2013</b>					
<b>Non-current assets</b>					
Property, plant and equipment	12	–	–	622,202	622,202
Investment properties	13	–	–	60,677	60,677
Intangible assets	14	–	–	28,805	28,805
Land use rights	15	–	–	15,798	15,798
Associated companies	17	–	–	282	282
Long-term investments	18	–	94,652	–	94,652
Deferred tax assets	37	–	–	10,063	10,063
Prepaid island rental	19	–	–	22,932	22,932
Prepayments		–	–	3,600	3,600
Long-term trade receivables	20	28,200	–	–	28,200
Other receivables	21	7,170	–	–	7,170
		35,370	94,652	764,359	894,381
<b>Current assets</b>					
Property development costs	23	–	–	168,858	168,858
Inventories	24	–	–	12,527	12,527
Prepayments and other non-financial assets	25	–	–	18,918	18,918
Trade receivables	26	77,326	–	–	77,326
Other receivables	27	29,622	–	–	29,622
Amounts due from associated companies	29	123	–	–	123
Amounts due from related parties	30	8,416	–	–	8,416
Cash and short-term deposits	31	178,807	–	–	178,807
		294,294	–	200,303	494,597
<b>Total assets</b>		<b>329,664</b>	<b>94,652</b>	<b>964,662</b>	<b>1,388,978</b>

#### 47. Fair value of assets and liabilities (continued)

##### (h) Classification of financial instruments (continued)

GROUP	Note	Liabilities at amortised cost \$'000	Non-financial liabilities \$'000	Total \$'000
<b>Year ended 31 December 2013</b>				
<b>Current liabilities</b>				
Tax payable		–	10,160	10,160
Unearned income		–	8,389	8,389
Other non-financial liabilities	32	–	34,880	34,880
Interest-bearing loans and borrowings	33	53,508	–	53,508
Notes payable	34	69,197	–	69,197
Trade payables		19,113	–	19,113
Other payables	35	53,177	–	53,177
Amounts due to associated companies	29	4	–	4
Amounts due to related parties	30	587	–	587
		195,586	53,429	249,015
<b>Non-current liabilities</b>				
Deferred income	36	–	8,844	8,844
Deferred tax liabilities	37	–	90,639	90,639
Defined and other long-term employee benefits	38	–	2,578	2,578
Deposits received		–	1,594	1,594
Other non-financial liabilities		–	2,394	2,394
Interest-bearing loans and borrowings	33	163,459	–	163,459
Notes payable	34	168,003	–	168,003
Other payables	39	6,504	–	6,504
		337,966	106,049	444,015
<b>Total liabilities</b>		<b>533,552</b>	<b>159,478</b>	<b>693,030</b>

# Notes to the Financial Statements

for the financial year ended 31 December 2014

## 47. Fair value of assets and liabilities (continued)

### (h) Classification of financial instruments (continued)

COMPANY	Note	Loans and receivables \$'000	Non-financial assets \$'000	Total \$'000
<b>Year ended 31 December 2014</b>				
<b>Non-current assets</b>				
Property, plant and equipment	12	–	15	15
Intangible assets	14	–	2,364	2,364
Subsidiary companies	16	234,800	183,918	418,718
Associated companies	17	–	869	869
		<b>234,800</b>	<b>187,166</b>	<b>421,966</b>
<b>Current assets</b>				
Prepayments and other non-financial assets	25	–	225	225
Trade receivables	26	785	–	785
Other receivables	27	228	–	228
Amounts due from subsidiary companies	28	173,787	–	173,787
Amounts due from related parties	30	2	–	2
Cash and short-term deposits	31	58,268	–	58,268
		<b>233,070</b>	<b>225</b>	<b>233,295</b>
<b>Total assets</b>		<b>467,870</b>	<b>187,391</b>	<b>655,261</b>
<b>Year ended 31 December 2014</b>				
<b>Current liabilities</b>				
Tax payable		–	17	17
Unearned income		–	112	112
Other non-financial liabilities	32	–	262	262
Interest-bearing loans and borrowings	33	2,608	–	2,608
Other payables	35	11,328	–	11,328
Amounts due to subsidiary companies	28	59,550	–	59,550
		<b>73,486</b>	<b>391</b>	<b>73,877</b>
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings	33	62,787	–	62,787
Notes payable	34	291,593	–	291,593
		<b>354,380</b>	<b>–</b>	<b>354,380</b>
<b>Total liabilities</b>		<b>427,866</b>	<b>391</b>	<b>428,257</b>

