BANYAN TREE HOLDINGS

BANYAN TREE HOLDINGS LIMITED

ANNUAL REPORT 2017

REALISING OUR FULL POTENTIAL

24	5,874	2,146	41*	60	72
Countries	Keys & Rooms	Awards won to date	Hotels	Spas	Gallery Outlets

Banyan Tree continues the transformative journey towards achieving our full potential. Through synergies with our new strategic partners, we aim to grow exponentially as we expand our brands worldwide at an unprecedented pace.

* Includes Laguna Holiday Club Phuket Resort.

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.

For the latest news and information about Banyan Tree Holdings Limited, go to **www.banyantree.com**

Cover image:
Dhawa Jinshanling
China

IN THIS REPORT

Increasing
Income

Banyan Tree is on the path towards maximising hotel management fees, through our own pipeline of projects as well as through synergies with our new partners AccorHotels and China Vanke Co., Ltd. ("Vanke").

AccorHotels' business development expertise and established presence in Europe, Africa, the Middle East and the Americas will enable Banyan Tree to expand worldwide at an unprecedented pace. Meanwhile, the partnership with Vanke, one of China's largest real estate developers, gives us access to a sizeable database of prospective customers for our hotels, spas and property sales. We will also be able to tap Vanke's excellent reputation and expertise as we accelerate the development of our mid-range brands and strengthen the Banyan Tree flagship brand in China's Tier 1 cities. In addition, we will have opportunities to improve profitability by participating with Vanke in more hotel and residential mixed-use projects.

The improving global economic outlook also supports income growth. Most major economies are experiencing broad-based growth, including two of our key source markets, China and Russia. This bodes well for our global operations. Having successfully extended our portfolio of brands beyond the luxury segment, our ability to cater to a more diversified customer base puts us in a prime position to ride on this uptrend.*

Banyan Tree Tamouda Bay
Morocco

* Source: World Economic Outlook, January 2018, International Monetary Fund.

Unlocking Value

We have unlocked the value of our assets in China by injecting them into Banyan Tree Assets China, the Group's joint venture with Vanke. This, together with Vanke's investment in the Group's entities operating in China, has resulted in a healthy gain of S$40 million for the Group and opens the door for us to rebalance our portfolio. We will be able to deploy these resources to promising markets outside of China.

We intend to unlock the value of the Group's land bank in Phuket as well. We have a proven track record of property sales in Phuket, with innovative product offerings appealing to diverse market segments at various price points. In the last five years, property sales accounted for about 20% of the Group's overall revenue. Of this, about 90% was from Thailand. Laguna Phuket currently holds 1.15 million square metres of land which, when developed, has the potential to create S$1.8 billion in revenue.

Banyan Tree
Jiuzhaigou
China

Decreasing Debt

Reducing gearing is an important part of strengthening Banyan Tree financially. The Group has reduced its net gearing ratio by 17 percentage points, from 69% in 2016 to 52% in 2017.*

Our improved cash flow has allowed us to achieve this. AccorHotels' debenture was converted to a 5% stake in the Group in December 2017. Vanke has also acquired a 5% stake in the Group. The consideration for the divestment of our China assets to the joint venture with Vanke has boosted our overall cash flow as well. Both AccorHotels and Vanke have the option to double their current stake in the Group, which if exercised would generate further cash flow in the future.

* As at 31 December 2017.

Laguna Bintan
Indonesia

KEY FIGURES

QUARTERLY FIGURES

REVENUE

S$317.5M

3% year-on-year from S$309.6M

OPERATING PROFIT[1]

S$74.7M

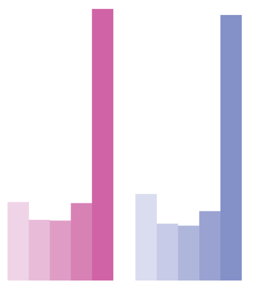
44% year-on-year from S$51.7M

CASH & CASH EQUIVALENTS

S$159.0M

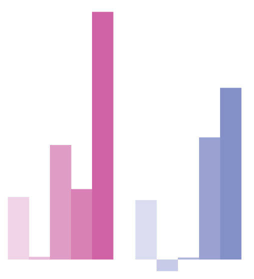
40% year-on-year from S$113.8M

Revenue (S$M)



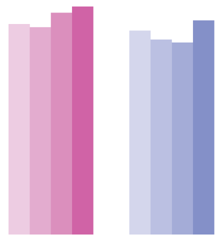
	2017	2016
Q1	**90.4**	99.8
Q2	**69.8**	65.9
Q3	**68.3**	62.6
Q4	**89.0**	81.3
FY	**317.5**	309.6

Operating Profit[1] (S$M)



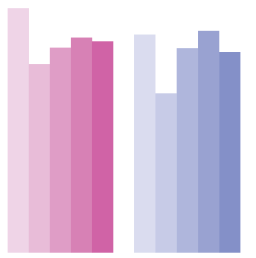
	2017	2016
Q1	**18.6**	17.9
Q2	**0.3**	-3.3
Q3	**34.8**	0.3
Q4	**21.0**	36.8
FY	**74.7**	51.7

Net Assets (excluding MI[2]) (S$M)



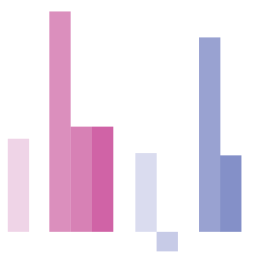
	2017	2016
Q1	**556.3**	540.7
Q2	**548.1**	512.1
Q3	**587.1**	511.2
Q4	**600.6**	564.5

RevPAR[3,4] (S$)



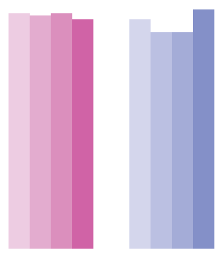
	2017	2016
Q1	**253**	225
Q2	**192**	165
Q3	**212**	211
Q4	**222**	229
FY	**219**	207

Operating Profit Margin (%)



	2017	2016
Q1	**21**	18
Q2	**0**	-5
Q3	**51**	0
Q4	**24**	45
FY	**24**	17

Net Asset Value per Share (excluding MI[2]) (S$)

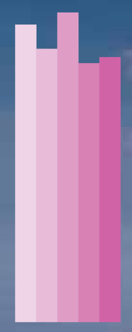


	2017	2016
Q1	**0.73**	0.71
Q2	**0.72**	0.67
Q3	**0.73**	0.67
Q4	**0.71**	0.74

[1] Refers to Earnings before interest, tax, depreciation and amortisation ("EBITDA").
[2] Refers to minority interests.
[3] RevPAR denotes revenue per available room.
[4] RevPAR for 2016 has been adjusted to include 10% service charge in room revenue for comparative purpose due to change of standard from uniform system of accounts for the lodging industry ("USALI") 10 to USALI 11 w.e.f. 2017.

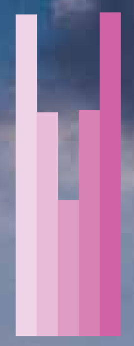
FIVE-YEAR FINANCIAL HIGHLIGHTS

REVENUE (S$M)



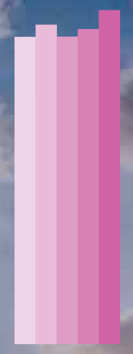
2013	356.1
2014	327.4
2015	370.7
2016	309.6
2017	317.5

OPERATING PROFIT[1] (S$M)



2013	74.1
2014	51.1
2015	31.0
2016	51.7
2017	74.7

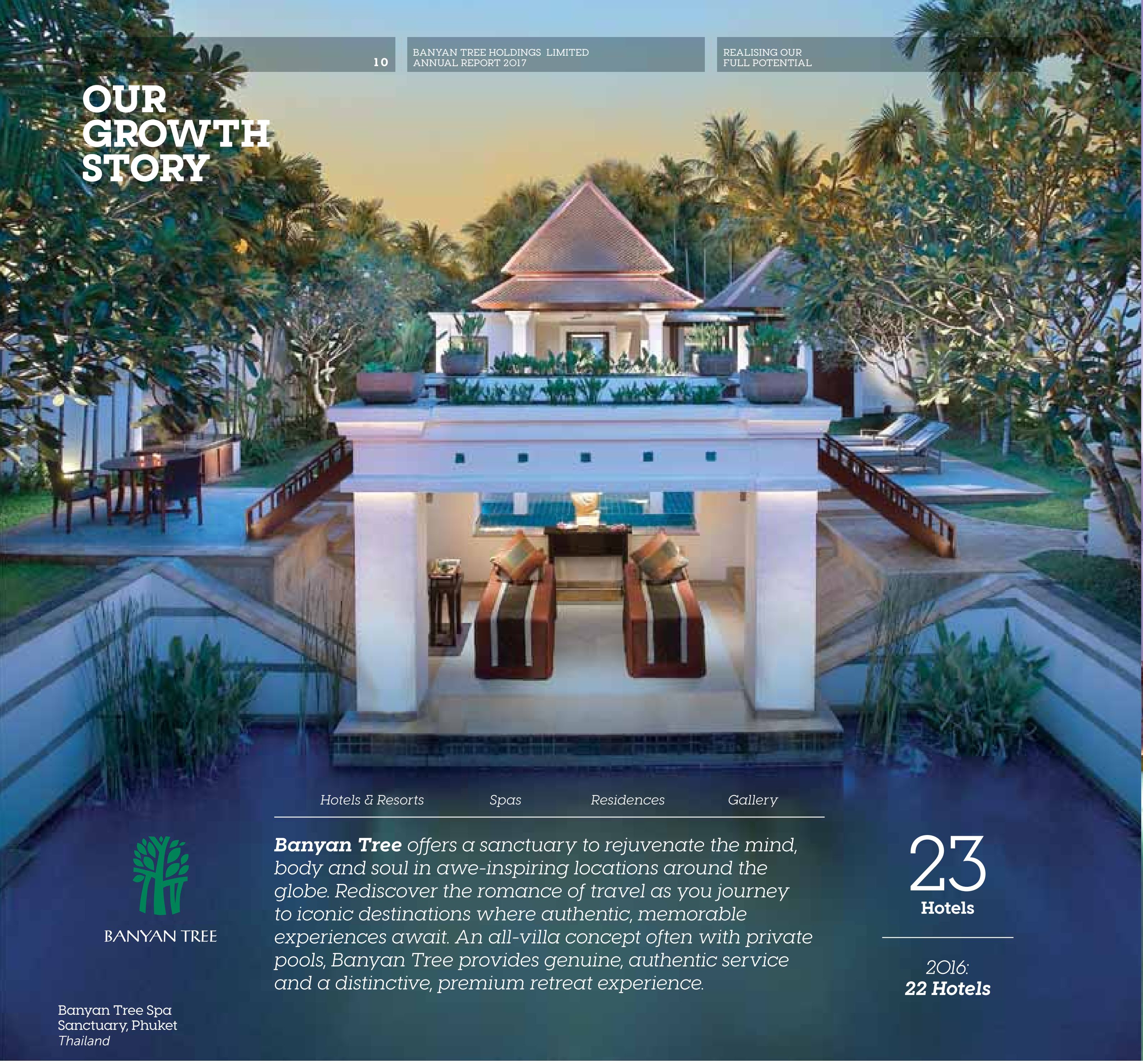
NET ASSETS (excluding MI[2]) (S$M)



2013	549.2
2014	572.6
2015	548.8
2016	564.5
2017	600.6

	2013 S$M	2014 S$M	2015 S$M	2016 S$M	2017 S$M
Revenue	356.1	327.4	370.7	309.6	**317.5**
Operating Profit[1]	74.1	51.1	31.0	51.7	**74.7**
Profit before tax (PBT)	31.1	7.2	-19.5	0.7	**22.7**
Profit after tax (PAT)	18.2	0.6	-26.0	-7.0	**14.9**
Profit after tax & minority interests (PATMI)	18.1	1.0	-27.5	-16.2	**12.9**
EBITDA margin	21%	16%	8%	17%	**24%**
Per share ($)					
– Basic earnings	0.024	0.001	-0.036	-0.021	**0.017**
– Diluted earnings	0.024	0.001	-0.036	-0.021	**0.016**
– Net assets (excluding MI[2])	0.723	0.753	0.721	0.742	**0.714**
Net debt equity ratio	0.40	0.48	0.70	0.69	**0.52**

OUR GROWTH STORY



Hotels & Resorts | Spas | Residences | Gallery

BANYAN TREE

Banyan Tree *offers a sanctuary to rejuvenate the mind, body and soul in awe-inspiring locations around the globe. Rediscover the romance of travel as you journey to iconic destinations where authentic, memorable experiences await. An all-villa concept often with private pools, Banyan Tree provides genuine, authentic service and a distinctive, premium retreat experience.*

23
Hotels

2016:
22 Hotels

Banyan Tree Spa Sanctuary, Phuket
Thailand

ANGSANA

Angsana *brings the adventure back into travel whatever your age or reason to visit. Intertwining local chic and a vibrant fun-filled atmosphere, Angsana offers amazing destination playgrounds across the world. Each hotel is uniquely designed to provide spacious stylish rooms and suites, perfect for couples, families and groups of friends.*

Hotels & Resorts | Spas | Residences | Gallery

14
Hotels

2016:
13 Hotels

Angsana Velavaru
Maldives

MILESTONES

More than 20 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 tin mine. Today, we have 41 hotels, 60 spas, 72 retail galleries and three golf courses in 24 countries.

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.

2000

Angsana brand is launched with the opening of Angsana Bintan, Indonesia.

2001

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

The **Green Imperative Fund** is launched to implement the Group's corporate social responsibility initiatives.

2006

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

OUR GROWTH STORY

CASSIA

***Cassia** is a bold new proposition in the extended stay sector, offering stylish, cutting edge hotel residences for holidays and business travel. It offers incredible choice for families, friends and couples. Cassia properties are operated as hotels, but units are also available for investment.*

Hotels & Resorts *Spas* *Residences*

2
Hotels

2016:
1 Hotel


Cassia Phuket
Thailand

DHAWA

***Dhawa** is a casual and contemporary full-service hotel that fuses imaginative design, absolute comfort and seamless technology into a single stay experience. It curates a plethora of choices to achieve a truly customised stay. It caters to an emerging group of design-savvy travellers who seek distinctive experiences in stylish, unique destinations.*

Hotels & Resorts

1
Hotel

2016:
1 Hotel


Dhawa Jinshanling
China

2014

Banyan Tree celebrates its **20th anniversary**.

The Group launches its **third brand, Cassia**.

2015

The **first Cassia hotel** opens in Phuket, Thailand.

The Group launches its **fourth brand, Dhawa.**

2016

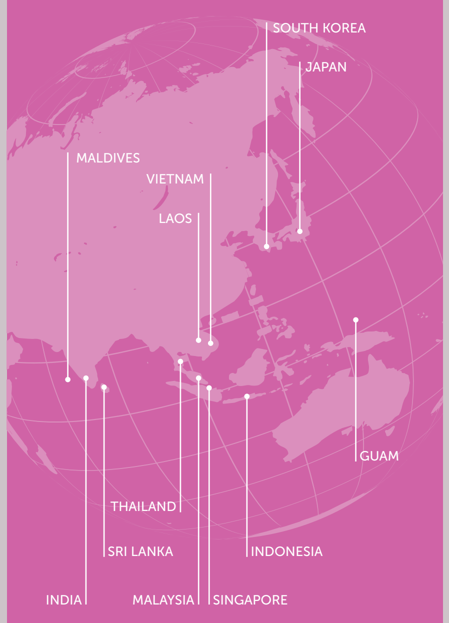
Banyan Tree enters into a strategic, long-term **partnership with AccorHotels**. Both parties will collaborate to develop and manage Banyan Tree-branded hotels around the world.

Banyan Tree agrees to form a **joint venture with China Vanke Co., Ltd**, for the purpose of consolidating the Group's ownership interest in China, as well as to co-develop our brands in China. The definitive agreements were executed and completed in August 2017.

2017

Mandai Park Holdings announced the appointment of Banyan Tree as the operator of an eco-friendly resort to be located within the new integrated nature and wildlife destination at Mandai. This partnership marks the **debut of Banyan Tree in Singapore**.

Asia
excluding China



19 Hotels & Resorts

25 Spas

Hotels & Resorts		Spas
	GUAM	1
1	INDIA	2
4	INDONESIA	3
	JAPAN	2
1	LAOS	1
	MALAYSIA	1
3	MALDIVES	3
	SINGAPORE	1
1	SOUTH KOREA	1
	SRI LANKA	1
7	THAILAND	7
2	VIETNAM	2


1


6


2


4


7


3


5

1 Banyan Tree Bintan
Indonesia

2 Banyan Tree Lăng Cô, Central Vietnam
Vietnam

3 Angsana Velavaru
Maldives

4 Banyan Tree Bangkok
Thailand

5 Banyan Tree Ungasan, Bali
Indonesia

6 Angsana Lăng Cô, Central Vietnam
Vietnam

7 Banyan Tree Spa Marina Bay Sands
Singapore

EXECUTIVE CHAIRMAN'S STATEMENT

"Hotels under our newer Cassia brand made further headway in tapping the potential of the mid-range segment. Cassia Bintan welcomed paying guests from September 2017, while Cassia Phuket grew market share in its second full year of operation and posted a 24% rise in room receipts."

The global economy performed better than expected in 2017. According to the International Monetary Fund, most major economies experienced broad-based growth, including two of our key markets, China and Russia.

In Thailand, the economy grew at its fastest pace in four years, with tourism being a major contributor. Tourism in the Maldives, however, faltered for a second consecutive year, though hospitality players are cautiously optimistic as improvements in tourism infrastructure and connectivity are underway.

Against this backdrop, total Group revenue grew by 3% to S$317.5 million in 2017, while Operating Profit climbed 44% to S$74.7 million. Gains came mainly from divestment of our China assets and operating companies to the joint venture with Vanke, as well as the improved performance of our hotel investments and fee-based business.

In view of the positive cash earnings generated in 2017, the Board has recommended a first and final one-tier tax exempt cash dividend of 1 cent per ordinary share, subject to the approval of shareholders at the upcoming Annual General Meeting.

EVALUATING A YEAR OF GROWTH

Revenue from Group-owned hotels improved by 2% from S$197.4 million in 2016 to S$201.5 million in 2017. Operating Profit increased by S$2.1 million to S$31.0 million on higher revenue.

Thailand and Seychelles were the main contributors to this increase, which was partially offset by the Maldives' weaker results. The Group also stopped recognising revenue from hotels in China after divesting them to the joint venture with Vanke in August 2017.

Hotels under our newer Cassia brand made further headway in tapping the potential of the mid-range segment. Cassia Bintan welcomed paying guests from September 2017, while Cassia Phuket grew market share in its second full year of operation and posted a 24% rise in room receipts.

Property sales generated revenue of S$51.4 million, roughly on par with the previous year's S$51.3 million, although the number of units recognised in 2017 increased by 70%. This was because more high-value properties, such as Dusit Villas and Banyan Tree Villas, were recognised in 2016. In addition, we stopped recognising revenue from the Laguna Chengdu project in August 2017, after the Group divested its interest to the joint venture with Vanke. In this segment, too, our diversification into the mid-range market is paying off, with Cassia-branded units in Phuket and Bintan accounting for the lion's share of revenue recognised from hotel residences.

The Group's fee-based business posted total revenue of S$64.6 million, an increase of S$3.8 million or 6% over the previous year. This was mainly due to higher architectural and design fees earned from projects in China, Dubai, Japan and Thailand based on project milestones, but partially offset by a decline in revenue from hotel management, Spa and Gallery operations. On the hotel management front, we will open seven new hotels in 2018 alone, and have been appointed as operator of an eco-friendly resort being developed in the new integrated nature and wildlife destination at Mandai, Singapore. This will be our first resort in our home country.

Regardless of the target market, we have continued to uphold high service standards and create exceptional guest experiences. This unwavering focus earned us further acclaim in 2017. The Group won 324 awards, bringing the total to 2,146 since inception.

REVENUE

S$317.5M

3%
year-on-year from
S$309.6M

OPERATING PROFIT*

S$74.7M

44%
year-on-year from
S$51.7M

* Refers to Earnings before interest, tax, depreciation and amortisation.

EXECUTIVE CHAIRMAN'S STATEMENT

1 Banyan Tree Seychelles *Seychelles*

2 Cassia Phuket *Thailand*

In August 2017, the Group executed and completed the definitive agreement with Vanke to create a 50:50 joint venture to consolidate ownership of the Group's hotels and assets in China. We also divested a 40% stake in each of our operating companies. Upon completion of the joint venture, we placed out 5% of our shares to Vanke. We placed out a further 5% of our shares to AccorHotels in December 2017 following the conversion of debentures issued to Banyan Tree.

ANTICIPATING FUTURE GROWTH

The AccorHotels and Vanke partnerships provide impetus for our expansion both globally and in China's Tier 1 cities. In addition, they have boosted our cash flow, allowing us to pursue our goal of reducing net gearing. We have made good progress on this, having reduced net gearing from nearly 70% in 2016 to about 50% in 2017.

The Group also has a healthy pipeline of property sales in the coming three years. As of 31 December 2017, we had unrecognised revenue of S$166.2 million, compared to S$86.8 million a year earlier. About 30% of this will be progressively recognised in 2018.

In the past five years, property sales in Thailand have accounted for about 20% of the Group's overall revenue. In view of this, and given our strong track record of sales in Phuket, we see merit in unlocking the value of our land bank at Laguna Phuket held by our listed subsidiary, Laguna Resorts & Hotels Public Company Limited ("LRH"). The 1.15 million square metres of land has the potential to create S$1.8 billion in revenue when developed.

To increase our economic interest in LRH and provide support and synergy for the business, we made a voluntary tender offer on 26 February 2018 to acquire the remaining 34.25% shareholding interest in LRH not owned by the Group. The offer price will be THB 40 per share, or a total value of THB 2,283 million (S$95 million), if all remaining shareholders take up the offer, allowing LRH shareholders to realise their investment at an attractive premium.

The improving global economic outlook bodes well for our worldwide operations in general. Having successfully extended our portfolio of brands beyond the luxury segment, our ability to cater to a more diversified customer base puts us in a prime position to ride on this uptrend.

ENSURING SUSTAINABLE GROWTH

From 2017, the Singapore Stock Exchange began mandating sustainability reporting from listed companies. We were ahead of the curve, having begun systematic reporting since the Group was listed in 2006.

Through our "for good framework", we practise what we preach. This starts with design and construction (Build for Good), continues through a guest's stay at our resorts (Stay for Good, Meet for Good, Eat for Good), and extends through our supply chain (Buy for Good) and to our Spa and Gallery outlets across the globe (Spa for Good and Gift for Good).

During the year, more than 83,000 guests, associates and members of local communities participated in our sustainability programmes. These included the 100 students who were enrolled in our Seedlings programme, and almost 3,000 children who benefited from our education initiatives. We also established new partnerships for sustainable tourism, conservation and research.

ACKNOWLEDGEMENTS

We welcomed two new Board members in 2017. Mr Zhang Xu and Mr Gaurav Bhushan both joined us as non-executive and non-independent directors. Mrs Elizabeth Sam, who has served on the Board since 2004, has indicated that she will not seek re-election at the 2018 Annual General Meeting. We wish her well and thank her for her contributions.

I am grateful for the continuing support of our associates, Management, shareholders and guests, as well as the wise counsel of the Board. I look forward to working together to realise Banyan Tree's full potential and to do more good in this world.

Ho KwonPing
Executive Chairman

BOARD OF DIRECTORS

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 28 April 2016.

Mr Ho is also Chairman of Laguna Resorts & Hotels Public Company Limited, Thai Wah Public Company Limited and the Board of Trustees of the Singapore Management University. He is a non-executive Director of Diageo Plc.

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

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 up to his retirement on 31 December 2013. He remains as a Non-Executive and Non-Independent Director of the Company. He was last re-elected on 28 April 2016.

Mr Vera is also a Director of Laguna Resorts & Hotels Public Company Limited and Thai Wah Public Company Limited.

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.

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 Chairman of the Nominating & Remuneration Committee and was last re-elected on 29 April 2015.

Mr Chia is Chairman of Hup Soon Global Corporation Private Limited. 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, Vertex Venture Holdings Ltd, Ceylon Guardian Investment Trust PLC, Ceylon Investment PLC and Malaysia Smelting Corporation Berhad. He is a member of the Board of Trustees of the Singapore Management University and of the Singapore Indian Development Association (SINDA), an Advisory Council Member of the ASEAN Business Club and a member of the Advisory Board of the Asian Civilisations Museum.

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 Chairman – Asia for Coutts & Co Ltd and Senior Advisor to EQT Funds Management Ltd.

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

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 21 April 2017.

She is a Director of Metro Holdings Ltd, Singapore Post Limited, Jubilant Pharma Limited and Cromwell EREIT Management Pte. Ltd. and Advisor to the Far East Organization Group. She is Chairman of the Board of Trustees of the Singapore Business Federation and Medishield Life Council. She also sits on the Board of Trustees of the Singapore University of Technology and Design, and a member of ToteBoard (Singapore Totalisator Board).

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. Her past directorships include Singapore Telecommunications Limited and MediaCorp Pte Ltd.

Mrs Fang qualified as a Chartered Accountant in England and is a Fellow of the Institute of Chartered Accountants in England and Wales, and a Fellow of the Institute of Singapore Chartered Accountants.

CHAN HENG WING
Independent Director

Mr Chan became an Independent Director on 1 June 2012 and was last re-elected on 28 April 2016. He is a member of the Nominating & Remuneration Committee.

He is the Non-Resident Ambassador of Singapore to the Republic of Austria. He is a Director of Frasers Centrepoint Limited, Fraser and Neave Limited, EC World REIT as well as Precious Treasure Pte Ltd and Precious Quay Pte Ltd which owns the Fullerton Heritage and Fullerton Bay Hotels respectively. He is also the Senior Advisor to the Milken Institute Asia Center.

He was previously Non-Resident High Commissioner of Singapore to Bangladesh. He was also the Prime Minister, Goh Chok Tong'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.

From left to right:
Ho KwonPing
Ariel P Vera
Chia Chee Ming Timothy
Fang Ai Lian
Chan Heng Wing

BOARD OF DIRECTORS

ELIZABETH SAM
Independent Director

Mrs Sam was appointed an Independent Director on 23 March 2004 and was last re-appointed on 29 April 2015. She is a member of the Nominating & Remuneration Committee.

Principally engaged in management consultancy, Mrs Sam is also a Director of AV Jennings Ltd. 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 The Straits Trading Company Limited.

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

LIM TSE GHOW OLIVIER
Independent Director

Mr Lim was appointed an Independent Director on 13 November 2014 and was last re-elected on 21 April 2017. He is a member of the Audit & Risk Committee.

He is Chairman of Certis CISCO Security Pte. Ltd., Frasers Property Australia Pty Ltd and globalORE Pte Ltd., and a Director of Raffles Medical Group Ltd and DBS Group Holdings Ltd. He is also a member of the Board of JTC Corporation, the Board of Trustees of the Singapore Management University, and the Board of Governors of Northlight School. He serves on the Securities Industry Council.

Mr Lim worked at CapitaLand Limited from 2003 to 2014, serving as Group Deputy Chief Executive Officer, Group Chief Investment Officer and Group Chief Financial Officer. Between 1989 and 2003, he worked at Citibank Singapore in various roles in the corporate and investment banking units, including as Head of the Real Estate Unit. Mr Lim's past directorships include The Anglo-Chinese Schools Foundation Limited.

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

THAM KUI SENG
Independent Director

Mr Tham was appointed an Independent Director on 1 June 2012 and was last re-elected on 21 April 2017. 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 and Avanda Investment Management Pte. Ltd. He is 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 member of the Board of The Singapore Land Authority.

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

ZHANG XU
Non-Executive and Non-Independent Director

Mr Zhang was appointed Director on 27 September 2017.

He is the Executive Vice President and Chief Operations Officer of China Vanke Co., Ltd and an Executive Director of Vanke Property (Overseas) Limited.

Mr Zhang joined China Overseas Group in 1995 and China Vanke Co., Ltd in 2002. He served as the General Manager of Wuhan Vanke Real Estate Co. Ltd. before becoming the Vice President of China Vanke Co., Ltd in 2012.

He holds a Bachelor of Industrial and Civil Architecture from Hefei Industrial University, PRC, and a Master of Business Administration degree from Troy State University, USA.

GAURAV BHUSHAN
Non-Executive and Non-Independent Director

Mr Bhushan was appointed Director on 30 December 2017.

He is the Global Chief Development Officer of AccorHotels.

Mr Bhushan began his career with AccorHotels in 1995 in Australia, where he held various posts in operations and finance. From 2006, he headed AccorHotels' Asia Pacific development teams. He was appointed to Global Chief Development Officer role in July 2015 and joined AccorHotels' executive committee on January 1st 2017.

He holds a Master of Business Administration from the Royal Melbourne Institute of Technology (RMIT University) and a Postgraduate Diploma in Applied Finance & Investments from the Securities Institute of Australia.

From left to right:
Elizabeth Sam
Lim Tse Ghow Olivier
Tham Kui Seng
Zhang Xu
Gaurav Bhushan

China

15 Hotels & Resorts		22 Spas
	BIQUAN	1
1	CHONGQING	1
1	FUXIAN	1
	GUANGZHOU	1
2	HANGZHOU	1
1	HONG KONG & MACAU	3
1	HUANGSHAN	1
1	JIUZHAIGOU	1
1	LIJIANG	1
	NANJING	1
1	RINGHA	1
1	SANYA	1
1	SHANGHAI	2
	TAIWAN	1
1	TENGCHONG	1
1	TIANJIN	1
1	XI'AN	1
	XIAMEN	1
1	YANGSHUO	1


1


5


3


6


2


4

1 Banyan Tree Hangzhou *China*

2 Banyan Tree Yangshuo *China*

3 Banyan Tree Ringha *China*

4 Banyan Tree Huangshan *China*

5 Banyan Tree Shanghai On The Bund *China*

6 Banyan Tree Sanya *China*

MANAGEMENT TEAM

1

CLAIRE CHIANG

Senior Vice President
Banyan Tree Holdings

Chairperson
China Business Development

Chairperson
Banyan Tree Global Foundation

Ms Chiang 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 holds executive and non-executive directorships in three subsidiaries and companies affiliated with Banyan Tree Holdings and holds directorships in four family holding companies. She is also a director of the Wildlife Reserves Singapore Conservation Fund, Mandai Park Holdings, Singapore Art Museum, Denmark-based ISS A/S, and Dufry AG, Switzerland. In December 2017, she was appointed a Member of the Singapore Biennale 2019 Steering Committee.

Ms Chiang is a Pioneering Member for the Diversity Action Committee to build up female representation on company boards. She co-chairs the ACCORD Family & Community Council set up by the Ministry of Defence. She has served as a Justice of the Peace since her appointment by the President of Singapore in 2008. Her many affiliations include being a Member of the National Arts Council, Chairperson of the Shirin Fozdar Program at Singapore Management University, Chairperson of the Singapore Book Council, Honorary Council Member of the Singapore Chinese Chamber of Commerce and Industry, and Pioneering Member of the Diversity Action Committee.

For her advocacy in social issues and achievements as an entrepreneur, Ms Chiang has won numerous awards. Most recently, she received the Supernova title at the inaugural Women Entrepreneur Awards by Mediacorp.

Ms Chiang graduated from the University of Singapore with a Bachelor of Arts (Honours) and holds a Master's degree in Philosophy from the University of Hong Kong. She is married to Group Executive Chairman, Mr Ho KwonPing.

2

HO KWONCJAN

Senior Vice President

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.

3

EDDY SEE HOCK LYE

Executive Vice President

Group Managing Director

In addition to being the Group Managing Director, Mr See retains his role as Group Chief Financial Officer, a position he has held since 2004. He has also served as a member of the Board of LRH since 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.

4

SHANKAR CHANDRAN

Senior Vice President

Managing Director
Laguna Resorts & Hotels PLC and Owned Hotels, Banyan Tree Group

Mr Chandran has overseen Banyan Tree Spa since 2005, growing the business to more than 60 spas worldwide. Appointed to the Board of LRH in 2012, he officially became Managing Director of LRH in 2014. Mr Chandran has since assumed the additional role of Managing Director, Owned Hotels, for the Banyan Tree Group. Fourteen hotels directly report to him as the Owner's Representative, on matters of hotel management, operational and owner's matters.

From 2001 to 2004, Mr Chandran served as Group Executive (Corporate) Director, and from 1997 to 2001 as Assistant Vice President, Finance. Prior to joining the Group, he was the Financial Controller and Deputy General Manager of Regent Plaza, London, and Regional Internal Auditor/Financial Controller of Hilton International Hotels, UK. He holds a Postgraduate Diploma in Management Studies from Kingston University (London) and a Higher National Diploma in Finance from South West London College, UK.

MANAGEMENT TEAM

5

6

5

DHARMALI KUSUMADI

Senior Vice President

Managing Director
Architrave

Mr Kusumadi oversees the architectural, business and project development divisions of the Group, where he is responsible for design, project development and non-China business development activities.

Prior to joining the Group in 1991, he was the Planning and Development Head of LG Group in Bali, in charge of design and planning for projects. He was the Principal Architect of Kusumadi Associates from 1984 to 1989 and a part-time lecturer at the Architecture Department of Soegijapranata Catholic University, Semarang, Indonesia, from 1985 to 1989.

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.

6

DES PUGSON

Senior Vice President

Managing Director
Banyan Tree Hotels & Resorts

Mr Pugson joined the Group in February 2014 as Vice President overseeing Hotel Operations in China. He was promoted in February 2016 to Senior Vice President and Managing Director of Banyan Tree Hotels & Resorts.

Prior to joining Banyan Tree, Mr Pugson had accumulated more than 35 years of experience in the hospitality industry. He most recently worked for six years as Managing Director, China/Vice President Operations, Asia Pacific, for the Wyndham Hotel Group. He also spent two years as Senior Vice President, Operations, with Jin Jiang International and four years with Millennium & Copthorne International. He received his tertiary education at Ecole Hoteliére – Societé Suisse des Hoteliers Lausanne, Switzerland.

7

STUART READING

Senior Vice President
Group Property Development

Mr Reading assumed his current role in 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.

8

ALAN CHIN

Senior Vice President
Banyan Tree Holdings

Managing Director
Banyan Tree (China)

Mr Chin is the Managing Director of the Banyan Tree Group of Companies in China, in joint venture with China Vanke.

Mr Chin joined Banyan Tree in 2010 as General Manager, Wenjiang Company, and Director, Special Projects. In 2015, he was promoted to Vice President overseeing the China property development, where he was responsible for the performance of all property projects and sales in China, while serving as Managing Director for the Banyan Tree China Fund. He was promoted to his current role of Senior Vice President in July 2017.

Mr Chin has a track record of over 20 years in hospitality and real estate, including experience in property development, consultancy and private equity. Prior to joining the Group, he held various senior positions at the China Hospitality Fund by RREEF and H&Q AP from 2008 to 2010, and with AccorHotels Group from 2002 to 2008. Mr Chin graduated from Beijing University of Technology with a Bachelor of Arts in Civil Engineering.

8

7

MANAGEMENT TEAM

9

SHELLY YEO
Vice President
Corporate Finance

Ms Yeo plays a key role in the overall running of the Finance Department in the Corporate Head Office and in maintaining statutory compliance of the Group. She also supports the Group's expansion in entity structuring, tax compliance requirements, audit, and accounts reporting.

Prior to joining the Group in 2001, she worked in several companies listed on the Singapore Stock Exchange including Cerebos Pacific Limited and Leeden Limited. She graduated from the National University of Singapore with a Bachelor of Accountancy, and is a member of the Institute of Chartered Accountants Singapore.

10

HOKAN LIMIN
Vice President
Hotel Finance

Mr Limin is in charge of monitoring hotel performance and implementing policies and procedures. His main responsibilities are hotel finance, compliance, operational analysis and operational audit. He also supervises risk management and Zero-based Budgeting.

Prior to joining the Group in 1999, Mr Limin worked at hotel investment companies in Indonesia and several five-star resort chains including Hyatt, InterContinental and Shangri-la. He holds a Bachelor of Finance and Accountancy from Trisakti University, Jakarta, Indonesia.

11

CINDY LEE
Vice President

Managing Director
Group Project Services

Ms Lee joined Banyan Tree in 2001 as a cost manager and was promoted to her current role in 2015. She oversees the development of all new projects by the Banyan Tree Group, with key focus on governance of project and procurement processes as the Group's footprint expands. She has 30 years of experience in the construction and real estate industry, having practised in both the public and private sectors.

Ms Lee holds a Bachelor of Science (Building) and a Graduate Certificate in Real Estate Finance, both from the National University of Singapore.

12

SACHIKO SHIINA
Vice President
(Japan and South Korea)

Ms Shiina is responsible for sales and marketing activities for Japan and South 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.

13

PHILIP LIM
Vice President
Hotel Operations (China)

Mr Lim joined the Group as General Manager of Banyan Tree Sanya in June 2010, and was subsequently promoted to Assistant Vice President for China Hotel Operations and Business Development.

He now oversees our Hotel Operations in China. He was previously General Manager with the Marco Polo Hotel Group in Hong Kong and has more than 23 years hospitality experience in Asia including Singapore, Hong Kong, Taiwan and mainland China.

Mr Lim has a Master's degree in Business from the University of Newcastle, Australia, and received his hospitality education at The Blue Mountains International Hotel Management School, Australia, and International Hotel and Tourism Training Institute, Switzerland.

14

KENNETH LAW
Vice President
Global Sales

Mr Law leads the company's sales strategies and heads reservations and distribution worldwide. He joined the Group in 2008 as Assistant Vice President responsible for pre-opening sales operations.

In 2012, he was promoted to Senior Assistant Vice President to oversee key account acquisitions and the development of Regional Sales Offices in the Asia Pacific region, and in 2015 he was placed in charge of sales globally. With more than 20 years of topflight sales and marketing experience in the hospitality business, he has led hotel sales and marketing teams with Ritz-Carlton, Pan Pacific and InterContinental, and concluded eight hotel openings.

MANAGEMENT TEAM

15

GAVIN HERHOLDT

Vice President

Managing Director
Laguna Lăng Cô, Vietnam (LLC)

Mr Herholdt is responsible for the overall performance of Laguna Lăng Co, which includes formulating and implementing strategies to improve the profitability and brand value, attracting new investors, managing shared services, overseeing and promoting LLC property sales and project development.

Mr Herholdt was previously Chief Operating Officer and General Manager, Corporate Services, at Hamilton Island Resort, Australia. He had been responsible for running Hamilton Island operationally and financially since 1996, and for 20 years was instrumental in turning the resort around from a loss-making to a highly profitable integrated resort.

Mr Herholdt is a Chartered Accountant by training. Prior to joining Hamilton Island, he was with the accounting firm Coopers & Lybrand from 1986 to 1996, and had worked with them in Canada, the UK and Australia. He obtained his Bachelor of Commerce from the University of Queensland, Australia.

16

CAROLYN ZHANG

Vice President
Corporate (China)

Ms Zhang plays a key role in the overall running of the corporate office in mainland China, where she is in charge of all corporate finance and administration functions.

She also supports other corporate functions such as human resource, legal and information and communications technology, with co-ordination and direction from the Group Head Office in Singapore.

Prior to joining the Group in 2002, she worked for several well-known international conglomerates including Siemens and Thakral. She graduated with a Bachelor of Accountancy from Fudan University, China, and is a member of the Certified Accountants of China.

17

KUAN CHIET

Vice President
Finance & Administration, Laguna Resorts & Hotels PLC

Head
Group Asset Management

Mr Kuan is the Head of Finance and Administration of LRH, a position he has held since 2013. In addition to overseeing the finance department, he is responsible for putting in place proper financing structures for development projects undertaken by LRH. He is also in charge of the corporate secretariat function which covers all regulatory matters pertaining to the Stock Exchange of Thailand and the Thai Ministry of Commerce. At the same time Mr Kuan heads the legal and information and communications technology departments and is the Head of Group Asset Management.

He has held other senior roles in LRH and continues to be the Executive Director of Thai Wah Plaza Ltd. He was formerly the Financial Controller of Thai Wah Plc and served on the board of Thai Wah Food Products Plc. He graduated from the National University of Singapore with a Bachelor of Business Administration.

18

PETER WANG

Vice President
Business Development and Projects (China)

Mr Wang is Vice President, Business Development and Projects, China. He oversees the development, design and construction of all projects by Banyan Tree China.

Mr Wang joined the Group in 1994 as General Manager of Architrave China.

He has 30 years of experience in the design and construction industry, having practised in many renowned architectural firms. He graduated from Tongji University, China, majoring in Landscaping Architecture, and has a Master of Architecture from Toyohashi University of Technology, Japan.

19

HENRY NGAI

Vice President
Chief Financial Officer (China)

Mr Ngai was appointed Chief Financial Officer and Vice President – Corporate Finance of Banyan Tree China Hotel Management Company and Banyan Tree China Hotel Assets Company in February 2018. He is responsible for accounting, finance, treasury, debt management, information technology and legal and company secretarial services.

Before joining the Group, Mr Ngai was a partner at KPMG China with more than 15 years experience in providing tax and business advisory services, which included assisting multinational companies in developing and implementing tax-efficient holding and operational structures for their investments in China. He was also the partner-in-charge of learning and development of the tax practice in KPMG China from 2014 to 2016.

Mr Ngai holds a Bachelor's degree in Accountancy from The Hong Kong Polytechnic University, and is a member of both the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong.

AWARDS & ACCOLADES

As a leading international developer and operator of resorts, residences, spas, galleries and golf courses, Banyan Tree Hotels & Resorts was founded with the core value of driving sustainable development. We believe that the only way a business can succeed is to be valued by its stakeholders. In 2017, we were pleased to receive 324 awards and accolades, bringing the total to 2,146 since the Group began operations.