#### 47. Fair value of assets and liabilities (continued)

##### (h) Classification of financial instruments (continued)

COMPANY	Note	Loans and receivables \$'000	Non-financial assets \$'000	Total \$'000
<b>Year ended 31 December 2013</b>				
<b>Non-current assets</b>				
Property, plant and equipment	12	–	28	28
Subsidiary companies	16	238,951	189,312	428,263
Associated companies	17	–	869	869
		238,951	190,209	429,160
<b>Current assets</b>				
Prepayments and other non-financial assets	25	–	113	113
Trade receivables	26	752	–	752
Other receivables	27	3,382	–	3,382
Amounts due from subsidiary companies	28	110,810	–	110,810
Cash and short-term deposits	31	81,596	–	81,596
		196,540	113	196,653
<b>Total assets</b>		435,491	190,322	625,813
<b>Year ended 31 December 2013</b>				
<b>Current liabilities</b>				
Tax payable		–	136	136
Unearned income		–	112	112
Other non-financial liabilities	32	–	357	357
Interest-bearing loans and borrowings	33	17,108	–	17,108
Notes payable	34	69,197	–	69,197
Other payables	35	13,144	–	13,144
Amounts due to subsidiary companies	28	58,292	–	58,292
		157,741	605	158,346
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings	33	45,394	–	45,394
Notes payable	34	168,003	–	168,003
Other payables	39	6,024	–	6,024
		219,421	–	219,421
<b>Total liabilities</b>		377,162	605	377,767



# Notes to the Financial Statements

for the financial year ended 31 December 2014

## 48. 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 is based on the geographical location of the Group's customers or resorts and non-current assets is based on the geographical location of the Group's assets.

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 Americas and Europe.

### 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.

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 2014 and 2013.

#### 48. Segment information (continued)

##### (a) Operating segments

The following tables present revenue and results information regarding the Group's reportable operating segments for the years ended 31 December 2014 and 2013:

	Hotel Investments \$'000	Property Sales \$'000	Fee-based Segment \$'000	Head Office \$'000	Total \$'000
<b>Year ended 31 December 2014</b>					
<b>Revenue:</b>					
Segment revenue					
Sales	204,352	32,361	139,110	–	375,823
Inter-segment sales	(416)	–	(48,041)	–	(48,457)
Sales to external customers	203,936	32,361	91,069	–	327,366
<b>Results:</b>					
Segment results	19,533	(1,054)	17,077	(15,568)	19,988
Unallocated income					9,193
Profit from operations and other gains					29,181
Finance income	1,081	793	1,098	430	3,402
Finance costs	(5,921)	(1,871)	(682)	(16,977)	(25,451)
Share of results of associated companies	–	–	27	4	31
Profit before taxation					7,163
Income tax expenses					(6,564)
Profit for the year					599
	Hotel Investments \$'000	Property Sales \$'000	Fee-based Segment \$'000	Head Office \$'000	Total \$'000
<b>Year ended 31 December 2013</b>					
<b>Revenue:</b>					
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
<b>Results:</b>					
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 2014

## 48. 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 2014 and 2013:

	Hotel Investments \$'000	Property Sales \$'000	Fee-based Segment \$'000	Head Office \$'000	Total \$'000
<b>Year ended 31 December 2014</b>					
<b>Assets and liabilities:</b>					
Segment assets	688,104	342,021	283,490	175,523	1,489,138
Associated companies	2	–	132	169	303
Deferred tax assets	3,542	850	1,129	35	5,556
Total assets					1,494,997
Segment liabilities	54,030	49,480	39,736	13,531	156,777
Interest-bearing loans and borrowings	124,335	21,147	16,115	65,394	226,991
Notes payable	–	–	–	291,593	291,593
Current and deferred tax liabilities	61,607	23,095	9,042	1,588	95,332
Total liabilities					770,693
<b>Other segment information:</b>					
Capital expenditure	14,992	3,448	1,143	142	19,725
Depreciation of property, plant and equipment	16,907	280	2,104	229	19,520
Amortisation of lease rental and land use rights	2,350	–	–	–	2,350
Other non-cash items	743	–	2,828	(342)	3,229
	Hotel Investments \$'000	Property Sales \$'000	Fee-based Segment \$'000	Head Office \$'000	Total \$'000
<b>Year ended 31 December 2013</b>					
<b>Assets and liabilities:</b>					
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
<b>Other segment information:</b>					
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