324 **Awards won in 2017**

2,146 **Awards won to date**

TRAVEL

Forbes Travel Guide 2017 Star Award
Five-Star awards for Hotel, Restaurant (Belon), Spa Triple Five-Star Winner
BANYAN TREE MACAU

12th DestinAsian Readers' Choice Awards
TOP 5: Best Hotel Brand for Leisure (2nd)
BANYAN TREE HOTELS & RESORTS

10th TTG China Travel Awards 2017
Best City Hotel in the North of China Hotel Award
BANYAN TREE TIANJIN RIVERSIDE

Condé Nast Traveler's Hot List 2017
BANYAN TREE TAMOUDA BAY

2017 People's Choice Awards Thailand Voted by Chinese Tourists (TAT)
Best Beach Resort 2017
BANYAN TREE SAMUI

Condé Nast Traveller's '20th Annual Readers' Travel Awards 2017
The Top 100: Winners Of The Readers' Travel Awards 2017 (23rd Place) Score 89.94
BANYAN TREE MAYAKOBA

Golden Pillow Award 金枕头奖
The Most Popular Hotel Brand
BANYAN TREE HOTELS & RESORTS

AsiaSpa Awards 2017
Family-Friendly Hotel/Resort of the Year
ANGSANA LAGUNA PHUKET

30th Condé Nast 2017 Readers' Choice Awards (USA)
The 50 Best Resorts in the World
#27 BANYAN TREE CABO MARQUÉS
#46 BANYAN TREE LĂNG CÔ, CENTRAL VIETNAM

Travel + Leisure India Best Awards 2017
Best Golf Resort
BANYAN TREE BINTAN

SPA

12th China Hotel Starlight Awards
Best Spa Operator in China (9th consecutive year)
BANYAN TREE SPA

2017 Hurun Best of the Best Awards
Best Spa Brand (11th consecutive year)
BANYAN TREE SPA

The Private Education Commission of Thai Ministry of Education
Best Quality School
BANYAN TREE SPA ACADEMY

Thailand Tourism Awards 2017 by Tourism Authority of Thailand
Health Tourism: Award of Excellence for Health & Wellness Destination (Nationwide)
BANYAN TREE SPA SANCTUARY PHUKET

8th SpaChina Awards 2017
Best Global Spa Brand of the Year
BANYAN TREE SPA

28th Travel Trade Gazette (TTG) Travel Awards 2017
3rd year since induction into Travel Hall of Fame
BANYAN TREE SPA

Spa & Wellness MexiCaribe 2017 Spa Awards
Luxury Resort Spa
BANYAN TREE SPA MAYAKOBA

Condé Nast Traveler China Gold List 2017 Awards
Best Wellness Getaways
ANGSANA SPA TENGCHONG · HOT SPRING VILLAGE

3rd Annual World Spa Awards
Morocco's Best Resort Spa 2017
BANYAN TREE SPA TAMOUDA BAY

CORPORATE

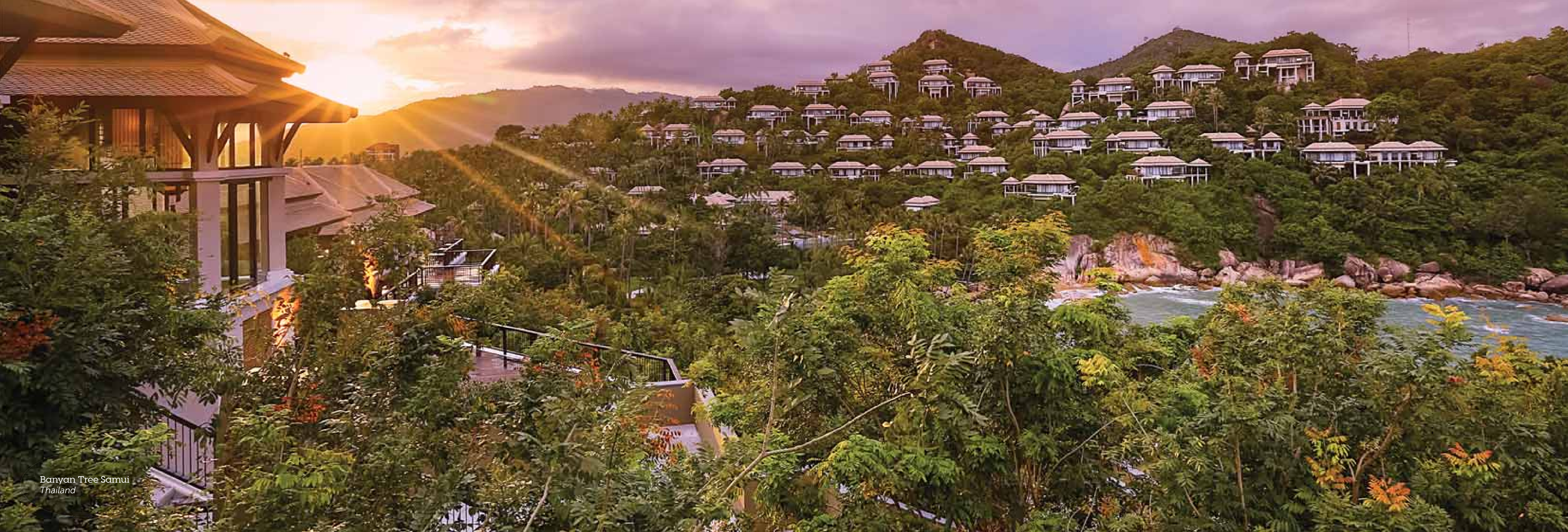
Singapore Corporate Awards 2017
Best Investor Relations Award Bronze Award under the Mid-Cap Category
BANYAN TREE HOLDINGS LIMITED

Singapore Corporate Awards 2017
Silver Award for Best Annual Report under the Mid-Cap Category
BANYAN TREE HOLDINGS LIMITED

2017 Indonesia Sustainable Tourism Awards (ISTA)
#1 Good Governance Category
LAGUNA BINTAN

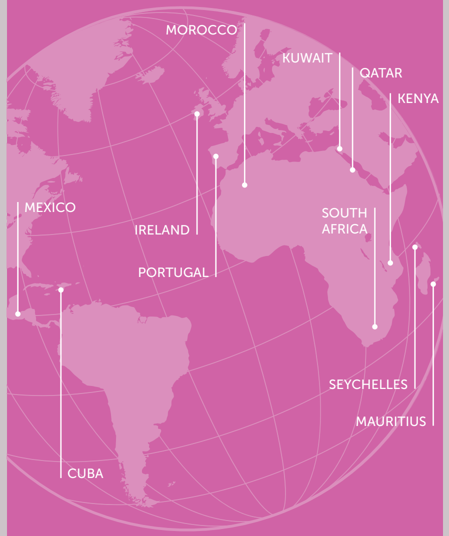
The American Chamber of Commerce in Thailand
AMCHAM CSR Excellence (ACE) Award 2017
LAGUNA PHUKET

Securities Investors Association Singapore (SIAS) 18th Investors' Choice Awards
Runner-Up for the Singapore Corporate Governance Award (SCGA) 2017, Mid-Cap Category
BANYAN TREE HOLDINGS LIMITED



Banyan Tree Samui
Thailand

Rest of the World



Hotels & Resorts		Spas
7		13
	Africa	
	KENYA	1
1	MAURITIUS	1
2	MOROCCO	2
1	SEYCHELLES	1
	SOUTH AFRICA	1
	Europe	
	IRELAND	2
	PORTUGAL	1
	Middle East	
	KUWAIT	1
	QATAR	1
	North America	
1	CUBA	
2	MEXICO	2


1


3


4


2

1 Banyan Tree Seychelles *Seychelles*

2 Banyan Tree Mayakoba *Mexico*

3 Angsana Balaclava Mauritius *Mauritius*

4 Angsana Riads Collection Morocco *Morocco*

OUR BUSINESS IN BRIEF

Banyan Tree

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

The Group's primary business is centered on four brands: the award-winning Banyan Tree and Angsana, as well as newly established Cassia and Dhawa. Banyan Tree also operates the leading integrated resort in Thailand – Laguna Phuket – through the Group's subsidiary, Laguna Resorts & Hotels Public Company Limited. Two other integrated resorts – Laguna Bintan in Indonesia and Laguna Lăng Cô in Central Vietnam – complete the status of the Group as the leading operator of integrated resorts in Asia.

As a leading operator of spas in Asia, Banyan Tree's spas are one of the key features in their resorts and hotels. Our retail arm Banyan Tree Gallery complements and reinforces the branding of the resort, hotel and spa operations.

Group Revenue
S$317.5M

2016
S$309.6M

Hotel Investments
64%

Hotel Investments	
S$201.5M	100%

Property Sales
16%

Laguna Property Sales	
S$37.4M	73%
Hotel Residences	
S$14.0M	27%

Fee-based
20%

Hotel/Fund/Club Management	
S$21.0M	32%
Spa/Gallery Operations	
S$23.0M	36%
Design and Others	
S$20.6M	32%

Hotel Investments

Revenue
S$201.5M

2016
S$197.4M

We own and manage hotels under our two award-winning brands, Banyan Tree and Angsana, and also Cassia Phuket and Cassia Bintan which opened in October 2015 and August 2017 respectively.

We hold equity interest in 20 hotels, comprising over 2,000 keys. As at 31 December 2017, revenue from our Hotel Investments business was contributed by Thailand (66%), Indian Ocean (30%), China* (3%) and Others (1%).

* Revenue for January–July 2017, before hotels were sold to joint venture company with Vanke.

Property Sales

Revenue
S$51.4M

2016
S$51.3M

This segment consists of sales of hotel residences and Laguna properties.

Hotel Residences
Our hotel residences business comprises mainly the sale of villas or apartments 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. In 2016, we expanded our offering of luxury residences by launching Banyan Tree branded apartments in Brisbane, Australia. These are pure apartment sales and not part of hotel operations.

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 Thailand, China and Indonesia.

Fee-based

Revenue
S$64.6M

2016
S$60.8M

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

We manage 21 resorts and hotels, and operate 60 spas, 72 gallery outlets and three golf courses.

Hotel/Fund/Club Management
Besides managing hotels for other owners, we also manage an asset-backed destination club and two private equity funds. In addition, the Group 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 Group's retail arm, 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.

BUSINESS REVIEW
HOTEL INVESTMENTS

Operating Profit increased by S$2.1 million to S$31.0 million, mainly due to higher revenue.


1

Revenue from Group-owned hotels improved by 2% from S$197.4 million in 2016 to S$201.5 million in 2017. Thailand, Seychelles, and Morocco were, mainly responsible for the increase, with Cassia Bintan contributing from September 2017 when it started receiving paying guests. The increase, however, was partially offset by the Maldives' weaker performance. From August 2017, the Group also stopped recognising revenue from hotels in China following their divestment to the joint venture with Vanke.

Operating Profit increased by S$2.1 million to S$31.0 million, mainly due to higher revenue.

Thailand
Our hotels in Thailand posted a combined revenue of S$133.2 million, an increase of 10% from S$121.2 million the previous year. All hotels showed year-on-year growth. Cassia Phuket, in particular, gained more market share in its second full year of operation, delivering 24% growth in room revenue.

The uptrend in tourist arrivals continued, with an estimated record number of 35.4 million visitors in 2017, a 9% increase year-on-year. Almost all major source markets showed growth, especially Russia and South Korea, while China continued to be the largest source market.

1 Banyan Tree Bangkok *Thailand*
2 Banyan Tree Phuket *Thailand*
3 Angsana Laguna Phuket *Thailand*


2


3

REVENUE

+2%

BUSINESS REVIEW
HOTEL INVESTMENTS

1 Banyan Tree Vabbinfaru
Maldives

2 Banyan Tree Lijiang
China

Maldives
Our Maldives resorts recorded revenue of S$39.9 million, down 12% compared to last year. Although occupancy dipped by only one percentage point, the lower average room rate contributed to the decline in revenue. All three properties were affected by the over-supply of rooms, which resulted in increased price competition.

China
Group-owned hotels in China reported a 49% decrease in revenue from S$12.5 million in 2016 to S$6.4 million in 2017. Tougher competition in the market led to a price war that impacted the business. This was exacerbated by a series of government restrictions on the tourism industry in Lijiang that curbed demand. From August 2017, we stopped including revenue from the Group's China hotels under hotel investments, following their sale to the joint venture with Vanke.

Morocco
Market sentiment in Morocco stabilised in 2017. Angsana Riads Collection Morocco posted revenue growth of 36% to S$1.1 million. This was due to higher occupancy that offset the decline in average room rate.

Seychelles
Revenue for Banyan Tree Seychelles was higher by 19%, with both occupancy and average room rate showing upward movement. Higher arrivals from Germany and the UK contributed to an increase in transient segment guests.

SALES AND MARKETING

In 2017 we enhanced marketing fundamentals to drive brand awareness, engagement and preference. We revamped the brand websites for Banyan Tree and Angsana to provide richer and more relevant content in easier-to-comprehend language, complemented by stunning imagery and video to bring our destinations alive. We also conducted a user experience audit that led to improvements in content navigation for a better user experience.

In pursuit of our marketing objective to strengthen reach and brand preference, we amplified our content delivery and drive-to-web strategy. Within the digital marketing eco-systems, the combination of search engine optimisation, search engine marketing, meta search, digital advertising and digital partnership affiliation generated an eight-figure revenue in direct bookings on the Banyan Tree and Angsana websites during the year.

We successfully launched the Cassia Bintan and Dhawa Jinshanling websites in June and December 2017 respectively.

To capture summer holiday FIT leisure travellers from our primary feeder markets, we executed two successful campaigns – "Night on Us" for Banyan Tree and "Awesome @ Angsana".

Our hotels in China participated in a number of promotions in 2017. A highlight was Alitrip's "Double 11" campaign which contributed RMB16.0 million in revenue.

On the public relations ("PR") front, we continued efforts to develop and share interesting stories and angles, focusing on our signature touch points and local experiences, via our 13 appointed PR agencies around the globe. Such efforts highlighted the Group's brand pillars that celebrate the romance of travel, our unique sense of place experiences, as well as our sustainability ethos. Our new openings garnered extensive media coverage. These included our second Cassia property, Cassia Bintan, which opened in August 2017, and the first Banyan Tree resort in Singapore, which will open in the integrated Mandai nature precinct in 2023.

We also established and reinforced strategic partnerships with American Express, MasterCard, OCBC, HSBC and SilkAir, among others. Meanwhile, actively pitching for awards in key markets worldwide resulted in 324 being won in 2017, bringing the total number to 2,146 awards won since our inception.

BUSINESS REVIEW
PROPERTY SALES

1

2

We are actively planning development of our land banks so as to bring new projects to market to replace those which have sold out and to meet ongoing demand in key market segments.

The property sales segment comprises sales of hotel residences, Laguna properties and Angsana Vacation Club memberships. Total revenue for 2017 was S$51.4 million, in line with the previous year's S$51.3 million, although the number of units recognised in 2017 increased by 70%. This was because more high-value properties, such as Dusit Villas and Banyan Tree Villas, were recognised in 2016. In addition, we stopped recognising revenue from the Laguna Chengdu project in August 2017, after the Group divested its interest to the joint venture with Vanke.

MARKET OVERVIEW

Tourism continues to be the key driver for resort-based property, and tourism arrivals have continued to grow in our property hub of Phuket, Thailand. The most active segment remains entry-level resort condominiums and apartments which is mainly investor-driven.

However, we have also seen strong demand at the high end for well-positioned branded residences. Demand in the villa segment has improved at the mid-priced level but remains soft at the high end due to a surplus of resale inventory.

In line with tourism trends, we have seen the emergence of Chinese as a significant buyer segment for the first time and expect this to continue. Russian demand also increased during the year following the stabilisation of the rouble.

The off-plan apartment market in Brisbane has remained subdued due to lending constraints imposed by banks, the increase in stamp duty for foreign buyers and an oversupply of investor-led off-plan apartment projects.

We continue to offer a complete range of products catering to all market segments, from our affordably priced Cassia serviced apartments

1 Banyan Tree Grand Residences *Thailand*

2 Cassia Bintan *Indonesia*

3 Angsana Beachfront Residences *Thailand*

Artist's Impression

3

BUSINESS REVIEW
PROPERTY SALES

Artist's Impression

1 Banyan Tree Residences Brisbane *Australia*

2 Laguna Village Deluxe Residences Phuket *Thailand*

targeting the emerging middle class in Asia, through to our luxury Banyan Tree branded residential offerings. We are actively planning development of our land banks so as to bring new projects to market to replace those which have sold out and to meet ongoing demand in key market segments. Our land bank at Laguna Phuket (see map on pages 48-49) currently holds over 1.15 million square metres of land which, when developed, has the potential to generate S$1.8 billion in revenue.

HOTEL RESIDENCES

Revenue recognised from hotel residences in 2017 was S$14.0 million, largely from apartments at Cassia Phuket and Cassia Bintan. In the prior year, revenue recognised was S$19.3 million, mainly attributable to the following properties in Thailand: Banyan Tree Grand Residences Phuket, Banyan Tree Phuket Spa Pool villas, Cassia Phuket apartments and Dusit Phuket villas.

We have a healthy pipeline of sales worth an estimated S$147.3 million, mainly consisting of Angsana Beachfront Residences, Banyan Tree Grand Residences, Banyan Tree Residences Brisbane, Cassia Phuket and Cassia Bintan. This revenue will be recognised upon completion in 2018-2020.

Overall, 118 units were sold in 2017 for a total of S$97.3 million, up 88% compared to the value of the previous year's sales. Units sold were:

- 35 Angsana Beachfront Residences totalling S$56.8 million (2016: seven residences totalling S$10.6 million).
- Seven Banyan Tree Residences Brisbane apartments totalling S$13.0 million (2016: 17 apartments totalling S$26.6 million).
- 59 Cassia Phuket apartments totalling S$20.6 million (2016: 24 apartments totalling S$6.4 million). Phase 3 was launched in November 2017.

- 17 Cassia Bintan apartments totalling S$6.9 million (2016: eight apartments totalling S$2.7 million). Phase 2 was launched in October 2017.

In Thailand:
- Strong sales momentum continued throughout 2017 for Angsana Residences. The beachfront phase sold out, and in 2018 we launched Oceanview, a new Angsana Residences project comprising 33 luxury two-bedroom apartments.
- Following the substantial completion of Cassia Phuket Phase 2, we successfully launched Phase 3. Over 50% has been sold, and construction will commence in 2018.

In Australia:
- Sales of Banyan Tree branded luxury residential apartments in Brisbane softened due to market factors. We are planning a reconfiguration to offer a product mix that will be more appealing to the market.
- We are in discussions with potential investment partners to develop our Gold Coast beachfront site, comprising two multi-storey towers, as a mixed-use hotel and branded residences project.

In Indonesia:
- Our stronger sales performance was due to the launch of the beachfront phase. Phase 1 of Cassia Bintan apartments was completed during the year and hotel operations commenced. Construction of the final phase is expected to complete in 2018.

LAGUNA PROPERTY SALES

Revenue recognised from property sales was S$30.3 million in 2017 versus S$23.5 million in 2016, and was largely attributable to the completion of units in Laguna Park Phuket and Laguna Village bungalows.

Sales in the pipeline are expected to generate approximately S$18.8 million in revenue. This will come mainly from Laguna Park Phuket and Laguna Village bungalows to be recognised upon completion in 2018.

Overall, 77 units were sold in 2017 for a total of S$40.4 million, a year-on-year increase of 189%.

Units sold consisted of:
- 55 Laguna Park townhomes and bungalows totalling S$29.6 million (2016: 25 townhomes and bungalows totalling S$11.1 million).
- Seven Laguna Village bungalows totalling S$9.7 million (2016: three apartments, townhomes and bungalows totalling S$2.4 million).
- 15 Laguna Chengdu apartments totalling S$1.1 million (2016: four apartments totalling S$0.5 million).

Laguna Park Phuket saw increased sales during the year due to the strong growth in demand from mainland China and Hong Kong buyers.

ANGSANA VACATION CLUB

Angsana Vacation Club ("ANVC"), the Group's points-based membership club, is now in its third year of operations. In 2017, ANVC sold 177 memberships, generating approximately THB 100 million in revenue.

The Club is gaining popularity as its flexible point system allows members to better plan their holidays with a choice of redeeming points at several Banyan Tree locations around the globe including China, Maldives, Morocco, Seychelles and Vietnam.

ANVC continues to market to Laguna Phuket visitors and reach out to credit card holders of various banks through joint direct mail marketing campaigns. In the second half of 2017, the legacy Laguna Holiday Club was rebranded as Angsana Vacation Club Heritage, and members have the opportunity to upgrade to the new ANVC membership.

BUSINESS REVIEW
PROPERTY SALES

Land Bank	Potential Units	Land Area (sq m)	Saleable Area (sq m)	Potential Revenue (S$B)
Phuket Total Plan	4,874	1,154,000	574,000	1.8

LAGUNA PHUKET
LAND BANK OF 1.15 MILLION SQ M

Potential Development Sites

Hotels

1	Angsana Laguna Phuket
2	Angsana Villas Resort Phuket
3	Banyan Tree Phuket
4	Banyan Tree Spa Sanctuary
5	DoublePool Villas by Banyan Tree
6	Cassia Phuket
7	Dusit Thani Laguna Phuket
8	Laguna Holiday Club Phuket Resort
9	Outrigger Laguna Phuket Beach Resort

Facilities

10	Angsana Vacation Club
11	Angsana Wedding Chapel
12	Banyan Tree Spa & Gallery
13	Canal Village Shopping
14	Laguna Golf Phuket
15	Laguna Grove (Event Venue)
16	Laguna Lifestyle Hub
17	Latitude Marquee
18	Laguna Tours Office
19	Quest's Programme Arena
20	XANA Beach Club
A	Angsana Spa & Gallery

Residences and Villas

21	Allamanda Laguna Phuket
22	Banyan Tree Grand Residences
23	Angsana Beachfront Residences
24	Laguna Cove
25	Laguna Fairway
26	Laguna Homes
27	Laguna Links
28	Laguna Park
29	Laguna Village
30	Laguna Village Phase II
31	Laguna Vista
32	Laguna Village Deluxe Residences
33	Laguna Waters
34	The Lofts at Laguna Village

BUSINESS REVIEW
FEE-BASED

The Group's fee-based business recorded total revenue of S$64.6 million in 2017, an increase of 6% over the previous year.

The Group's fee-based business consists of hotel, fund and club management, Spa and Gallery operations, and design and other services. This segment recorded total revenue of S$64.6 million in 2017, an increase of S$3.8 million or 6% over the previous year. This was mainly due to higher architectural and design fees earned from projects in China, Dubai, Japan and Thailand based on project milestones, but partially offset by a decline in revenue from hotel management, Spa and Gallery operations.

HOTEL MANAGEMENT

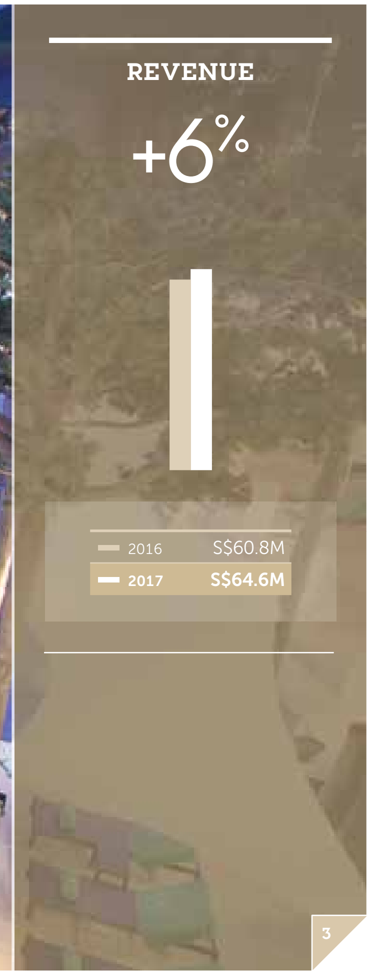
Group revenue from hotel management contracts was S$21.1 million in 2017, 7% or S$1.6 million lower than the previous year. This was due to lower management fees from several hotels as well as termination of the management agreement for Banyan Tree Al Wadi in December 2016. Moreover, with the completion of the joint venture with Vanke, the Group's China management company was reclassified as an associate from August 2017 onwards.

Despite the decrease in revenue, Operating Profit increased by S$1.6 million, from S$5.2 million to S$6.8 million, mainly because of lower costs resulting from the divestment of our China management company to the joint venture with Vanke, lower provision for delinquent debts as well as progressive closure of non-performing sales offices since 2016.

1 Banyan Tree Jiuzhaigou *China*

2 Banyan Tree Macau *China*

3 Banyan Tree Club & Spa Seoul *South Korea*



BUSINESS REVIEW
FEE-BASED

1 Banyan Tree Tamouda Bay
Morocco

2 Dhawa Jinshanling
China

China
Group-managed hotels in China fared better in 2017, with room revenue increasing by 8% on a same-store basis over 2016. The domestic market continued to drive room nights, followed by arrivals from the United States. The best performing properties were Banyan Tree Tianjin Riverside, Angsana Xi'an Lintong and Banyan Tree Shanghai On The Bund.

Asia Pacific
Overall room revenue for managed hotels in the Asia Pacific region excluding China improved year on year by 4%. Banyan Tree Lăng Cô, Central Vietnam, and Angsana Lăng Cô, Central Vietnam, were among the best performers, as Vietnam's tourism industry surged in tandem with its economy. Banyan Tree Samui achieved a 6% increase in room revenue, capitalising on growth in higher-rated transient FIT bookings.

Banyan Tree Macau continued to enjoy the highest occupancy among Group-managed hotels, with room revenue climbing slightly. However, Banyan Tree Ungasan was affected by the eruption of Mount Agung, and posted a 3% decline in room revenue.

Europe, Middle East and Africa
Room Revenue for the region declined by 63%, mainly due to the termination of the management agreement for Banyan Tree Al Wadi in December 2016. On a positive note, 2017 marked the first full year of operation for Banyan Tree Tamouda Bay. The property continued to grow its presence in Morocco, with local arrivals accounting for 52% of total room production. Angsana Balaclava Mauritius recorded a 2% decline in room revenue due to tougher market conditions and fewer arrivals from China and France.

Americas
Room revenue at both Banyan Tree Mayakoba and Banyan Tree Cabo Marques increased by 5% and 4% respectively year-on-year. On the other hand, Dhawa Cayo Santa Maria was closed in September and October due to the impact of Hurricane Irma which also resulted in extensive damage to the property and public infrastructure.

In the pipeline
We expect to celebrate several major milestones as we open seven new properties under our management in 2018.

Banyan Tree Kuala Lumpur and Royale Pavilion by Banyan Tree herald our entry into the Malaysian market. The two hotels will be located in the heart of the city, within walking distance of major tourist attractions.

The opening of our second property in Cuba, Angsana Cayo Santa Maria, consolidates our position as the first Asian hospitality brand to enter Cuba. This 252-key hotel follows closely after the opening of Dhawa Cayo Santa Maria in December 2016. Angsana Corfu which is located in the countryside of Benitses, Corfu Island, Greece, will also begin operations this year. The sprawling 199-key resort will be our first resort in Europe.

China will see three new hotel openings this year, including the 151-key Banyan Tree Anji in the city of Huzhou, with its expansive tea gardens and bamboo landscape. The 202-key Angsana Zhuhai Phoenix Bay, located on the Dalang Bay Peninsula, will be the only beach resort in Guangdong province. Its proximity to the city creates an ideal opportunity to attract business travellers.

Dhawa Jinshanling will mark the brand's debut in China. Situated at the foot of the Jinshanling Great Wall in north Beijing, Dhawa Jinshanling fuses cutting edge design with China's rich cultural heritage. The property will offer 202 rooms known as "Cocoons", and "Nest", a connected communal space for travellers.

FUND MANAGEMENT
Because of lower resort development management fees from the China Fund in 2017, revenue from fund management dipped by S$0.3 million.

The Banyan Tree Indochina Hospitality Fund received in-principle permission from the Prime Minister of Vietnam to add casino operations to the Laguna Lăng Cô integrated resort. The Fund is currently awaiting official issuance of the licence. With the number of mid- to high-income Vietnamese anticipated to double in three years' time, demand and arrivals to our luxurious integrated resort is set to rise.

BUSINESS REVIEW
FEE-BASED

SPA OPERATIONS

As at 31 December 2017, the Group's Spa footprint covered 23 countries on four continents. One new outlet in China opened in 2017, with another 9 in the pipeline in China, including Taiwan and Hong Kong, Cuba, Greece and Malaysia for 2018. These additions will grow the Group's portfolio to 69 spas.

Our Spa operations recorded an Operating Profit margin of 13% in 2017. Overall take-up rate increased by 8%. Thailand and South Africa in particular saw a substantial improvement in take-up from in-house guests. To maintain healthy profits, we discontinued two low-performance leased outlets in China and Thailand and three managed outlets in Malaysia and Portugal. These closures, combined with the lower performance recorded by our Maldives outlets due to a decline in tourists from China and Russia, caused revenue to decrease by 7% from the previous year's S$17.6 million to S$16.4 million.

Through the Group's strategic partnerships with AccorHotels and Vanke, we aim for continued growth by launching new outlets in diverse regions and partner networks, as well as leveraging our institutional expertise and accreditations to secure new revenue streams from training partnerships. Our award-winning Banyan Tree Spa Academy was named the Best Quality School 2017 by The Private Education Commission of the Thai Ministry of Education. This recognises our stringent training methodology and accredits our academy as an institution to develop therapists and raise the bar for the spa industry. This was among the 62 awards Banyan Tree Spa won in 2017, bringing the total to 608 to date.

Our Spa operations recorded an Operating Profit margin of 13% in 2017. Overall take-up rate increased by 8%.

1 Banyan Tree Spa Mayakoba
Mexico

2 Banyan Tree Gallery
A selection of ceramic amenities

We continue to manage costs prudently, optimise operational efficiency and increase synergy with hotel operations. In addition, we are investing in capability enhancement to enrich our offerings to the growing wellness market and maintain Banyan Tree Spa's position as a leading spa operator. These investments in product innovation are positioned to contribute to the top line and reach out to new markets. They will soft-launch through 2018 and beyond, reinforcing Banyan Tree as a Sanctuary for the Senses and our Spa as quintessential to the guest experience.

GALLERY OPERATIONS

Banyan Tree Gallery is the Group's socially responsible retail arm covering 20 countries on four continents. One of the largest retail chains in the hospitality industry, the Gallery's main product categories are craft merchandise and homeware, sustainable apparel and signature bath and body and aromatherapy collections. The brand positioning for these products emphasises heritage, natural ingredients and quality, and is primed to take advantage of the predicted growth of conscious consumerism in these areas. Besides retail, the Gallery provides product development, design expertise, procurement and logistical services for the Group.

The Gallery opened one new outlet in China in 2017, with another 9 in the pipeline for 2018 in China, including Taiwan and Hong Kong, Cuba, Greece and Malaysia. These additions will grow the Group's portfolio to 81 galleries.

Total Gallery revenue for 2017 was S$6.6 million, down slightly by 4% from the previous year. There was a 10% improvement in retail revenue in Thailand as well as a 17% increase in online and corporate sales. This top-line increase was offset by two unique factors during the year. Firstly, shipment sales dropped by 10% as part of a planned price reduction to partner hotels. Secondly, corporate restructuring for strategic partnerships as well as cost efficiency necessitated the exclusion of China's Gallery business from August 2017, resulting in an overall operating loss of S$0.7 million.

Our continued strategy of rebalancing revenue streams focuses on increasing e-commerce and corporate sales channels while enhancing offline retail. Online sales now account for 21% of retail sales as we continue to pursue an omnichannel strategy in extending relationships with customers. We diversified with an increase in corporate sales channels with banking, insurance and automobile key accounts, also targeting the global travel retail segment through in-flight duty free listings on Bangkok Airways and at Koh Samui airport, global duty free at Lotte Duty Free in Bangkok, and attendance at tradeshows such as the Travel Retail & Asia Pacific Summit in 2018.

Cost management is balanced with innovation investments, consolidating the supply chain in Bangkok for cost efficiency and synergised workflow while launching the reformulated bath and body and aromatherapy collections in Q4 2017. The latter process is the culmination of a two-year repositioning exercise which will yield results in all channels, given this product category's position as a main revenue contributor.

As we emphasise on extending core product lines and expanding distribution channels to focus on top-line revenue, we will continue to capitalise on our Asian spa and retail expertise to ensure premium quality and product benefits catering to our customers' lifestyle needs.

DESIGN AND OTHER SERVICES

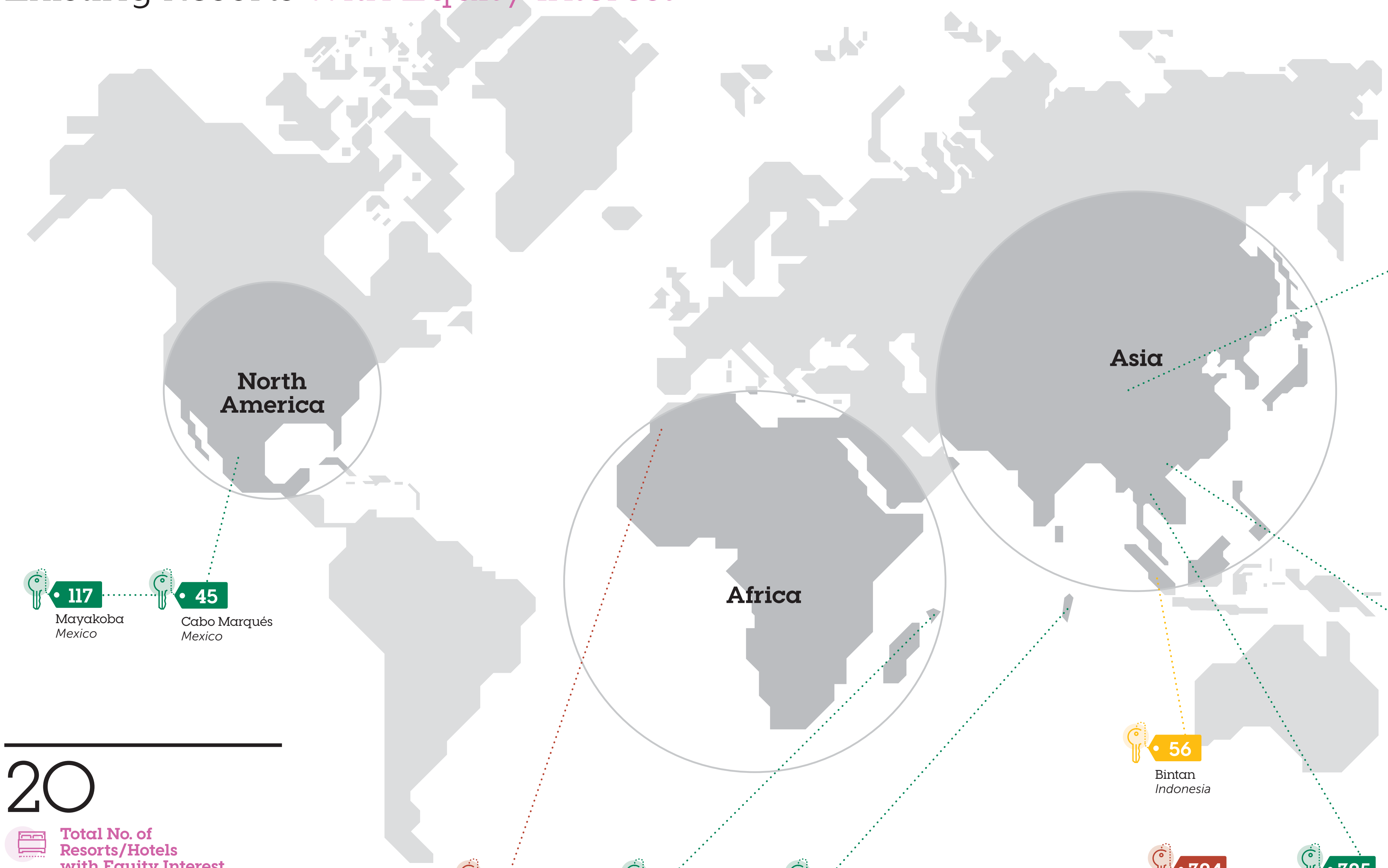
Design and other services registered total revenue of S$20.6 million for the year, up by 53% from S$13.5 million the previous year.

The strong increase was largely due to higher revenue from architectural and design fees, which is recognised progressively in accordance with percentage of project completion. The higher revenue came mostly from design fees earned on residential projects in Thailand and Dubai. Also contributing to the increase was the faster pace of construction for several projects in China.

Design and other services posted an Operating Profit of S$1.4 million, reversing the loss of S$8.0 million in 2016. This was due to higher overall revenue, lower exchange loss and lower staff costs.

PORTFOLIO
EXISTING RESORTS IN 2017

Existing Resorts with Equity Interest



117 Mayakoba *Mexico*
45 Cabo Marqués *Mexico*

40 Riads Collection Morocco *Morocco*
60 Seychelles *Seychelles*
48 Vabbinfaru *Maldives*
45 Ihuru *Maldives*
113 Velavaru + *Maldives*

110 Huangshan +++ *China*
125 Lijiang *China*
32 Ringha *China*
142 Yangshuo +++ *China*

56 Bintan *Indonesia*
56 Lăng Cô, Central Vietnam ++ *Vietnam*
229 Lăng Cô, Central Vietnam ++ *Vietnam*

324 Laguna Phuket *Thailand*
325 Bangkok *Thailand*
48 Villas Resort Phuket *Thailand*
173 Phuket *Thailand*
229 Phuket *Thailand*
112 Laguna Holiday Club Phuket Resort *Thailand*

20
Total No. of Resorts/Hotels with Equity Interest

2,429
Total No. of Keys for Resorts/Hotels with Equity Interest

BANYAN TREE
11
1,233

ANGSANA
6
799

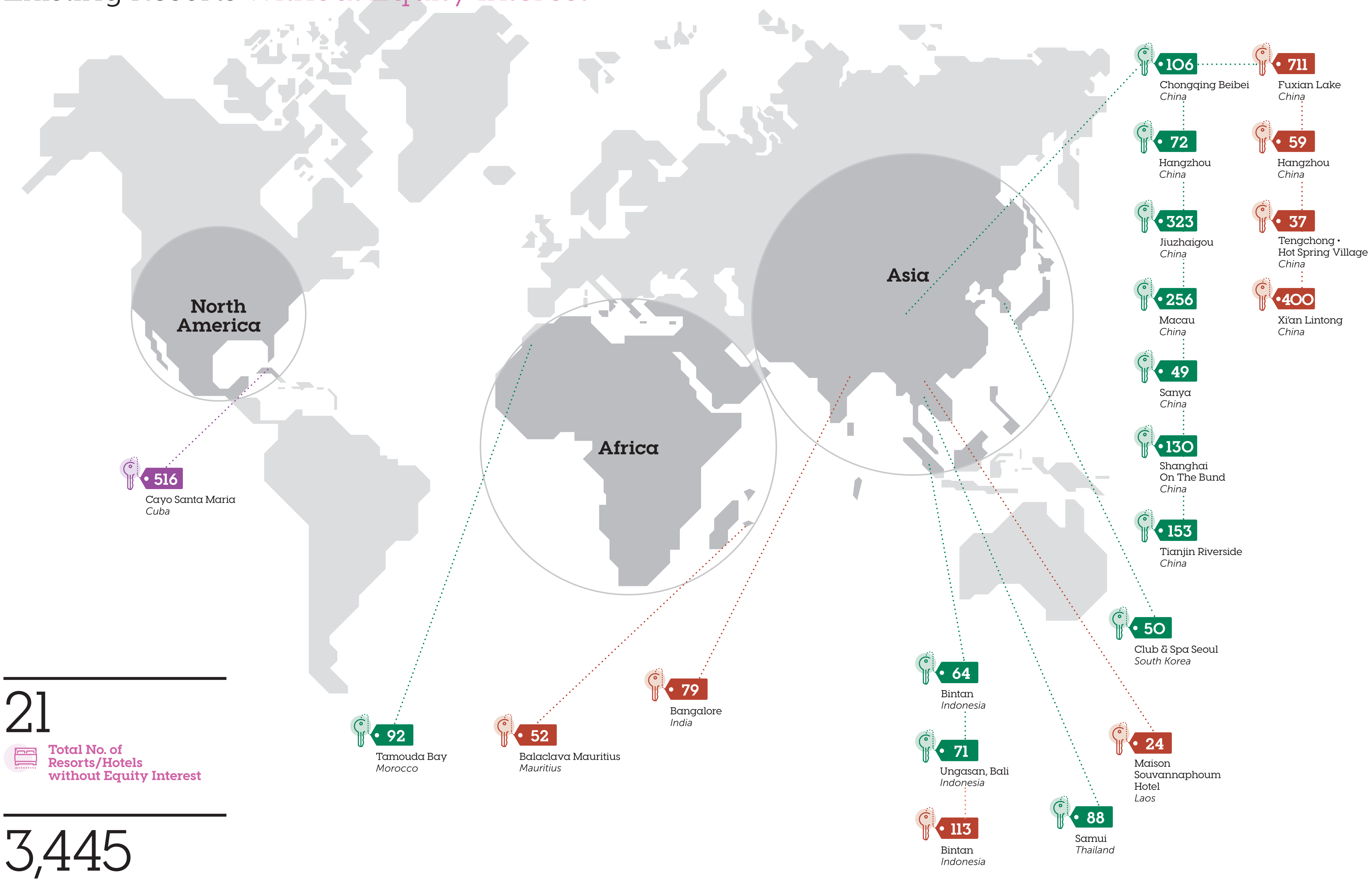
CASSIA
2
285

OTHERS
1
112

\+ 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.

PORTFOLIO EXISTING RESORTS IN 2017

Existing Resorts without Equity Interest



21
Total No. of Resorts/Hotels without Equity Interest

3,445
Total No. of Keys for Resorts/Hotels without Equity Interest

BANYAN TREE
12
1,454

ANGSANA
8
1,475

DHAWA
1
516

PORTFOLIO PIPELINE OF NEW PROJECTS*

Resorts/Hotels with Equity Interest

335
Total No. of Keys for Resorts/Hotels with Equity Interest

	Name of Resort/Hotel	Country	No. of Hotel Keys	Range of Room Rates (US$)	Equity	Year of Opening
CASSIA						
1	Bintan (Phase 2 & 3)	Indonesia	124	100-200	100.0%	2018
2	Phuket (Phase 2)	Thailand	105	100-200	65.8%	2018
3	Phuket (Phase 3)	Thailand	106	100-200	65.8%	2020
	Subtotal		335			
Grand Total			**335**			

CASSIA
335

* As at 31 December 2017.