#### 48. Segment information (continued)

##### (b) Geographical information

The following tables present revenue information based on the geographical location of customers or resorts and non-current assets information based on the geographical location of assets:

	Revenue		Non-current assets	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Singapore	617	1,168	79,550	67,785
South East Asia	180,329	203,631	478,850	463,854
Indian Oceania	83,523	80,704	130,888	125,373
Middle East	7,316	5,231	13	22
North East Asia	48,445	58,338	72,675	73,055
Rest of the world	7,136	7,075	23,705	24,207
	<b>327,366</b>	356,147	<b>785,681</b>	754,296

Non-current assets information presented above consist of property, plant and equipment, investment properties, intangible assets, land use rights, associated companies, prepaid island rental and prepayments as presented in the consolidated balance sheet.

#### 49. Dividends

	COMPANY	
	2014 \$'000	2013 \$'000
<b>Declared and paid during the financial year:</b>		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend for 2013: 1.00 cent (2012: 0.651 cent) per share	7,600	4,954
<b>Proposed but not recognised as a liability as at 31 December</b>		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final exempt (one-tier) dividend for 2014: 0.13 cent (2013: 1.00 cent) per share	988	7,595

#### 50. Authorisation of financial statements

The financial statements for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Directors on 16 March 2015.

# Worldwide Resorts

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Galileo - BY 12661  
Sabre - BY 62616  
Worldspan - BY 6030

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Worldspan - BY ACABT

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Worldspan - BY CUNMK

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Worldspan - BY 1800

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Worldspan - BY SINBT

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Sabre - BY 18431  
Worldspan - BY SELBT

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Sabre - BY 59881  
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##### Angsana Riad Bab Firdaus

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40000 Marrakech  
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##### Angsana Riad Blanc

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##### Angsana Riad Lydines

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## Worldwide Resorts

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# Worldwide Offices

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Tel : 80 0903 881

#### Japan

Tel : 01 2077 8187

#### Singapore

Tel : 180 0232 5599

### Other Countries

Tel : +65 6232 5505

### 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

### Other Countries

Tel : +49 69 6641 9608

### Middle East

#### United Arab Emirates

Tel : 80 0065 0586



# Worldwide Offices

## CORPORATE OFFICE

### ANGSANA

#### Group Marketing Service

211 Upper Bukit Timah Road  
Singapore 588182  
Tel : +65 6849 5796  
Fax : +65 6462 2800  
corporate@angsana.com

## GLOBAL MARKETING NETWORK

### Americas

#### United States – Los Angeles

Tel : +18 05 212 8148  
sales-losangeles@angsana.com

#### United States – New York

Tel : +19 17 213 0193  
Fax : +17 18 889 2416  
sales-newyork@angsana.com

### Asia Pacific

#### Australia

Tel : +61 29 411 5576  
Fax : +61 29 279 0780  
sales-sydney@angsana.com

#### China - Beijing

Tel : +86 10 8515 1828  
Fax : +86 10 8587 0308  
sales-beijing@angsana.com

#### China - Chengdu

Tel : +86 28 6606 7133  
sales-chengdu@angsana.com

#### China - Guangzhou

Tel : +86 20 2826 1896  
Fax : +86 20 2826 1897  
sales-guangzhou@angsana.com

#### China - Kunming

Tel : +86 189 8829 4621  
sales-kunming@angsana.com

#### China - Shanghai

Tel : +86 21 6335 2929  
Fax : +86 21 6335 0658  
sales-shanghai@angsana.com

#### China - Shenyang

Tel : +86 24 2318 8888  
Fax : +86 24 2318 8888 ext 3057  
sales-shenyang@angsana.com