Resorts/Hotels without Equity Interest

28
Total No. of Resorts/Hotels without Equity Interest

4,845
Total No. of Keys for Resorts/Hotels without Equity Interest

	Name of Resort/Hotel	Country	No. of Hotel Keys	Range of Room Rates (US$)	Year of Opening
BANYAN TREE					
1	Anji	China	151	245-395	2018
2	Kuala Lumpur	Malaysia	54	225-450	2018
3	Royale Pavilion by Banyan Tree	Malaysia	323	150-350	2018
4	Dali	China	180	235-375	2019
5	Jilin Riverside	China	113	225-370	2019
6	Jiuzhaigou (Phase 2)	China	114	230-550	2019
7	Bodrum	Turkey	68	400-500	2019
8	Leishan	China	63	280-580	2020
9	Wuyishan	China	60	270-580	2020
10	Zhengzhou	China	TBA	230-460	2020
11	Tayrona, Santa Marta	Colombia	40	325-475	2020
12	Krabi	Thailand	72	300-550	2020
	Subtotal		1,238		
ANGSANA					
1	Zhuhai Phoenix Bay	China	202	170-230	2018
2	Cayo Santa Maria, San Agustin	Cuba	252	300-400	2018
3	Corfu	Greece	199	275-425	2018
4	Leishan	China	146	100-200	2019
5	Tengchong	China	284	150-190	2019
6	Teluk Bahang	Malaysia	230	150-250	2019
7	Yangjiang	China	213	150-220	2020
8	Zhengzhou	China	208	150-250	2020
	Subtotal		1,734		
DHAWA					
1	Jinshanling	China	202	100-200	2018
2	Leishan	China	300	100-200	2019
3	Longli	China	214	100-200	2019
4	Nanchang	China	250	100-200	2019
5	Tengchong	China	TBA	120-220	2019
6	Huashan	China	287	150-300	2020
7	Tianhetan	China	300	120-300	2020
8	Wuyishan	China	200	150-300	2020
9	Vientiane	Laos	120	120-200	2020
	Subtotal		1,873		
Grand Total			**4,845**		

BANYAN TREE
11
1,238

ANGSANA
8
1,734

DHAWA
9
1,873

PORTFOLIO
EXISTING SPAS

Existing Spas

Name of Spa		Country	No. of Treatment Rooms
BANYAN TREE			
1	Chongqing Beibei	China	9
2	Hangzhou	China	9
3	Huangshan	China	2
4	Jiuzhaigou	China	12
5	Lijiang	China	7
6	Macau	China	19
7	Ringha	China	6
8	Sanya	China	8
9	Shanghai On The Bund	China	11
10	Tianjin Riverside	China	9
11	Yangshuo	China	9
12	Bintan	Indonesia	11
13	Ungasan	Indonesia	8
14	Phoenix Seagaia Resort	Japan	10
15	Vabbinfaru	Maldives	5
16	Cabo Marqués	Mexico	6
17	Mayakoba	Mexico	15
18	Tamouda Bay	Morocco	8
19	Estoril	Portugal	11
20	Seychelles	Seychelles	8
21	Marina Bay Sands	Singapore	15
22	Club & Spa Seoul	South Korea	11
23	Bangkok	Thailand	16
24	Phuket	Thailand	23
25	Samui	Thailand	10
26	Lăng Cô	Vietnam	6
	Subtotal		264
ANGSANA			
1	Biquan Conghua	China	8
2	Caesar Park Kenting, Taiwan	China	6
3	Fuxian Lake	China	14
4	Hotel ICON, Hong Kong	China	4
5	Hotel Nikko Shanghai	China	11
6	Jinling Nanjing	China	9
7	Park Island, Hong Kong	China	7
8	Seaview Xiamen	China	8
9	Tengchong • Hot Spring Village	China	15
10	The Garden Hotel, Guangzhou	China	12
11	Xi'an Lintong	China	15
12	Sheraton Laguna Guam	Guam	8
13	Oasis Spa Bangalore	India	6
14	Oasis Spa UB City Bangalore	India	11
15	Bintan	Indonesia	15
16	Bunratty	Ireland	5
17	The Brehon	Ireland	6
18	ANA Crowne Plaza Kobe	Japan	8
19	Sankara Nairobi	Kenya	7
20	Luang Prabang	Laos	3
21	Ihuru	Maldives	8
22	Velavaru	Maldives	10
23	Balaclava Mauritius	Mauritius	6
24	Morocco	Morocco	2
25	Wyndham Grand Regency Hotel Doha	Qatar	9
26	Vineyard Hotel	South Africa	10
27	City Club & Spa Crescat City	Sri Lanka	11
28	Dusit Thani Laguna Phuket	Thailand	8
29	Laguna Phuket	Thailand	12
30	Lăng Cô	Vietnam	10
	Subtotal		264
ELEMENTS SPA BY BANYAN TREE			
1	Kuwait	Kuwait	7
	Subtotal		7
CHILL CHILL			
1	Glenmarie	Malaysia	8
2	Laguna Phuket	Thailand	7
3	Sathorn	Thailand	8
	Subtotal		23
Grand Total			**558**

BANYAN TREE

26

264

ANGSANA

30

264

60
Total No. of Outlets

558
Total No. of Treatment Rooms

ELEMENTS SPA BY BANYAN TREE

1

7

CHILL CHILL

3

23

PORTFOLIO
SPAS IN THE PIPELINE

Spas in the Pipeline

27
Total No. of Spas

Year of Opening 2018

BANYAN TREE

Anji
China

Kuala Lumpur
Malaysia

Royale Pavilion by Banyan Tree
Malaysia

ANGSANA

Alto Residences, Hong Kong
China

Ruisui Hualien, Taiwan
China

Zhuhai Phoenix Bay
China

Cayo Santa Maria, San Agustin
Cuba

Corfu
Greece

DHAWA

Jinshanling
China

Year of Opening 2019

BANYAN TREE

Dali
China

Jilin Riverside
China

Bodrum
Turkey

ANGSANA

Leishan
China

Tengchong
China

Teluk Bahang
Malaysia

Marino Sands
Sri Lanka

Year of Opening 2020

BANYAN TREE

Leishan
China

Wuyisan
China

Zhengzhou
China

Tayrona, Santa Marta
Colombia

Krabi
Thailand

ANGSANA

Yangjiang
China

Zhengzhou
China

DHAWA

Huashan
China

Leishan
China

Longli
China

Nanchang
China

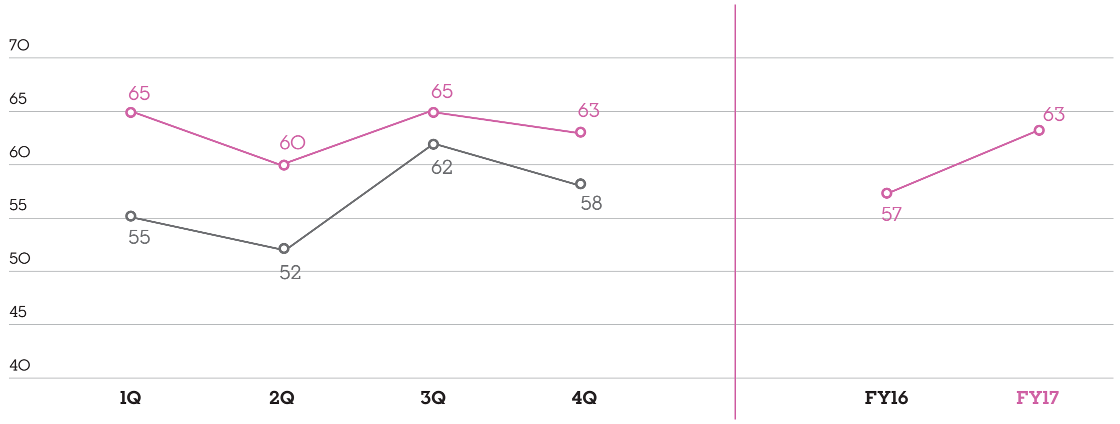
BANYAN TREE
11

ANGSANA
11

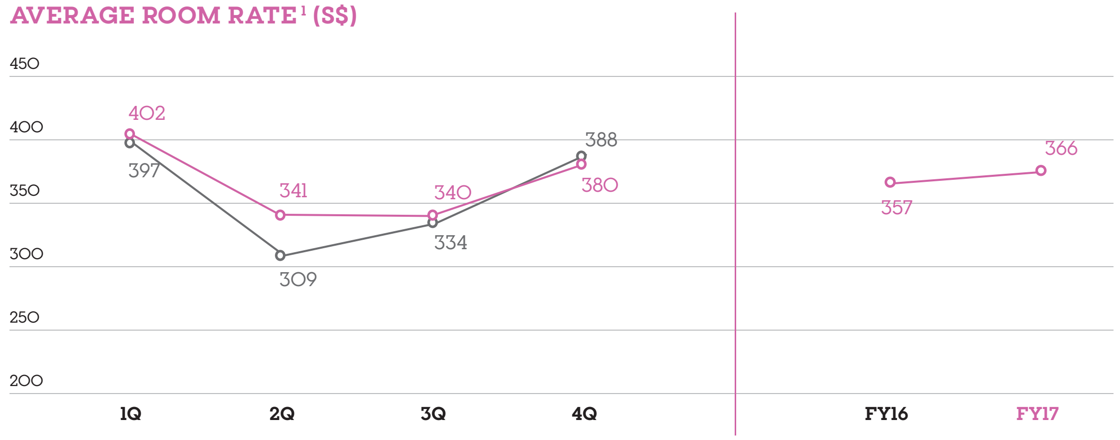
DHAWA
5

KEY STATISTICS
ALL HOTELS

AVERAGE OCCUPANCY (%)



AVERAGE ROOM RATE[1] (S$)



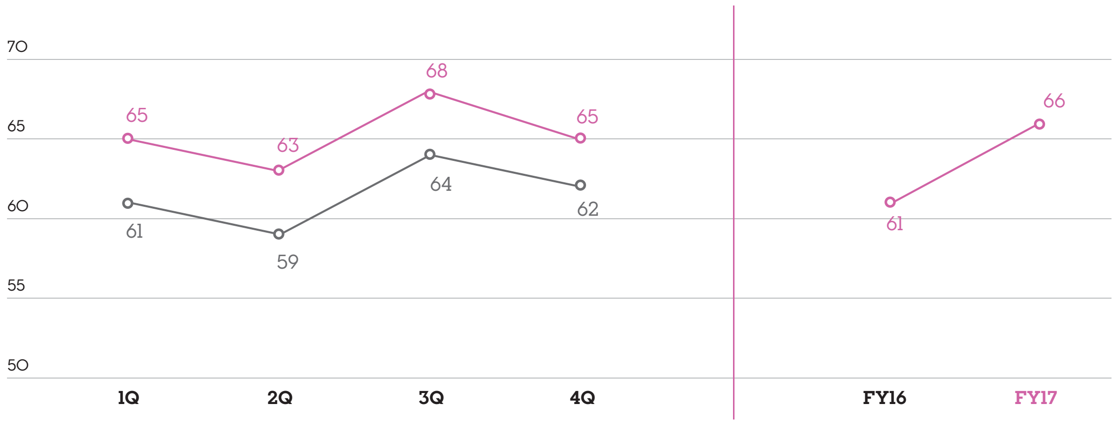
RevPAR[1,2] (S$)

Same Store[3]
- 2017
- 2016

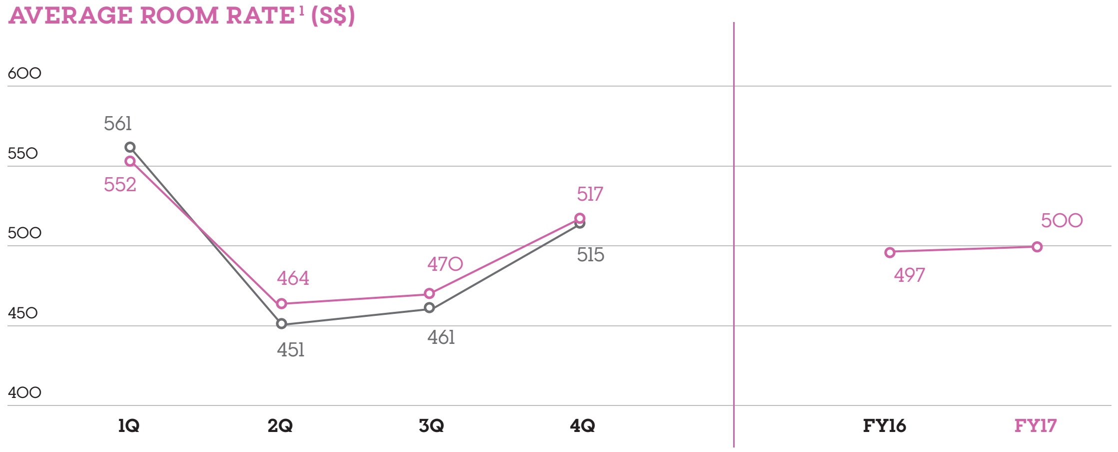
Notes:
[1] Average room rate and RevPAR for 2016 has been adjusted to include 10% service charge in room revenue for comparative purpose due to change of standard from USALI 10 to USALI 11 w.e.f. 2017.
[2] RevPAR denotes revenue per available room.
[3] Same Store concept excludes all new resorts opened/rebranded in the past two years (Banyan Tree Tamouda Bay, Banyan Tree Jiuzhaigou, Cassia Bintan and Angsana Villas Resort Phuket), as they take on average two years to stabilise. Comparatives for Same Store concept for prior periods have been adjusted to include Banyan Tree Huangshan and Cassia Phuket, and exclude Banyan Tree Al Wadi.

KEY STATISTICS
BANYAN TREE RESORTS

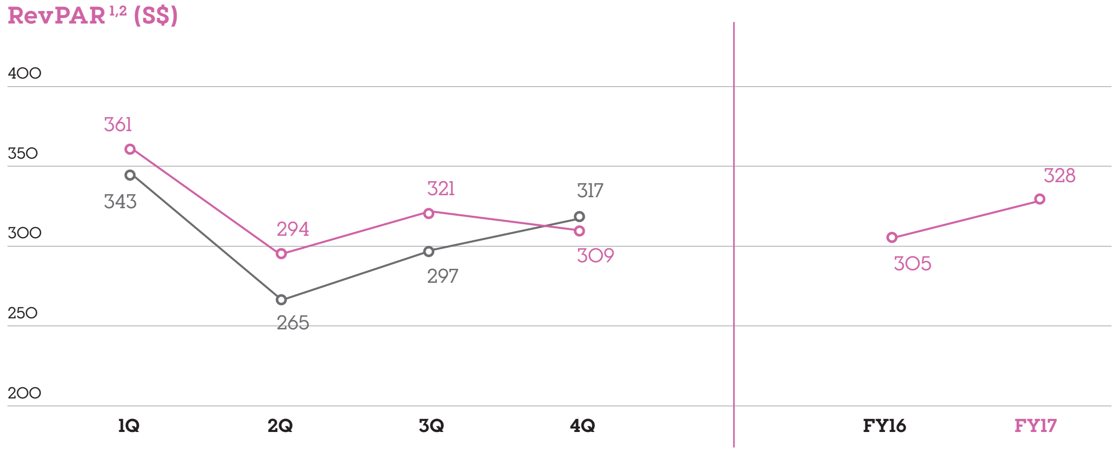
AVERAGE OCCUPANCY (%)



AVERAGE ROOM RATE[1] (S$)



RevPAR[1,2] (S$)

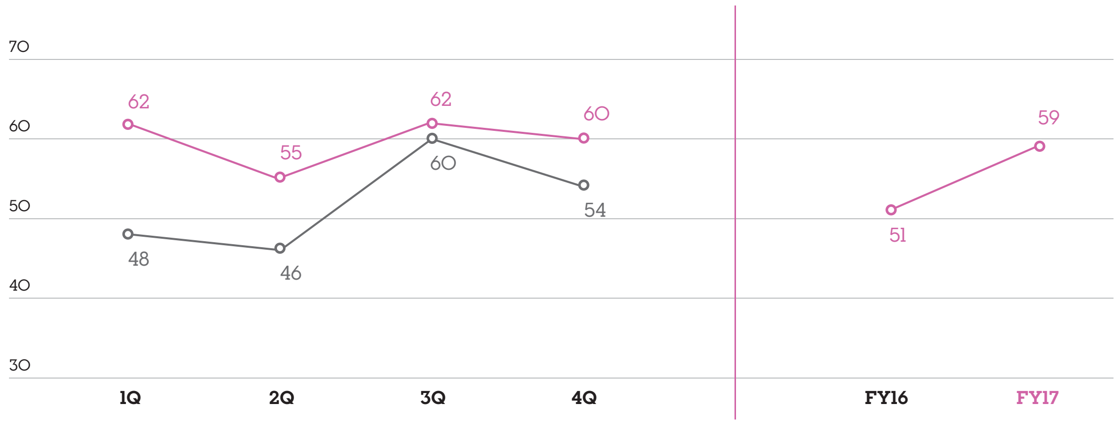


Same Store[3]
- 2017
- 2016

Notes:
1 Average room rate and RevPAR for 2016 has been adjusted to include 10% service charge in room revenue for comparative purpose due to change of standard from USALI 10 to USALI 11 w.e.f. 2017.
2 RevPAR denotes revenue per available room.
3 Same Store concept excludes all new resorts opened/rebranded in the past two years (Banyan Tree Tamouda Bay and Banyan Tree Jiuzhaigou), as they take on average two years to stabilise. Comparatives for Same Store concept for prior periods have been adjusted to include Banyan Tree Huangshan and exclude Banyan Tree Al Wadi.

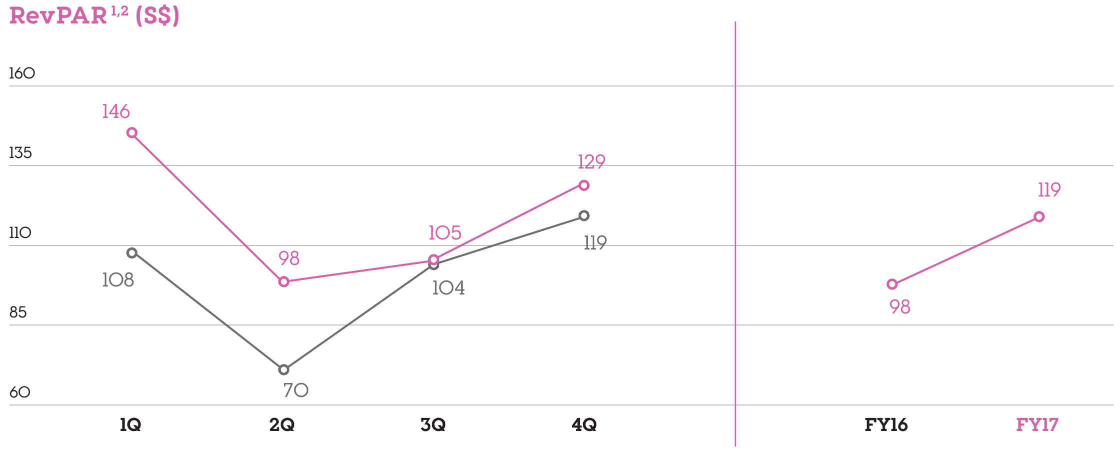
KEY STATISTICS
ANGSANA RESORTS

AVERAGE OCCUPANCY (%)



AVERAGE ROOM RATE[1] (S$)

RevPAR[1,2] (S$)



Same Store[3]
- 2017
- 2016

Notes:
1 Average room rate and RevPAR for 2016 has been adjusted to include 10% service charge in room revenue for comparative purpose due to change of standard from USALI 10 to USALI 11 w.e.f. 2017.
2 RevPAR denotes revenue per available room.
3 Same Store concept excludes all new resorts opened/rebranded in the past two years (Angsana Villas Resort Phuket), as they take on average two years to stabilise.

ANALYTICAL REVIEW

VANKE TRANSACTION

As announced on 10 August 2017, the Group has executed and completed the definitive agreement with Vanke to create Banyan Tree Assets (China) Holdings Pte. Ltd. ("BTAC"), a 50:50 joint venture incorporated in Singapore between the Group and Vanke, to consolidate the ownership of the Group's Banyan Tree-branded hotels and assets in China. BTAC has in turn invested in and holds a 40% stake in each of Banyan Tree's operating companies incorporated in Singapore, namely Banyan Tree Services (China) Pte. Ltd. ("BTSC") and Banyan Tree Hotel Management (China) Pte. Ltd. ("BTMC").

The Group has since deconsolidated certain entities and recognised the gain on the interest divested. In addition, the Group's retained interest in these entities has been reclassified as investment in Joint ventures/ Associates.

REVENUE

	2017 S$'000	2016 S$'000	Incr/(Decr) S$'000	%
Hotel Investments	**201,500**	**197,411**	**4,089**	***2%***
Property Sales	**51,395**	**51,305**	**90**	***0%***
- Hotel Residences	*14,043*	*19,347*	*(5,304)*	*-27%*
- Laguna Property Sales	*37,352*	*31,958*	*5,394*	*17%*
Fee-based Segment	**64,616**	**60,849**	**3,767**	***6%***
- Hotel/Fund/Club Management	*21,056*	*22,974*	*(1,918)*	*-8%*
- Spa/Gallery Operations	*22,987*	*24,423*	*(1,436)*	*-6%*
- Design and Others	*20,573*	*13,452*	*7,121*	*53%*
Total	**317,511**	**309,565**	**7,946**	***3%***

Revenue increased by S$7.9 million or 3% from S$309.6 million to S$317.5 million for the year ended 31 December 2017, mainly due to higher revenue from the Hotel Investments and Fee-based segments.

The Hotel Investments segment recorded revenue of S$201.5 million in 2017, an increase of S$4.1 million compared to S$197.4 million in 2016. The increase in revenue was largely due to the strong performance of Banyan Tree Phuket, Banyan Tree Bangkok, Banyan Tree Seychelles and Angsana Laguna Phuket. The increase was partially offset by lower revenue from our resorts in Maldives and China. For Maldives, hotel performance was below last year mainly due to oversupply of rooms which resulted in intense competition. For China, the Group stopped recognising revenue for our China hotels following the Vanke transaction mentioned above.

Revenue from the Property Sales segment was in line with last year. We recognised 139 units in 2017 as compared to 82 units in 2016. Despite the higher number of units recognised in 2017, the lower value of units recognised resulted in revenue similar to last year. Overall, unrecognised revenue as at 31 December 2017 was S$166.2 million as compared to S$86.8 million as at 31 December 2016. Approximately 30% will be progressively recognised in 2018.

Revenue from the Fee-based segment increased by S$3.8 million or 6% from S$60.8 million to S$64.6 million in 2017. This was mainly due to higher architectural and design fees earned from projects in Thailand, China, Dubai and Japan based on project milestones, but partially offset by lower hotel management fees from UAE and lower revenue from Spa/Gallery operations in China and Maldives.

OTHER INCOME

	2017 S$'000	2016 S$'000	Incr/(Decr) S$'000	%
Total	**50,928**	**29,652**	**21,276**	***72%***

Other income increased by S$21.2 million from S$29.7 million in 2016 to S$50.9 million in 2017. This was largely due to gains arising from the Group's divestment of its interest in the entities under the Vanke transaction as mentioned earlier. This was partially offset by reclassification of net fair value gains from "Fair value adjustment reserve" in equity to other income and compensation due to early termination of a hotel management agreement in 2016.

COSTS AND EXPENSES

	2017 S$'000	2016 S$'000	Incr/(Decr) S$'000	%
Cost of operating supplies	25,338	25,663	(325)	*-1%*
Cost of properties sold	28,888	27,765	1,123	*4%*
Salaries and related expenses	101,387	99,929	1,458	*1%*
Administrative expenses	61,472	53,115	8,357	*16%*
Sales and marketing expenses	16,208	19,453	(3,245)	*-17%*
Other operating expenses	60,477	61,596	(1,119)	*-2%*
Total	**293,770**	**287,521**	**6,249**	***2%***

Cost of Operating Supplies
Cost of operating supplies decreased by S$0.3 million or 1% from S$25.7 million to S$25.3 million for the year ended 31 December 2017, in line with lower revenue from Spa/Gallery operations.

Cost of Properties Sold
Cost of properties sold increased by S$1.1 million or 4% from S$27.8 million to S$28.9 million for the year ended 31 December 2017, in line with higher property sales revenue recognised during the year.

Salaries and Related Expenses
Salaries and related expenses increased by S$1.5 million or 1% from S$99.9 million to S$101.4 million for the year ended 31 December 2017, mainly due to provision for bonus & incentives.

Administrative Expenses
Administrative expenses increased by S$8.4 million or 16% from S$53.1 million to S$61.5 million for the year ended 31 December 2017. This was mainly due to impairment loss on property, plant and equipment, impairment of intangible assets, higher exchange losses and higher legal and professional fees. These were partially cushioned by lower provision for doubtful debts and lower insurance expenses.

Sales & Marketing Expenses
Sales & marketing expenses decreased by S$3.3 million or 17% from S$19.5 million to S$16.2 million for the year ended 31 December 2017, largely due to lower marketing expenses incurred on hotels and property sales.

Other Operating Expenses
Other operating expenses decreased by S$1.1 million or 2% from S$61.6 million to S$60.5 million for the year ended 31 December 2017, mainly due to lower repair and maintenance and lower travelling expenses.

ANALYTICAL REVIEW

OPERATING PROFIT

	2017 S$'000	2016 S$'000	Incr/(Decr) S$'000	%
Hotel Investments	**30,949**	**28,876**	**2,073**	***7%***
Property Sales	**2,850**	**3,655**	**(805)**	***-22%***
- Hotel Residences	*(1,730)*	*1,778*	*(3,508)*	*nm*
- Laguna Property Sales	*4,580*	*1,877*	*2,703*	*144%*
Fee-based Segment	**7,535**	**(19)**	**7,554**	***nm***
- Hotel/Fund/Club Management	*4,778*	*3,867*	*911*	*24%*
- Spa/Gallery Operations	*1,337*	*4,131*	*(2,794)*	*-68%*
- Design and Others	*1,420*	*(8,017)*	*9,437*	*nm*
Head Office Expenses	**(17,593)**	**(10,468)**	**7,125**	***68%***
Other Income (net)	**50,928**	**29,652**	**21,276**	***72%***
Total	**74,669**	**51,696**	**22,973**	***44%***

Operating Profit increased by S$23.0 million from S$51.7 million to S$74.7 million for the year ended 31 December 2017. This was mainly attributable to higher other income as mentioned earlier and higher Operating Profit from Fee-based and Hotel Investments segments as a result of higher revenue.

DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

	2017 S$'000	2016 S$'000	Incr/(Decr) S$'000	%
Total	**22,515**	**22,341**	**174**	***1%***

Depreciation of property, plant and equipment increased by S$0.2 million from S$22.3 million to S$22.5 million for the year ended 31 December 2017, mainly due to additions of new fixed assets and renovations by the resorts.

FINANCE INCOME

	2017 S$'000	2016 S$'000	Incr/(Decr) S$'000	%
Total	**2,571**	**3,674**	**(1,103)**	***-30%***

Finance income decreased by S$1.1 million from S$3.7 million to S$2.6 million for the year ended 31 December 2017, largely due to lower funds placed in term deposits and the lower number of properties sold under the deferred instalment plans.

FINANCE COSTS

	2017 S$'000	2016 S$'000	Incr/(Decr) S$'000	%
Total	**28,181**	**29,630**	**(1,449)**	***-5%***

Finance costs decreased by S$1.4 million from S$29.6 million to S$28.2 million for the year ended 31 December 2017, mainly due to the repayment of S$50.0 million notes upon maturity in May 2017 and lower bank commitment fees.

SHARE OF RESULTS OF ASSOCIATES

	2017 S$'000	2016 S$'000	Incr/(Decr) S$'000	%
Total	**346**	**33**	**313**	***nm***

In December 2016, Thai Wah Public Company Limited ("TWPC") and Banyan Tree Indochina Hospitality Fund L.P. ("Indochina Fund") became our associates and we have started to equity account for our share of their results since then. In addition, we have started to equity account for the Group's share of results of BTSC and BTMC since August 2017 as mentioned under the Vanke transaction. As a result, we shared associates' net profit of S$0.3 million in 2017.

SHARE OF RESULTS OF JOINT VENTURES

	2017 S$'000	2016 S$'000	Incr/(Decr) S$'000	%
Total	**(1,632)**	**–**	**(1,632)**	***100%***

We have started to equity account for the Group's share of results of BTAC since August 2017 as mentioned under the Vanke transaction. As a result, we shared the joint ventures' net losses of S$1.6 million in 2017.

INCOME TAX EXPENSE

	2017 S$'000	2016 S$'000	Incr/(Decr) S$'000	%
Total	**7,802**	**7,660**	**142**	***2%***

Income tax expense increased by S$0.1 million from S$7.7 million to S$7.8 million for the year ended 31 December 2017, mainly due to higher profits during the year which were partially cushioned by lower withholding tax and higher reversal of overprovision of income tax expense. In addition, there was write-off of deferred tax assets arising from expiry of recognised tax losses in 2016.

NON-CONTROLLING INTERESTS

	2017 S$'000	2016 S$'000	Incr/(Decr) S$'000	%
Total	**1,928**	**9,246**	**(7,318)**	***-79%***

Non-controlling interest's share of profit decreased by S$7.3 million from S$9.2 million to S$1.9 million for the year ended 31 December 2017. This was mainly due to lower profits from LRH.

PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY

	2017 S$'000	2016 S$'000	Incr/(Decr) S$'000	%
Total	**12,929**	**(16,196)**	**29,125**	***nm***

As a result of the foregoing, profit attributable to owners of the Company was S$12.9 million for the year ended 31 December 2017 as compared to a loss of S$16.2 million for the year ended 31 December 2016.

ANALYTICAL REVIEW

CASH FLOWS

	2017 S$'000	2016 S$'000
Profit before taxation	22,659	710
Net increase/(decrease) from changes in working capital	9,010	(6,083)
Net interest paid, tax paid and others	(36,297)	(37,213)
Adjustment for non-cash items	4,343	36,347
Net cash flows used in operating activities	(285)	(6,239)
Net cash flows generated from/(used in) investing activities	56,574	(20,056)
Net cash flows used in financing activities	(10,217)	(25,440)
Net change in cash and cash equivalents	46,072	(51,735)
Cash and cash equivalents at beginning of the year	113,827	165,476
Net foreign exchange difference	(911)	86
Cash and cash equivalents at end of the year	158,988	113,827

For the full year ended 31 December 2017, net cash flows used in operating activities were S$0.3 million, mainly due to net interest paid of S$25.6 million, income tax payments of S$8.7 million and lease rental payments of S$1.5 million. These were partially cushioned by profit before taxation of S$22.7 million, a net increase in cash generated from working capital of S$9.0 million and adjustments for non-cash items of S$4.3 million.

Net cash flows generated from investing activities were S$56.6 million, mainly due to proceeds received from Vanke, net of cash disposed, in relation to the divestment of our interest in entities as explained earlier and proceeds from disposal of land use rights and property, plant and equipment of S$3.6 million. These were partially offset by on-going purchases of furniture, fittings and equipment of S$12.6 million by the resorts for their operations.

Net cash flows used in financing activities amounted to S$10.2 million. These were mainly due to scheduled repayments of bank borrowings of S$103.7 million and repayment of S$50.0 million medium term notes upon maturity in May 2017. These were partially cushioned by additional bank borrowings of S$96.1 million, proceeds from issuance of new shares of S$24.0 million and an irredeemable convertible debenture of S$24.0 million. The debenture was converted to new shares in December 2017.

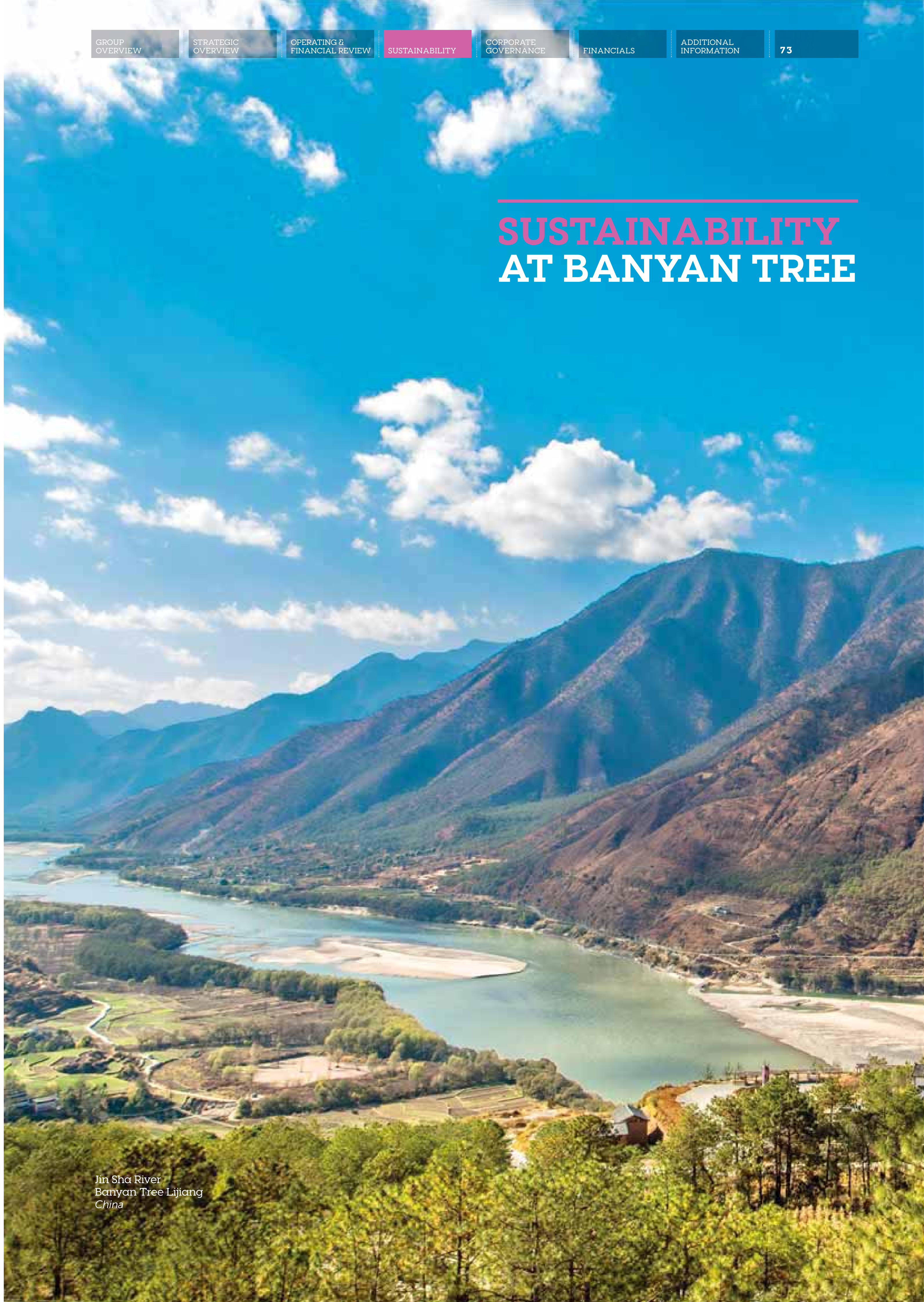
USE OF PROCEEDS

Capital raising exercise completed by the Company during the year:

Debt Fund Raising - Issuance of irredeemable convertible debenture of S$24,000,000 on 2 August 2017	Utilisation Status as at 31 December 2017
Irredeemable convertible debenture with principle amount of S$24.0 million issued to Accor S.A. which shall be convertible into shares subject to terms and conditions.	The proceeds were fully utilised for repayment of existing debt (including interest).

Equity Fund Raising - Allotment and Issue of 39,962,700 New Ordinary Shares on 27 September 2017	Utilisation Status as at 31 December 2017	
Private placement of 39,962,700 new shares at the private placement issue price of S$0.60 per placement share to Alps Investments Limited, a wholly-owned subsidiary of Vanke for a total gross proceeds of S$24.0 million.		S$'Million
	Debt repayment (including interest)	21.7
	General working capital purpose*	2.3
	Total	24.0

* General working capital purpose relates to payment of staff salaries and payment to suppliers.



SUSTAINABILITY AT BANYAN TREE

Jin Sha River
Banyan Tree Lijiang
China

BANYAN TREE MANAGEMENT ACADEMY

A Lifelong Journey of Learning

Learning – whether professional or personal – can never stop. Banyan Tree Management Academy (BTMA) works closely with the Group's different business units and properties to enhance our associates' learning and development at the regional and global levels.

1

TRAINING TRAINERS

Learning Managers are the key to successful people development within Banyan Tree. During this year's Group Learning Workshop in March 2017, a total of 23 learning managers from 18 properties gathered to be trained and certified in their competency to conduct Train-The-Trainer courses at the property level. The trainer certification workshop equipped participants with the knowledge and skills to analyse, design, develop, implement and evaluate the effectiveness of training.

Aside from the certification programme for learning managers, BTMA organised its first-ever Trainer Certification for the Intensive Supervisory Leadership programme. This programme develops high-potential supervisors by teaching them the requisite management and leadership skills. Two classes were conducted in Phuket, Thailand, in August 2017, and another two classes were conducted in Chinese for properties in China in September 2017. A total of 43 managers and executives from 25 properties were certified as Intensive Supervisory Leadership Programme Trainers, forming a corps of trainers to develop more supervisors at their respective properties. This will support the Group's regional and global growth.

A total of 43 managers and executives from 25 properties were certified as Intensive Supervisory Leadership Programme Trainers, forming a corps of trainers to develop more supervisors at their respective properties.

2

3

4

1 *Bridging the Divide:* MDP and TMP participants from different properties, job functions and nationalities worked together to build a bridge, showing the need for teamwork and connectivity throughout the Group.

2 *Hotel Business Leadership:* Senior Management taught MDP participants about Hotel Business Leadership in a Constant Change Environment.

3 *English Fun Days:* Associates from various business units enjoyed learning English through fun games.

4 *Intensive Supervisory Leadership Trainer Certification:* Participants demonstrated teaching Communication Challenges during the certification process.

5 *Group Learning Workshop:* Learning Managers shared best practices from their properties as part of peer-to-peer learning.

DEVELOPING LEADERS

Meanwhile, 98 high-potential heads of department and heads of division from 38 business units and 24 nationalities completed the signature Management Development Programme (MDP) and Talent Management Programme (TMP) in June 2017. More than 10 senior executives served as facilitators at the two workshops. The MDP workshop focused on 'Harnessing the Business Acumen for Growth', while the TMP workshop concentrated on 'Acquiring the Business Mindset for Success'.

LEAF (Leading and Empowering Associates Forward) is a programme to prepare senior management to be Hotel Managers or General Managers. Some very high-potential heads of department were included in the programme. A total of 29 LEAFers are actively pursuing their individual development paths, while nine LEAFers successfully completed the programme during the year.

In October 2017, BTMA arranged a workshop for Banyan Tree Hosts from 23 properties. Co-facilitated by Senior Executives from Bangkok and Samui, the workshop trained the 32 participants in this signature concept which makes Banyan Tree services unique.

LEARNING AT ALL LEVELS

To keep pace with the Group's growth, BTMA enthusiastically promotes learning at all levels. This ensures that all associates not only work but also learn and grow with the company. At the supervisor level and below, we pay special attention to training in the fundamentals. Essential training courses like English communication and IT continued to be well-received by associates at Laguna Phuket where BTMA is located. English training hours increased by 13% and IT training hours increased by 12% compared to the previous year.

In February 2017, we introduced a new leadership course for supervisors. The AGLEAM Supervisory Course aims to train supervisors to Advocate service excellence, through Governance integrity, Leadership training, Effective communication, Attitude management and Mentorship. Since its launch, BTMA has certified 23 AGLEAM trainers to bring this programme to all supervisors.

5

SUSTAINABILITY REPORT

For more details, please refer to the accompanying 2017 Sustainability Report, or view it online at **www.banyantreeglobalfoundation.com/stories-we-share/**

OUR TRIPLE BOTTOM LINE

Sustainable tourism is Banyan Tree's core value. Our triple bottom line of economic, social and environmental success directs sustainable development by:

- Creating an enchantingly memorable experience for guests and customers;
- Providing associates with fair and dignified employment which enhances their ability to contribute to our growth and enhances their job prospects with Banyan Tree and beyond;
- Enabling long-term prosperity for communities in which we operate, via our business conduct as well as by harnessing our competencies to address issues facing the community;
- Exercising caution regarding the environmental impacts of our operations, and taking an active role in protecting and remediating the global ecosystem;
- Conducting business with dignity, fairness and transparency, while partnering suppliers and vendors to enhance societal benefits and reduce environmental impacts; and
- Generating sustained, long-term returns for our shareholders.

OUR VALUES AT WORK

Sustainability reporting became a requirement of the Singapore Stock Exchange in 2017. In preparation, we conducted a stakeholder-inclusive material assessment to frame and focus our efforts. In addition to our pillars of operational efficiency, protecting biodiversity and developing local capacity, the assessment revealed seven key areas of social, environmental and governance impact. These key areas were further validated by Banyan Tree Board of Directors.

ENVIRONMENTAL RESPONSIBILITY

Banyan Tree supports global climate action by conserving resources through efficient operations, with external assurance by EarthCheck. In 2017, 78% of our sectors had achieved EarthCheck Bronze Benchmarked or higher, with Mayakoba joining Lijiang as Gold Certified.

Participatory environmental conservation, restoration and awareness programmes encourage stewardship of the local environment. Over 83,000 guests, associates and community members participated in such initiatives in 2017.

SOCIAL RESPONSIBILITY

Banyan Tree's social responsibility approach extends to enhancing well-being through diversity, satisfaction, health and safety, and education. Empowering associates is the first step to external engagement and development of sustainable and resilient communities.

Local communities are empowered through job creation, education, support for artisanal cooperatives, community impact initiatives, humanitarian relief and connecting travellers to local culture and heritage. Over 30,000 guests, associates and community members participated in education, health and cultural programmes during the year. Some 100 students enrolled in our Seedlings programme, and almost 3,000 children benefited from our education initiatives. Banyan Tree Gallery supported 37 community collaborations (134 to date), while Banyan Tree Spa achieved a 95% benchmark of naturally derived ingredients ensuring 90% biodegradability.

GOOD GOVERNANCE

Our sustainability goals were aligned with the United Nations Sustainable Development Goals. Good governance issues addressed include leadership, ethical compliance, cybersecurity, supply chain, responsible travel and partnerships. Our approach is dynamic, accessing our competencies while creating partnerships to bridge sectors. In 2017, Banyan Tree joined new partnerships enhancing sustainable tourism, conservation and research in Indonesia and Maldives.

Energy

(Megajoules per Guest Night)

499.3	2017
490.8	Industry Average

24.05% increase from 2016

Greenhouse Gas Emissions

(Kilograms Carbon Dioxide Equivalent per Guest Night)

47.6	2017
58.1	Industry Average

14.70% decrease from 2016

Potable Water

(Litres per Guest Night)

1,381.2	2017
1,685.4	Industry Average

4.21% decrease from 2016

Scope: Data includes all hotels listed as EarthCheck Certified (Gold or Silver) and EarthCheck Bronze Benchmarked on page 12 of the accompanying 2017 Sustainability Report, with the exception of 2017 data for Banyan Tree Ringha.

Data Validation: For EarthCheck Bronze Benchmarked sectors, the data has been clarified and validated by EarthCheck; for EarthCheck Certified sectors (Silver or Gold), the data has been clarified and validated by EarthCheck and also verified by third-party auditors.

2017 SUSTAINABILITY HIGHLIGHTS

ENVIRONMENTAL RESPONSIBILITY

CLIMATE CHANGE

15,142
Trees planted in 2017

467,879
Planted to date

EARTHCHECK

36
Sectors benchmarked

50
New resource conservation initiatives

BIODIVERSITY & ENVIRONMENT INITIATIVES

53,514
Participants

32,889 kg
Trash collected

2,869
Citizen scientists

NUMBER OF PROPERTIES SETTING BEST PRACTICE IN:

ENERGY	+ EMISSIONS	WATER	+ WASTE
11	13	12	19

SOCIAL RESPONSIBILITY

EMPLOYEE SATISFACTION*

88.7%
Satisfaction score

97.7%
Completion

HEALTH, SAFETY & WELFARE

95%
Completion fire awareness*

87%
Completion CPR training**

STAFF DEVELOPMENT

435,835
Total training hours

4.4 hours
Per associate per month

SEEDLINGS MENTORSHIP

100
Young persons

COMMUNITY EMPOWERMENT

GALLERY	SPA	MATTER
103 Commissioned products	75% Products are	7 Textile traditions
37 Active communities	90% Biodegradable	105,363 Days of fabric making

COMMUNITY ENGAGEMENT

30,438
Participants

FEEDING COMMUNITIES

17,578
Meals provided

* Based on 10,476 associates.

** Percent properties that achieved 30% training target.

GOOD GOVERNANCE

$479,605
Disbursed to social and environmental projects in 2017

$6.79m
since 2001

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 Securities Trading Limited ("SGX-ST") has, on 29 January 2015, issued a disclosure guide ("Disclosure Guide") to assist companies listed on the SGX-ST 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-ST 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 92 to 95 of this Annual Report.

(A) BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

1 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, and risk management and corporate governance practices; approving remuneration policies and guidelines as well as succession planning for the Board and Management, including the 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 2017 for the continual progress made in the Group's commitment to sustainability.

2 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, and operating and capital expenditures. The Board's approval is required for transactions where the value of these transactions exceeds the approval limits. In addition, matters such as, *inter alia*, the issue of shares, dividend distributions and other returns to shareholders, the Group's strategies and objectives, the annual budget, and the announcement of quarterly and full-year results also require the Board's approval.

3 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.

4 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 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 Constitution of the Company (the "Constitution"). Details of each Director's attendance at Board and Board Committee meetings as well as the Annual General Meeting of the Company ("AGM") held during the year ended 31 December 2017 are provided in Table 1 on page 79:

TABLE 1

Board Members	Board	ARC	NRC	AGM
No. of Meetings Held	4	4	2	1
Ho KwonPing	4/4	–[5]	–[5]	1/1
Ariel P Vera	4/4	–[5]	–[5]	1/1
Chia Chee Ming Timothy	4/4	–[5]	2/2	0/1
Fang Ai Lian	4/4	4/4	–[5]	1/1
Elizabeth Sam	4/4	–[5]	2/2	0/1
Chan Heng Wing	2/4	–[5]	2/2	1/1
Tham Kui Seng	4/4	4/4	–[5]	1/1
Lim Tse Ghow Olivier	4/4	4/4	–[5]	1/1
Zhang Xu[1]	1/4	–[5]	–[5]	0/1
Sébastien Bazin[2]	0/4	–[5]	–[5]	0/1
Gaurav Bhushan[3,4]	1/4	–[5]	–[5]	0/1

1 Appointed as Director on 27 September 2017
2 Appointed as Director on 13 October 2017 and resigned on 30 December 2017
3 Appointed as Alternate Director to Sébastien Bazin on 24 October 2017 and ceased to be Alternate Director on 30 December 2017 following the resignation of Sébastien Bazin
4 Appointed as Director on 30 December 2017
5 Not a Board Committee member

5 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, and organisation structure and to get acquainted with Management. Each new Director will also receive information on the relevant policies and procedures of the Group and 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.