### Hong Kong

Tel : +85 22 247 8403  
Fax : +85 22 312 2317  
sales-hongkong@angsana.com

### Japan & Korea

Tel : +81 35 542 3511  
Fax : +81 35 542 3512  
sales-tokyo@angsana.com

### Southeast Asia

Tel : +65 6849 5833  
Fax : +65 6462 9800  
sales-singapore@angsana.com

### Taiwan

Tel : +88 62 2509 2368  
Fax : +88 62 2509 2286  
sales-taiwan@angsana.com

### Europe

#### France

Tel : +33 14 225 9665  
Fax : +33 14 225 9091  
sales-paris@angsana.com

#### Germany, Austria & Switzerland

Tel : +49 302 8873 2911  
Fax : +49 302 8873 2929  
sales-germany@angsana.com

#### Russia

Tel : +79 65 351 0226  
sales-russia@angsana.com

#### United Kingdom

Tel : +44 20 7874 1595  
sales-london@angsana.com

### Middle East

#### United Arab Emirates

Tel : +97 15 0688 5529  
sales-dubai@angsana.com

### South Asia

#### India

Tel : +91 11 4600 0560  
sales-india@angsana.com

## TOLL-FREE NUMBERS

### America

#### United States

Tel : 180 0591 0439

#### Mexico

Tel : 00 188 8213 4992

#### Other Countries

Tel : +140 7284 4284

### Asia Pacific

#### Australia

Tel : 18 0005 0019

#### China

Tel : 400 921 9567

#### Hong Kong

Tel : 80 0903 881

#### Japan

Tel : 01 2077 8187

#### Singapore

Tel : 180 0849 5788

#### Other Countries

Tel : +65 6232 5505

### 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

#### Other Countries

Tel : +49 69 6641 9608

### Middle East

#### United Arab Emirates

Tel : 80 0065 0586

# Corporate Information

## Board of Directors

Ho KwonPing (*Executive Chairman*)  
Ariel P Vera  
Chia Chee Ming Timothy  
Fang Ai Lian  
Elizabeth Sam  
Chan Heng Wing  
Tham Kui Seng  
Lim Tse Ghow Olivier

## Audit & Risk Committee

Fang Ai Lian (*Chairman*)  
Tham Kui Seng  
Lim Tse Ghow Olivier

## Nominating & Remuneration Committee

Chia Chee Ming Timothy (*Chairman*)  
Elizabeth Sam  
Chan Heng Wing

## Executive Officers

Claire Chiang  
Ho KwonCjan  
Abid Butt  
Eddy See Hock Lye  
Shankar Chandran  
Dharmali Kusumadi  
Steve Small  
Stuart Reading  
Lim See Bee  
Shelly Yeo  
Hokan Limin  
Emilio Llamas Carreras  
Maximilian Lennkh  
Andrew Langston  
Foong Pohmun  
David Spooner  
Michael Lee  
Sachiko Shiina  
Ho Ren Hua  
Desmond Pugson  
Jun Wang  
Kanruethai Roongruang

## 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 2014)  
Tan Chian Khong

## 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

Clement Ong  
Tel :+65 6849 5792  
Fax:+65 6462 0186  
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 16 March 2015

## 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 – 99	18	0.57	515	0.00
100 – 1,000	423	13.45	401,550	0.05
1,001 - 10,000	1,857	59.03	9,869,209	1.30
10,001 - 1,000,000	829	26.35	41,331,997	5.44
1,000,001 AND ABOVE	19	0.60	708,406,109	93.21
<b>Total</b>	<b>3,146</b>	<b>100.00</b>	<b>760,009,380*</b>	<b>100.00</b>

\* The total number of issued shares excludes the 1,392,900 treasury shares. Percentage of 1,392,900 treasury shares against total number of issued shares (excluding treasury shares) is 0.18%.

## Substantial Shareholders<sup>1</sup>

	Direct interests No. of shares	% <sup>2</sup>	Deemed interests No. of shares	% <sup>2</sup>
Ho KwonPing <sup>3</sup>	–	–	287,032,582	37.77
Claire Chiang <sup>3</sup>	–	–	287,032,582	37.77
Estate of Ho Lien Fung, Deceased <sup>4</sup>	–	–	39,629,000	5.21
Bibace Investments Ltd	–	–	280,232,582	36.87
Recourse Investments Ltd. <sup>5</sup>	6,000,000	0.79	281,032,582	36.98
KAP Holdings Ltd. <sup>5</sup>	–	–	281,032,582	36.98
Qatar Holding LLC <sup>6</sup>	–	–	205,870,443	27.09
Qatar Investment Authority <sup>7</sup>	–	–	205,870,443	27.09

<sup>1</sup> As shown in the Register of Substantial Shareholders and based on the notifications received by the Company.

<sup>2</sup> Percentage shareholding is based on issued share capital as at 16 March 2015 (excluding treasury shares).

<sup>3</sup> Ho KwonPing and Claire Chiang are each deemed to have an interest in the shares held by Recourse Investments Ltd. and HSBC (Singapore) Nominees Pte Ltd (acting as nominee for both Bibace Investments Ltd and KAP Holdings Ltd.).

<sup>4</sup> 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).

<sup>5</sup> Recourse Investments Ltd. and KAP Holdings Ltd. are each deemed to have an interest in the shares held by HSBC (Singapore) Nominees Pte Ltd (acting as nominee for both Bibace Investments Ltd and KAP Holdings Ltd.).

<sup>6</sup> Qatar Holding LLC ("QH") is deemed to have an interest in the shares held through third party nominees.

<sup>7</sup> Qatar Investment Authority is deemed to have an interest in the shares held by its wholly-owned subsidiary, QH.

## Twenty Largest Shareholders (As shown in the Register of Members and Depository Register)

Name	No. of Shares	%
1. HSBC (Singapore) Nominees Pte Ltd	285,086,182	37.51
2. DBSN Services Pte. Ltd.	237,656,243	31.27
3. Citibank Nominees Singapore Pte Ltd	49,501,308	6.51
4. BNP Paribas Nominees Singapore Pte Ltd	32,800,000	4.32
5. ICD (HK) Limited	31,000,000	4.08
6. Raffles Nominees (Pte) Limited	16,050,700	2.11
7. Ho KwonCjan	16,000,000	2.11
8. DBS Nominees (Private) Limited	10,298,316	1.36
9. Freesia Investments Ltd	10,000,000	1.32
10. Recourse Investments Ltd.	6,000,000	0.79
11. Maybank Kim Eng Securities Pte. Ltd.	3,784,000	0.50
12. Lee Pineapple Company Pte Ltd	2,200,000	0.29
13. United Overseas Bank Nominees (Private) Limited	1,533,000	0.20
14. Bank Of Singapore Nominees Pte. Ltd.	1,148,000	0.15
15. CIMB Securities (Singapore) Pte. Ltd.	1,103,300	0.15
16. Lee Seng Tee	1,100,000	0.14
17. Phillip Securities Pte Ltd	1,085,000	0.14
18. Ariel P Vera	1,044,000	0.14
19. DB Nominees (Singapore) Pte Ltd	1,016,060	0.13
20. DBS Vickers Securities (Singapore) Pte Ltd	928,700	0.12
<b>Total</b>	<b>709,334,809</b>	<b>93.34</b>

As at 16 March 2015, approximately 25.82% 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 Fifteenth Annual General Meeting (“**AGM**”) of the Company will be held at Ballroom 1 Lower Lobby, The Fullerton Hotel, 1 Fullerton Square, Singapore 049178, on Wednesday, 29 April 2015 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 2014 and the Auditors’ Report thereon.
- 2 To declare a first and final tax exempt (one-tier) dividend of 0.13 cents per ordinary share for the year ended 31 December 2014 (FY2013: 1.0 cent).
- 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) Mr Chia Chee Ming Timothy
  - (ii) Mr Tham Kui Seng
- 4 To re-elect Mr Lim Tse Ghow Olivier as Director who will cease to hold office in accordance with Article 99 of the Company’s Articles of Association and who, being eligible, offer himself for re-election.
- 5 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 provided that if Section 153 of the Companies Act is repealed and shall cease to be in force prior to the next AGM and unless Mrs Sam is subject to any requirement under any written law or applicable regulatory requirement which permits her to hold office only until the next AGM, she shall, subject to retirement by rotation in accordance with the Company’s Articles of Association, hold office beyond the next AGM.
- 6 To approve payment of Directors’ Fees of S\$454,231 for the financial year ended 31 December 2014 (FY2013: S\$382,939).
- 7 To re-appoint Ernst & Young LLP as the Auditors of the Company to hold office until the next AGM and to authorise the Directors to fix their remuneration.