6 For any Director who has no prior experience as a director of a listed company, he 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 with 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. The Directors have been periodically updated on various aspects of the Group's operations through briefings or informal discussions by Management. As part of the Company's continuing education for Directors, the Company Secretary circulates to the Board articles, reports and news releases issued by the SGX-ST which are relevant to the Group's businesses. Also, wherever applicable, 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 the SGX-ST or other professional institutes, at the Company's expense. The Directors may also, at any time, request further information or meetings with Management on the Group's operations.

7 During the year, the Board and Management embarked on a four-day retreat in Banyan Tree Bintan, Indonesia during which an ARC meeting, Board meeting and strategic meeting were held. During the strategic meeting, the Board met with Management and carried out in-depth discussions on the strategic review of the Group's operations. Management received valuable input and guidance from the Board in the course of the discussions.

Principle 2: Board Composition and Guidance

1 Currently, the Board comprises ten Directors, six of whom are Independent Directors. As such, there is a strong and independent element on the Board. The Independent Directors are Mr Chia, Mrs Fang, Mrs Sam, Mr Chan, Mr Tham and Mr Lim.

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[2] The four Non-Independent Directors are Mr Ho, Mr Vera, Mr Zhang and Mr Bhushan. Mr Ho is the Executive Chairman whereas Mr Vera, Mr Zhang and Mr Bhushan are Non-Executive Directors.

[3] 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 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.

[4] 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.

[5] The profile of each Director which includes key information regarding academic qualifications, directorships and chairmanships both present and those held over the preceding three years in other listed companies, and other principal commitments, is set out on pages 20 to 23 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 99 of the Directors' Statement.

Principle 3: Role of Chairman and Chief Executive Officer

[1] The Executive Chairman is responsible for leading the Board in charting the strategic direction and growth of the Group. He also facilitates and ensures active and comprehensive Board discussions on Company matters, monitors the translation of the Board's decisions into executive actions, and fosters constructive dialogue with shareholders at each 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.

[2] 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 Management comprising the Group Managing Director/Group Chief Financial Officer and the Managing Directors of the various Business Units.

[3] 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 Group Managing Director/Group Chief Financial Officer and Managing Directors of the various Business Units has failed to resolve or is inappropriate.
Mr Chia may be contacted at ethics@banyantree.com.

Principle 4: Board Membership

[1] The NRC, chaired by Mr Chia, comprises Mrs Sam and Mr Chan, all of whom are Independent Directors. Mr Chia is not directly associated with any 10% shareholder (as defined in the Code) of the Company.

[2] The NRC's functions, which are set out in its 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 programmes for the Board. The NRC reviews the succession plans for the Board and Management which also includes leadership plans for Management. The NRC also makes recommendations to the Board on the development of a process for evaluation of the performance of the Board, its Board Committees and Directors.

[3] 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 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 Zhang Xu (Non-Independent)
Mr Gaurav Bhushan (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)

[4] The longest serving Independent Directors since the Company's initial public offering ("IPO") in 2006 are Mr Chia, Mrs Sam and Mrs Fang who have served on the Board for more than nine 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 in 2006, Mrs Sam was appointed as an Independent Director in 2004 and Mrs Fang was appointed as an Independent Director in 2008. Mr Chan and Mr Tham were appointed in 2012 and Mr Lim was appointed in 2014.

[5] 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 nine years from the date of his/her first appointment should be subject to particularly rigorous review. The NRC and the Board have determined that Mr Chia, Mrs Sam and Mrs Fang are independent notwithstanding that they have served on the Board beyond nine years from the date of their first appointment as they continue to demonstrate strong independence in character and judgement 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. Mr Chia, Mrs Sam and Mrs Fang have abstained from the discussions relating to their respective independence as members of the NRC and the Board. There have also been changes to the Board since their respective date of first appointment, allowing for progressive refreshing of the Board.

[6] The Independent Directors have no affiliations or business relationships with the Company (save as disclosed below in respect of Mr Lim) and hold less than 10% of BTH shares and are not directly associated with a 10% shareholder of the Company, nor do any relationships or circumstances exist which are likely to, or could appear to, interfere with the exercise of their independent business judgement with a view to the best interests of BTH. Mr Lim is a director of Raffles Medical Group ("RMG"). RMG is on the Group's panel of clinics, and was appointed based on an assessment by the Group of the commercial terms offered by RMG, similar to the considerations taken into account in appointing the other panel of clinics. Based on the foregoing reasons, the NRC and the Board have considered Mr Lim as an Independent Director.

[7] 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. Based on the Singapore Board of Directors Survey 2017 organised by the SID and Singapore Exchange, in collaboration with PricewaterhouseCoopers and Singapore University of Social Sciences, the Company understands that (a) 30% of respondent firms imposed a restriction on the number of listed company directorships that their executive directors can hold, (b) 29% of respondent firms imposed a restriction on the number of listed company directorships that their non-executive, non-independent directors can hold, (c) 34% of respondent firms imposed a restriction on the number of listed company directorships that their independent directors can hold and (d) six is the most common limit set for multiple listed company directorships. In this regard, the Board notes that none of the Directors has more than six listed company directorships. The Board has allowed each Director to personally determine the demands of his/her directorships and obligations and to assess how much time he/she must dedicate in order to serve on the Board effectively. Each of the Directors updates the

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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 reviews annually the number of listed company board representations and the principal commitments of each of the Directors. For FY2017, the NRC, having reviewed the multiple listed company board representations 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.

8 In FY2017, Mr Bhushan was appointed as Alternate Director to Mr Bazin on 24 October 2017. Mr Bazin was based in France when he was appointed Director of the Company. As the Company usually holds its Board meetings in Singapore, Mr Bazin appointed Mr Bhushan, who was based in Singapore, to be his alternate to attend the said Board meetings. However, following the resignation of Mr Bazin as Director on 30 December 2017, Mr Bhushan ceased to be an Alternate Director. Mr Bhushan was then appointed as Director on 30 December 2017. The Board currently has no Alternate Director.

9 The Company's Constitution requires that every Director retires once every three years and that one-third of the Directors (or, the number nearest to but not less than one-third) shall retire by rotation and subject themselves to re-election by shareholders at every AGM. New Directors appointed by the Board during the year shall also submit themselves for re-election at the next AGM, but shall not be taken into account in determining the number of Directors who are to retire by rotation at that AGM.

Principle 5: Board Performance

1 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 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 FY2017. During FY2017, the NRC evaluated the Board's performance based on a set of performance criteria, which is the same as that of the previous year, and which includes factors such as the structure, size and processes of the Board and the Board's access to information, Management and external experts outside meetings, as well as the effectiveness of the Board as a whole, its Board Committees and the Board's oversight of the Company's performance. All Directors, except for the two newly-appointed Directors, namely Mr Zhang and Mr Bhushan, 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. Mr Zhang and Mr Bhushan will complete the Board Evaluation Questionnaire and contribute to the evaluation of the Board in FY2018 since they were only appointed in late 2017. The NRC reviewed the feedback received and presented the findings, including its recommendations, if any, for improvements to the Board.

2 The assessment of the performance of the Executive Chairman was undertaken by the NRC based on both qualitative and quantitative performance criteria.

3 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.

4 The Board, having reviewed the feedback from the NRC, was of the view that the Board has met its performance objectives for FY2017.

5 Each member of the NRC abstained from making any recommendations and/or participating in any deliberation concerning 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

1 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 other 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.

2 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 of these meetings and the Board can access and read them on their electronic devices.

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

(B) REMUNERATION MATTERS

Principle 7: Remuneration Policies

1 The NRC reviews matters concerning remuneration including, but not limited to, directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind of the Board, key management personnel (as defined in the Code) 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. Korn Ferry Hay Group ("KFHG") 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. KFHG 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 him/her.

Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure of Remuneration

1 The employment contract of the Executive Chairman is automatically renewed every year, unless otherwise terminated by either party giving not less than six months' notice in writing. The terms of the Executive Chairman's employment contract do not provide for benefits upon termination of employment with the Company. The employment contracts of the Company's key management personnel may be terminated by either party giving not less than three months' notice in writing, 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, the Executive Chairman and the top five 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.

2 The remuneration framework for the Non-Executive Directors is evaluated periodically by the NRC, in consultation with KFHG for appropriateness, taking into consideration the level of contributions, increasing responsibilities and obligations of these Directors, and 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 conducted by the NRC in consultation with KFHG in respect of FY2017. The Board agreed with the NRC's recommendation that the existing fee structure for the Non-Executive Directors be revised to bring it to market rate. 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 AGM. The revised framework for determining Non-Executive Directors' fees is set out in Table 2 on page 84:

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TABLE 2

Non-Executive Directors' Fees	
Basic Retainer Fee	
Director	S$45,000 per annum
Lead Independent Director	S$20,000 per annum
Fee for Appointment to ARC	
ARC Chairman	S$44,000 per annum
ARC Member	S$22,000 per annum
Fee for Appointment to NRC	
NRC Chairman	S$28,000 per annum
NRC Member	S$14,000 per annum
Attendance Fee per Board Meeting	S$1,000*

* Introduced in 2012 at S$500 and revised to S$1,000 in 2013. It has remained unchanged since.

[3] 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 pages 85 and 86).

[4] Table 3 below shows the gross remuneration of the Executive Chairman, Non-Executive Directors as well as the top five key management personnel (who are not Directors or the CEO).

TABLE 3

Name	Salary	Bonus	Other Benefits[1]	Long-term Share-based Incentives	Directors' Fees	Total
Executive Chairman						
Ho KwonPing	47.60%	3.60%	47.20%[2]	-	1.60%[3]	S$2,683,890
Non-Executive Directors						
Ariel P Vera	-	-	10.95%	-	89.05%[4]	S$55,025
Chia Chee Ming Timothy	-	-	5.67%	-	94.33%	S$102,830
Fang Ai Lian	-	-	0.61%	-	99.39%	S$93,570
Elizabeth Sam	-	-	9.74%	-	90.26%	S$69,795
Chan Heng Wing	-	-	2.97%	-	97.03%	S$62,870
Tham Kui Seng	-	-	8.38%	-	91.62%	S$77,490
Lim Tse Ghow Olivier	-	-	4.07%	-	95.93%	S$74,010
Zhang Xu[5]	-	-	52.22%	-	47.78%	S$26,875
Sébastien Bazin[6]	-	-	0.00%	-	100.00%	S$10,740
Gaurav Bhushan[7]	-	-	0.00%	-	100.00%	S$250
Top Five Key Management Personnel						
S$500,000 to S$750,000						
Eddy See Hock Lye	73.30%	13.70%	8.20%	1.50%	3.30%[3]	100%
Shankar Chandran	52.80%	9.20%	34.40%	1.10%	2.50%[3]	100%
Des Pugson	55.30%	11.20%	33.30%	0.20%	-	100%
S$500,000 to S$550,000						
Ho KwonCjan	75.80%	4.20%	16.50%	-	3.50%[3]	100%
Claire Chiang	83.00%	11.00%	6.00%	-	-	100%

1 Including all benefits-in-kind such as provident fund contributions, complimentary accommodation, spa and gallery benefits, medical benefits, health checks, tax borne by the Company and home leave tickets, where applicable.
2 Including Founder's Grant (as described on pages 85 and 86).
3 Directors' fees received from Laguna Resorts & Hotels Public Company Limited ("LRH").
4 Directors' fees received from both BTH and LRH.
5 Appointed as Director on 27 September 2017.
6 Appointed as Director on 13 October 2017 and resigned on 30 December 2017.
7 Appointed as Alternate Director to Sébastien Bazin on 24 October 2017 and ceased to be Alternate Director on 30 December 2017 following the resignation of Sébastien Bazin. Appointed as Director on 30 December 2017.

[5] The aggregate amount of the total remuneration paid to the top five key management personnel (who are not Directors or the CEO) is S$3,030,057.

[6] During FY2017, there were three employees, namely Mr Ho KwonCjan (brother), Ms Claire Chiang (spouse) and Ms Ho Ren Yung (daughter) 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 on page 84. Ms Ho Ren Yung's remuneration for FY2017 fell within the band of S$100,000 to S$150,000. Mr Ho KwonPing was not involved in the determination of his family members' remuneration.

[7] The Company adopts a remuneration framework that is responsive to the market elements and performance of the Company and its various Business Units. The Company adopts a remuneration policy which comprises a fixed component, a variable component, a 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 are 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 includes medical benefits, tax borne by the Company, accommodation and 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 pages 85 and 86).

LONG-TERM SHARE INCENTIVES

[8] The NRC sets the remuneration guidelines of the Group for each annual period including the Company's share-based incentive schemes. The Banyan Tree Share Option Scheme and the Banyan Tree Performance Share Plan (which comprises the Performance Share Plan and Restricted Share Plan) (the "Plan"), which were adopted at the AGM held on 28 April 2006, expired on 27 April 2016. The Company adopted the Banyan Tree Share Award Scheme 2016 ("Share Award Scheme") at the AGM held on 28 April 2016 to replace the Plan. The Share Award Scheme will be in force for a maximum of 10 years beginning from 28 April 2016. The features of the Share Award Scheme are the same as that of the Plan. The Company did not extend the duration of, or replace, the Banyan Tree Share Option Scheme and the Company has not issued any options to eligible participants pursuant to the Banyan Tree Share Option Scheme. As such, the Share Award Scheme is the only share incentive scheme of the Company in force.

[9] The Share Award Scheme and the Plan is/was (as the case may be) introduced to strengthen the Group's competitiveness in retaining and attracting talented key executives. The Share Award Scheme and the Plan is/was (as the case may be) also aimed at aligning the interests of key executives with that of shareholders, improving performance and achieving sustainable growth for the Company, and fostering an ownership culture among key executives. Under the rules of the Share Award Scheme and the Plan, participants may be granted 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 Share Award Scheme or the Plan is/was (as the case may be) 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. KFHG provided the valuation and vesting computation for the share grants awarded under the Share Award Scheme and the Plan. Details of the Share Award Scheme and the Plan, including the terms and performance conditions, can be found in the Directors' Statement and Note 43 to the financial statements.

[10] For FY2017, 137,500 treasury shares were transferred due to the release of share awards vested under the Plan. In addition, an initial award of 836,250 shares with a potential to acquire an additional award of 560,625 shares (aggregating a total award of 1,396,875 shares) was granted under the Share Award Scheme, subject to pre-determined performance conditions being met.

FOUNDER'S GRANT

[11] 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

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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 FY2017, Mr Ho shall be paid a Founder's Grant of S$1,192,598 in cash.

[12] Details of the Founder's Grant can be found in the Directors' Statement and Note 43 to the financial statements.

(C) ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

[1] 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.

[2] Management provides the Board with detailed management accounts and explanations 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 consists of consolidated profit and loss accounts, operating profit, and pre-tax profit by the various business segments comparing BTH's actual performance against the budgets, together with explanations for significant variances.

[3] The Board reviews and approves the results as well as the relevant announcements before their release on SGXNET. The Board also reviews legal and regulatory compliance reports from Management to ensure that the Group complies with relevant regulatory requirements.

[4] For FY2017, the Executive Chairman and the Group Managing Director/ Group 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 SGX-ST Listing Rules.

Principle 11: Risk Management and Internal Controls

[1] 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 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.

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

[3] Under the COSO Framework, internal control 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 following categories:

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

[4] Using the COSO Framework, Management, Risk Management and Internal Audit teams assess the adequacy of internal controls in accordance with the five components of COSO, namely:

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

[5] 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 lie with the respective Business Units and Management which assume 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. Key business risks are proactively identified, addressed and reviewed on an ongoing basis. This includes reviewing the level of business risks and the appropriate framework and policies for management that are consistent with BTH's risk appetite. Certain operating risks are mitigated through insurance management with the assistance of professional global insurance advisers, ensuring adequate coverage for, *inter alia*, its hotels/resorts and assets.

[6] 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 Auditor. The system of internal control and risk management is continually being refined by Management, the ARC and the Board.

[7] Based on the framework established and the annual review conducted by the Management, Head of Group Internal Audit and the External Auditor, 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 risks which the Group considers relevant and material to its current business environment.

[8] 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 judgement in decision-making, human error, losses, fraud or other irregularities.

[9] The Board has received assurance from the Executive Chairman and the Group Managing Director/Group Chief Financial Officer that:

(a) the financial records of BTH have been properly maintained and the financial statements for the year ended 31 December 2017 give a true and fair view of the Group's operations and finances; and
(b) the system of risk management and internal controls in place within BTH is adequate and effective in addressing the material risks of the Group in its current business environment, including material financial, operational, and compliance risks including information technology risks and sustainability risks.

Principle 12: Audit and Risk Committee

[1] The ARC, chaired by Mrs Fang, comprises Mr Tham and Mr Lim, all of whom are Independent Directors. The Board considers that Mrs Fang, a qualified Chartered Accountant, who has extensive, relevant and practical accounting and financial management knowledge and experience, is well-qualified to chair the ARC. The other members of the ARC, Mr Tham and Mr Lim, have expertise and experience in banking, real estate management and related financial management, and are qualified to discharge their responsibilities as ARC members. 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 Auditor. The ARC has adopted a Charter that is approved by the Board, the responsibilities of which are detailed under the Directors' Statement on page 100 of the Annual Report.

CORPORATE GOVERNANCE REPORT

[2] The ARC usually meets with the Head of Group Internal Audit and the External Auditor, prior to the commencement of each ARC meeting without the presence of Management. These meetings enable both the Head of Group Internal Audit and the External Auditor to raise issues encountered in the course of their work directly to the ARC.

[3] The ARC reviews, with the Head of Group Internal Audit and the External Auditor, their audit plans, the system of internal controls, audit reports, the management letters 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 on the 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.

[4] The ARC commissions and reviews the findings of internal investigations into matters of 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.

[5] 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.

[6] 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 by the Group's various business and operating units to ensure that procedures have been adopted to curb anti-corruption practices 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.

[7] The ARC has explicit authority to investigate any matters within its Charter and has full access to the co-operation of Management and full discretion to invite any Director or Management to attend its meetings. The Company has an Internal Audit team that, together with the External Auditor, reports its findings and recommendations independently to the ARC. The ARC also reviews and considers the performance and compensation of the Head of Group Internal Audit as well as his independence from Management. In FY2017, 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.

[8] The ARC has undertaken a review of the nature and extent of all non-audit services performed by the External Auditor during the year. Based on this review and other information, the ARC is satisfied and is of the view that such services have not affected their independence. It recommends the re-appointment of the External Auditor. To further maintain the independence of the External Auditor, the ARC ensures that the audit partner in charge of the Group is rotated every five years. The ARC approved the remuneration and terms of the engagement of the External Auditor. The details of the aggregate amount of fees paid to the External Auditor for FY2017 and the breakdown of fees paid in total for audit and non-audit services respectively can be found on page 142 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 242 of the Annual Report. Also, the names of the auditing firms for its significant subsidiaries and associated companies can be found on pages 163 and 167 of the Annual Report.

[9] 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.

[10] In the review of the financial statements for FY2017, the following significant matters impacting the financial statements were discussed with Management and the External Auditor, and were reviewed by the ARC:

Significant matters	How the ARC reviewed these matters and what decisions were made
Adequacy of allowance for trade receivables, loan and amounts due from a joint venture and certain associates	The ARC considered the Group's processes and controls in place for monitoring and identifying receivables for collection risks.
	The ARC was periodically briefed on the significant outstanding receivables, and also discussed with, and sought clarification with Management, as appropriate, the adequacy of the amount of allowance made, and the reasonableness of the assumptions used to calculate the impairment amount for trade receivables, loan and amounts due from a joint venture and certain associates.
	The allowance for trade receivables, loan and amounts due from a joint venture and certain associates was also an area of focus for the External Auditor. The External Auditor has included this item as a key audit matter in its audit report for FY2017 on page 102 of this Annual Report.
Fair value measurement of freehold land and buildings and investment properties	The ARC considered the appropriateness of the approach and methodology applied to the valuation model in assessing the valuation of the freehold land and buildings and investment properties.
	The ARC reviewed the reasonableness of the basis and the inputs used in the valuation model as well as the objectivity, independence and competence of the external appraisers appointed to perform the valuations.
	The valuation of the freehold land and buildings and investment properties was also an area of focus for the External Auditor. The External Auditor has included this item as a key audit matter in its audit report for FY2017 on pages 102 and 103 of this Annual Report.

CORPORATE GOVERNANCE REPORT

Principle 13 – Internal Audit

1 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 Group Managing Director/Group Chief Financial Officer for administrative matters. The ARC approves the hiring, removal, evaluation and compensation of the Head of Group Internal Audit. The ARC also reviews annually the adequacy and effectiveness of the internal audit function.

2 The IAD is staffed by suitably qualified professional staff with the requisite skill sets and experience and comprises eight 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.

3 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 requirements.

4 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.

5 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 AND RESPONSIBILITIES AND COMMUNICATION WITH SHAREHOLDERS

Principle 14: Shareholders' Rights
Principle 15: Communication with Shareholders
Principle 16: Conduct of Shareholders' Meetings

1 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.

2 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 FY2017, the Company held a media and analysts' briefing upon the release of its full-year results. These releases were also made available on the Company's website. The Company has an investor relations team ("IR Team") that communicates with its shareholders and analysts regularly and attends to their queries. The IR Team can be reached via email address 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.

3 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.