### Special Business

- 8 To consider and, if thought fit, to pass, the following Ordinary Resolutions, with or without modifications:
  - 8.1 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 8.1 may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution 8.1 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 8.1 (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 8.1) 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 8.1) 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 8.1 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 8.1 is passed; and
  - (ii) any subsequent bonus issue, consolidation or sub-division of Shares;
- (3) in exercising the authority conferred by this Resolution 8.1, 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 8.1 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.

8.2 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)

### 8.3 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 13 April 2015 (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.

### 8.4 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;

# Notice of Annual General Meeting

## Banyan Tree Holdings Limited

(Incorporated in the Republic of Singapore)

(Company Registration No. 200003108H)

(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 (or if Section 43(c) of the Companies (Amendment) Act 2014 has come into force as at the date of this resolution, the date on which this resolution is passed) 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.

9 To transact any other business as may properly be transacted at an AGM.

By Order of the Board

**Jane Teah**

Company Secretary

Singapore, 13 April 2015

# Notice of Annual General Meeting

## Banyan Tree Holdings Limited

(Incorporated in the Republic of Singapore)  
(Company Registration No. 200003108H)

### Explanatory Notes

In relation to Ordinary Resolution 3(i), Mr Chia Chee Ming Timothy will, upon re-election as Director, continue to serve as Chairman of the Nominating & Remuneration Committee (“NRC”). Mr Chia is considered an Independent Director and is the Lead Independent Director.

In relation to Ordinary Resolution 3(ii), Mr Tham Kui Seng will, upon re-election as Director, continue to serve as a member of the Audit & Risk Committee (“ARC”) and will be considered independent for the purposes of Rule 704(8) of the Listing Manual.

In relation to Ordinary Resolution 4, Mr Lim Tse Ghow Olivier will, upon re-election as Director, continue to serve as a member of the ARC and will be considered independent for the purposes of Rule 704(8) of the Listing Manual.

In relation to Ordinary Resolution 5, Mrs Elizabeth Sam will, upon re-appointment as Director, continue to serve as a member of the NRC. Mrs Sam is considered an Independent Director.

Ordinary Resolution 6, if passed, relates to the payment of Directors’ fees for the financial year ended 31 December 2014. 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” in the Company’s Annual Report 2014.

### Statement pursuant to Article 56 of the Company’s Articles of Association

Ordinary Resolution 8.1, if passed, will empower the Directors, from the date of the passing of Ordinary Resolution 8.1 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 8.1 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 8.1 is passed, and (b) any subsequent bonus issue, consolidation or sub-division of Shares.

Ordinary Resolution 8.2, 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 8.3, 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 8.4, 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.



# *Notice of Annual General Meeting*

## **Banyan Tree Holdings Limited**

(Incorporated in the Republic of Singapore)

(Company Registration No. 200003108H)

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 2014 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:

- 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.
- 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 Wednesday, 29 April 2015 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**
<b>As Ordinary Business</b>					
1	Directors' Report and Audited Accounts for the financial year ended 31 December 2014				
2	Payment of first and final tax exempt (one-tier) dividend				
3	Re-election of Directors pursuant to Articles 93 and 94				
	(i) Chia Chee Ming Timothy				
	(ii) Tham Kui Seng				
4	Re-election of Mr Lim Tse Ghow Olivier as Director pursuant to Article 99				
5	Re-appointment of Mrs Elizabeth Sam as Director				
6	Approval of Directors' Fees				
7	Re-appointment of Ernst & Young LLP as Auditors				
<b>As Special Business</b>					
8.1	Authority to issue new Shares				
8.2	Authority to offer and grant options and/or grant awards and to allot and issue Shares under the Share Plans				
8.3	The Proposed Renewal of the Shareholders' Mandate for Interested Person Transactions				
8.4	The Proposed Renewal of the 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 \_\_\_\_\_ 2015

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.**

Affix  
postage  
stamp

## **Banyan Tree Holdings Limited**

211 Upper Bukit Timah Road  
Singapore 588182  
Attention: Company Secretary

2<sup>nd</sup> 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 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](http://www.banyantree.com).

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Designed and Produced by  
**Sedgwick Richardson**



BANYAN TREE

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