4 A registered shareholder may appoint one or two proxies to attend the AGM and vote. Under the Companies Act, a member which is a relevant intermediary (as defined in the Companies Act), which generally includes Singapore banks and nominee or custodial service providers, as well as the Central Provident Fund Board, may appoint more than two proxies to attend, speak and vote at the AGM, provided that each appointed proxy represents a different share or shares held by such member.

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

6 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 Auditor and legal advisers are also present at the AGM to assist the Board and Management in addressing shareholders' queries.

7 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, and is outlined as follows:

- <u>Stability</u>
  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.
- <u>Predictability</u>
  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.
- <u>Managed growth</u>
  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

1 The Company has adopted an internal code on securities trading, which provides guidance and internal regulation with regard 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 in 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 law 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

1 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 96 of this Annual Report.

DISCLOSURE GUIDE

Guideline*	Questions	How has the Company complied?
General	(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.	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").
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	Please refer to the seventh paragraph of Principle 4; Part A of the Report.
Board Responsibility		
Guideline 1.5	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.
Members of the Board		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	Please refer to the third paragraph of Principle 2; Part A of the Report.
	(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.	Please refer to the first, third and fourth paragraphs of Principle 2; Part A of the Report. There are ten Board Members of whom two are female, comprising 20% of the Board.
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	The Board, with the assistance of the NRC, reviews the composition of the Board each year to ensure that, *inter alia*, the skills and competencies of the Directors remain comparable to the needs of the Group's business.
Guideline 4.6	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.
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why.	Yes. Mr Zhang Xu and Mr Gaurav Bhushan were appointed in FY2017 and are seeking re-election at the upcoming AGM. Mr Zhang Xu and Mr Gaurav Bhushan participated in the orientation programme for new Directors, as described in the fifth paragraph of Principle 1; Part A of the Report. The Company will make arrangements for Mr Gaurav Bhushan to attend relevant courses on the roles and responsibilities of a director of a public listed company. Mr Zhang Xu has experience as director of a listed company.
	(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	Please refer to the fifth to seventh paragraphs of Principle 1; 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?
Guideline 4.4	(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?	Please refer to the seventh paragraph of Principle 4; Part A of the Report.
	(b) If a maximum number has not been determined, what are the reasons?	Please refer to the seventh paragraph of Principle 4; Part A of the Report.
	(c) What are the specific considerations in deciding on the capacity of directors?	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.
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	Please refer to the first to third paragraphs of Principle 5; Part A of the Report.
	(b) Has the Board met its performance objectives?	Please refer to the fourth paragraph of Principle 5; Part A of the Report.
Independence of Directors		
Guideline 2.1	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 first paragraph of Principle 2 and the third paragraph of Principle 4; Part A of the Report. The Independent Directors comprise 60% of the Board.
Guideline 2.3	(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.	Please refer to the sixth paragraph of Principle 4; Part A of the Report.
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Please refer to the sixth paragraph of Principle 4; Part A of the Report.
Guideline 2.4	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 fourth and fifth paragraphs of Principle 4; Part A of the Report.
Disclosure on Remuneration		
Guideline 9.2	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.

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

DISCLOSURE GUIDE

Guideline*	Questions	How has the Company complied?
Guideline 9.3	(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?	Please refer to Table 3 set out in Principle 8 and Principle 9; Part B of the Report.
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	Please refer to the fifth paragraph of Principle 8 and Principle 9; Part B of the Report.
Guideline 9.4	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.
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	Please refer to the seventh paragraph of Principle 8 and Principle 9; Part B of the Report.
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	Please refer to the seventh and ninth paragraphs of Principle 8 and Principle 9; Part B of the Report.
	(c) Were all of these performance conditions met? If not, what were the reasons?	Please refer to the ninth paragraph of Principle 8 and Principle 9; Part B of the Report.
Risk Management and Internal Controls		
Guideline 6.1	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: - i) the sixth paragraph of Principle 1; Part A of the Report; ii) the first paragraph of Principle 6; Part A of the Report; and iii) the second and third paragraphs of Principle 10; Part C of the Report.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Please refer to the first to third paragraphs of Principle 13; Part C 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?
Guideline 11.3	(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.	Please refer to the second to seventh paragraphs of Principle 11; Part C of the Report.
	(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 sixth to ninth paragraphs of Principle 11; Part C of the Report.
Guideline 12.6	(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.	Please refer to the eighth paragraph of Principle 12; Part C of the Report.
	(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.
Communication with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	Please refer to the second paragraph of Principle 14 to Principle 16; Part D of the Report.
	(b) Is this done by a dedicated investor relations teams (or equivalent)? If not, who performs this role?	Please refer to the second paragraph of Principle 14 to Principle 16; Part D of the Report.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Please refer to the second and sixth 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 they arise.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	The Company will be paying dividends for FY2017, subject to shareholders' approval at the upcoming AGM.

* 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 FY2017 (excluding transactions less than S$100,000 and transactions conducted under Shareholders' Mandate) in S$'000	Aggregate value of all interested person transactions conducted under Shareholders' Mandate for FY2017 (excluding transactions less than S$100,000) in S$'000
A	**Transactions with the Tropical Resorts Limited Group ("TRG")**		
a	Provision of Resort Management and Related Services to TRG	–	2,613
b	Provision of Spa Management and Other Related Services to TRG	–	575
c	Rental Income from TRG in respect of units in Banyan Tree Bintan and Angsana Bintan	–	2,254
d (i)	Reimbursement of Expenses - to TRG	–	232
d (ii)	Reimbursement of Expenses - from TRG	–	768
	Total	–	**6,442**

FINANCIALS

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Banyan Tree Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2017.

Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Group and 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.

Directors

The directors of the Company in office at the date of this statement 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
Zhang Xu (Appointed on 27 September 2017)
Gaurav Bhushan (Appointed on 30 December 2017)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of 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, Banyan Tree Share Award Scheme 2016 and the Founder's Grant.

Banyan Tree Share Option Scheme, Banyan Tree Performance Share Plan and Banyan Tree Share Award Scheme 2016

There are three 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") and the Banyan Tree Share Award Scheme 2016 (the "Share Award Scheme"). The Schemes have expired on 27 April 2016 and the Company adopted the Share Award Scheme on 28 April 2016 to replace the Plan. Ho KwonPing, the Executive Chairman and controlling shareholder*, was/is not entitled to participate in the Schemes and Share Award Scheme.

At the date of this statement, the Share Award Scheme is the only share incentive scheme of the Company in force and 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 (prior to expiry), eligible participants may be granted options to acquire shares in the Company whereas under the Plan (prior to expiry), the Company's shares may be issued to eligible participants. The Schemes and Share Award Scheme 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 the Share Award Scheme and details of performance shares and awards granted to eligible participants during the financial year under the Plan and the Share Award Scheme, can be found in Note 43 to the financial statements.

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

Founder's Grant

Ho KwonPing is entitled to, for each financial year for a period of ten years beginning from the financial year ended 31 December 2010, an amount equivalent to 5% of the profit before tax of the Group, such amount to be payable in cash or in shares at the sole discretion of the Company (the "Founder's Grant"). Ho KwonPing shall be paid a total amount of S$1,192,598 in cash pursuant to the Founder's Grant in respect of financial year ended 31 December 2017. Details of the Founder's Grant can be found in Note 43 to the financial statements.

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 subsidiaries), as stated below:

	Holdings registered in the name of director or nominee			Holdings in which a director is deemed to have an interest		
Name of directors and companies in which interests are held	**At the beginning of financial year**	**At the end of financial year**	**As at 21 January 2018**	**At the beginning of financial year**	**At the end of financial year**	**As at 21 January 2018**
Banyan Tree Holdings Limited (Incorporated in Singapore)						
Ordinary shares						
Ho KwonPing	–	–	–	293,319,882	301,948,882	301,948,882
Ariel P Vera	1,120,500	1,120,500	1,120,500	–	–	–
Chia Chee Ming Timothy	257,000	257,000	257,000	–	–	–
Elizabeth Sam	156,000	156,000	156,000	–	–	–
Debentures						
Chan Heng Wing[1]	$250,000	$250,000	$250,000	–	–	–
Fang Ai Lian[2]	$500,000	$500,000	$500,000	–	–	–
Bangtao Development Limited (Incorporated in Thailand)						
Ordinary shares						
Ho KwonPing	1	1	1	–	–	–
Phuket Resort Development Limited (Incorporated in Thailand)						
Ordinary shares						
Ho KwonPing	1	1	1	–	–	–
Twin Waters Development Company Limited (Incorporated in Thailand)						
Ordinary shares						
Ho KwonPing	2	2	2	–	–	–

[1] Series 09 Notes issued by BTH under its S$700 million Multicurrency Debt Issuance Programme.
[2] Series 10 Notes issued by BTH under its S$700 million Multicurrency Debt Issuance Programme.

DIRECTORS' STATEMENT

Directors' interests in shares and debentures (cont'd)

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.

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.

Audit and Risk Committee ("ARC")

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

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

All ARC members are Non-Executive Independent Directors.

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 re-appointment as auditor.

On behalf of the Board of Directors,

Ho KwonPing
Director

Fang Ai Lian
Director

Singapore
9 March 2018

INDEPENDENT AUDITOR'S REPORT

for the financial year ended 31 December 2017

Independent Auditor's Report to the Members of Banyan Tree Holdings Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the financial statements of Banyan Tree Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2017, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT

for the financial year ended 31 December 2017

Independent Auditor's Report to the Members of Banyan Tree Holdings Limited (cont'd)

Key Audit Matters (cont'd)

1. Adequacy of allowance for trade receivables, loan and amounts due from a joint venture and certain associates

As at 31 December 2017, receivables balances include long term trade receivables of approximately $24.1 million, current trade receivables of approximately $37.1 million, loan and amounts due from a joint venture and certain associates of approximately $71.7 million (the "Receivables"). The Receivables represent approximately 7.9% of the Group's total assets. Management determined if these amounts can be recovered and estimate the amount of allowance, if any. This requires significant management judgment. As such, we determined this to be a key audit matter. The collectability of the Receivables is a key element of the Group's working capital, which is managed on an ongoing basis by the Group.

We assessed the Group's processes and controls for identifying and monitoring of the Receivables for collection risks. We performed audit procedures, amongst others, obtaining confirmations, assessing the facts and circumstances surrounding the outstanding amount presented by management, and reviewed for evidence of collection by way of subsequent receipts from debtors after the year end.

We reviewed management's assessment of the adequacy of allowance made and assumptions used to calculate the Receivables impairment amount, notably through analysis of their aging trends, specific risks and inquiry of management if there is any dispute by debtors.

The results of our evaluation shows that management's assessment on the Group's allowance for the Receivables is reasonable.

We also assessed the adequacy of the Group's disclosures on the Receivables in Notes 17, 21, 26, 29 and 30 and the related risks such as credit risk and liquidity risk in Notes 46(a) and 46(b) to the financial statements.

2. Fair value measurement of freehold land and buildings and investment properties

As at 31 December 2017, the carrying values of freehold land and buildings and investment properties amounted to approximately $567.9 million and $70.6 million respectively. The valuations of freehold land and buildings and investment properties are complex and dependent on a range of estimates (amongst others, discount rate, yield adjustments, occupancy rates and growth rates) made by management. As such, we determined this to be a key audit matter.

The management uses professional independent appraisal companies and accredited independent property valuers to support its determination of the fair value of freehold land and buildings and investment properties.

Our audit work in assessing the reasonableness of management's judgements and estimations of these fair values considered, among others, the objectivity, independence and competence of the external appraisers. We held discussions with management and external appraisers to understand and assess the appropriateness of the valuation models and key assumptions on discount rates, yield adjustments, occupancy rates and growth rates used. We involved our internal valuation specialists to assist us in assessing the appropriateness of the valuation models and key assumptions used.

Based on the work performed, we considered the methodology and key assumptions used by management to be appropriate.

Independent Auditor's Report to the Members of Banyan Tree Holdings Limited (cont'd)

Key Audit Matters (cont'd)

2. **Fair value measurement of freehold land and buildings and investment properties** (cont'd)

   We also assessed the adequacy of the disclosures related to freehold land and buildings and investment properties in Note 12, 13 and 48 to the financial statements.

Other Information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors 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 Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT

for the financial year ended 31 December 2017

Independent Auditor's Report to the Members of Banyan Tree Holdings Limited (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report to the Members of Banyan Tree Holdings Limited (cont'd)

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 corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Simon Yeo.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

9 March 2018

CONSOLIDATED INCOME STATEMENT

for the financial year ended 31 December 2017

		GROUP	
	Note	2017 $'000	2016 $'000
Revenue	3	**317,511**	309,565
Other income	4	**50,928**	29,652
		368,439	339,217
Costs and expenses			
Cost of operating supplies		**(25,338)**	(25,663)
Cost of properties sold		**(28,888)**	(27,765)
Salaries and related expenses	5	**(101,387)**	(99,929)
Administrative expenses		**(61,472)**	(53,115)
Sales and marketing expenses		**(16,208)**	(19,453)
Other operating expenses	6	**(60,477)**	(61,596)
		(293,770)	(287,521)
Profit before interests, taxes, depreciation and amortisation		**74,669**	51,696
Depreciation of property, plant and equipment	12	**(22,515)**	(22,341)
Amortisation expense		**(2,599)**	(2,722)
Profit from operations and other gains	7	**49,555**	26,633
Finance income	8	**2,571**	3,674
Finance costs	9	**(28,181)**	(29,630)
Share of results of associates		**346**	33
Share of results of joint ventures		**(1,632)**	–
Profit before taxation		**22,659**	710
Income tax expense	10	**(7,802)**	(7,660)
Profit/(Loss) after taxation		**14,857**	(6,950)
Attributable to:			
Owners of the Company		**12,929**	(16,196)
Non-controlling interests		**1,928**	9,246
		14,857	(6,950)
Earnings per share attributable to owners of the Company (in cents):			
Basic	11	**1.67**	(2.13)
Diluted	11	**1.56**	(2.13)

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 2017

		GROUP	
	Note	2017 $'000	2016 $'000
Profit/(Loss) after taxation		**14,857**	(6,950)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Realisation of currency translation reserves		**1,970**	–
Exchange differences arising from consolidation of foreign operations and net investment in foreign operations		**(11,752)**	16,006
Net change in fair value adjustment reserve, net of deferred tax		**–**	9,540
Net fair value change on available-for-sale financial assets reclassified to profit or loss	4	**–**	(22,763)
		(9,782)	2,783
Items that will not be reclassified to profit or loss			
Adjustment on property revaluation reserve, net of deferred tax		**379**	38,736
Actuarial (loss)/gain arising from defined benefit plan, net of deferred tax		**(1)**	9
		378	38,745
Other comprehensive (expense)/income for the financial year, net of tax		**(9,404)**	41,528
Total comprehensive income for the financial year		**5,453**	34,578
Total comprehensive (expense)/income attributable to:			
Owners of the Company		**(724)**	15,726
Non-controlling interests		**6,177**	18,852
		5,453	34,578

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

BALANCE SHEETS

as at 31 December 2017

		GROUP		COMPANY	
	Note	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Non-current assets					
Property, plant and equipment	12	**642,013**	657,746	**–**	1
Investment properties	13	**70,644**	70,596	**–**	–
Intangible assets	14	**33,208**	33,202	**2,890**	2,471
Land use rights	15	**2,445**	2,982	**–**	–
Subsidiaries	16	**–**	–	**539,118**	513,554
Associates	18	**107,249**	93,884	**869**	869
Joint ventures	17	**132,250**	–	**12,110**	–
Long-term investments	19	**14,862**	14,887	**–**	–
Deferred tax assets	39	**16,378**	16,072	**–**	–
Prepaid island rental	20	**20,432**	22,839	**–**	–
Prepayments		**2,723**	3,555	**–**	–
Long-term trade receivables	21	**24,058**	29,093	**–**	–
Other receivables	22	**3,489**	11,168	**–**	–
		1,069,751	956,024	**554,987**	516,895
Current assets					
Property development costs	23	**283,342**	251,795	**–**	–
Inventories	24	**7,634**	9,398	**–**	–
Prepayments and other non-financial assets	25	**13,919**	18,683	**120**	134
Trade receivables	26	**37,122**	43,155	**–**	–
Other receivables	27	**7,646**	8,931	**593**	70
Amounts due from subsidiaries	28	**–**	–	**213,206**	207,538
Amounts due from associates	29	**64,963**	203	**1,393**	–
Amounts due from joint ventures	30	**6,291**	–	**3,156**	–
Amounts due from related parties	31	**23,155**	21,999	**3**	1
Cash and short-term deposits	32	**158,988**	108,767	**72,869**	28,052
		603,060	462,931	**291,340**	235,795
Assets of disposal group classified as held for sale	33	**6,936**	189,267	**–**	–
		609,996	652,198	**291,340**	235,795
Total assets		**1,679,747**	1,608,222	**846,327**	752,690

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

		GROUP		COMPANY	
	Note	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Current liabilities					
Tax payable		**7,106**	7,039	**–**	–
Unearned income		**5,784**	10,589	**–**	–
Other non-financial liabilities	34	**50,727**	32,801	**534**	514
Interest-bearing loans and borrowings	35	**71,371**	97,981	**2,600**	41,608
Notes payable	36	**119,270**	49,031	**119,270**	49,031
Trade payables		**25,311**	19,368	**–**	–
Other payables	37	**43,172**	37,958	**9,049**	5,199
Amounts due to subsidiaries	28	**–**	–	**57,317**	46,699
Amounts due to associates	29	**22,489**	5	**18,009**	–
Amounts due to joint ventures	30	**61,094**	–	**60,298**	–
Amounts due to related parties	31	**1,261**	864	**–**	–
		407,585	255,636	**267,077**	143,051
Liabilities of disposal group classified as held for sale	33	**–**	25,557	**–**	–
		407,585	281,193	**267,077**	143,051
Net current assets		**202,411**	371,005	**24,263**	92,744
Non-current liabilities					
Deferred income	38	**–**	8,041	**–**	–
Deferred tax liabilities	39	**109,989**	107,116	**–**	–
Defined and other long-term employee benefits	40	**2,820**	2,927	**–**	–
Deposits received		**1,976**	1,814	**–**	–
Other non-financial liabilities		**3,882**	4,100	**–**	–
Interest-bearing loans and borrowings	35	**150,689**	125,687	**21,233**	7,572
Notes payable	36	**224,616**	343,886	**224,616**	343,886
Other payables		**654**	612	**–**	–
		494,626	594,183	**245,849**	351,458
Total liabilities		**902,211**	875,376	**512,926**	494,509
Net assets		**777,536**	732,846	**333,401**	258,181
Equity attributable to owners of the Company					
Share capital	41	**241,520**	199,995	**241,520**	199,995
Treasury shares	42	**(142)**	(235)	**(142)**	(235)
Reserves	42	**359,248**	364,724	**92,023**	58,421
		600,626	564,484	**333,401**	258,181
Non-controlling interests		**176,910**	168,362	**–**	–
Total equity		**777,536**	732,846	**333,401**	258,181

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 2017

2017 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 42(f)	Accumulated profits $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2017	199,995	(235)	8,040	9,899	181,773	(19,834)	(16,415)	201,261	564,484	168,362	732,846
Profit after taxation	–	–	–	–	–	–	–	12,929	12,929	1,928	14,857
Other comprehensive income for the financial year	–	–	–	–	379	(14,031)	–	(1)	(13,653)	4,249	(9,404)
Total comprehensive income for the financial year	–	–	–	–	379	(14,031)	–	12,928	(724)	6,177	5,453
Contributions by and distributions to owners											
Treasury shares reissued pursuant to Share-based Incentive Plan	–	93	(66)	–	–	–	(27)	–	–	–	–
Issuance of share grants pursuant to Share-based Incentive Plan	–	–	2	–	–	–	–	–	2	–	2
Issue of new shares	41,525	–	–	–	–	–	–	–	41,525	–	41,525
Total contributions by and distributions to owners	41,525	93	(64)	–	–	–	(27)	–	41,527	–	41,527
Changes in ownership interests in subsidiary											
Increase in non-controlling interests without a change in control	–	–	–	–	–	–	(2,967)	–	(2,967)	2,967	–
Total changes in ownership interests in subsidiary	–	–	–	–	–	–	(2,967)	–	(2,967)	2,967	–
Total transactions with owners in their capacity as owners	41,525	93	(64)	–	–	–	(2,994)	–	38,560	2,967	41,527
Other changes in equity											
Disposal of subsidiaries	–	–	–	(1,653)	–	–	–	–	(1,653)	–	(1,653)
Dividends paid to loan stockholders of a subsidiary	–	–	–	–	–	–	–	(41)	(41)	–	(41)
Dividends paid to non-controlling shareholders of a subsidiary	–	–	–	–	–	–	–	–	–	(596)	(596)
Transfer to accumulated profits upon disposal of asset	–	–	–	–	(45)	–	–	45	–	–	–
Transfer to legal reserve	–	–	–	34	–	–	–	(34)	–	–	–
Total other changes in equity	–	–	–	(1,619)	(45)	–	–	(30)	(1,694)	(596)	(2,290)
At 31 December 2017	241,520	(142)	7,976	8,280	182,107	(33,865)	(19,409)	214,159	600,626	176,910	777,536

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 2017

2016 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 42(f)	Accumulated profits $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2016	199,995	(463)	8,316	9,898	155,462	(31,862)	(9,716)	217,162	548,792	150,669	699,461
Loss after taxation	–	–	–	–	–	–	–	(16,196)	(16,196)	9,246	(6,950)
Other comprehensive income for the financial year	–	–	–	–	26,553	12,028	(6,668)	9	31,922	9,606	41,528
Total comprehensive income for the financial year	–	–	–	–	26,553	12,028	(6,668)	(16,187)	15,726	18,852	34,578
Contributions by and distributions to owners											
Treasury shares reissued pursuant to Share-based Incentive Plan	–	228	(197)	–	–	–	(31)	–	–	–	–
Issuance of share grants pursuant to Share-based Incentive Plan	–	–	6	–	–	–	–	–	6	–	6
Expiry of share grants pursuant to Share-based Incentive Plan	–	–	(85)	–	–	–	–	85	–	–	–
Total transactions with owners in their capacity as owners	–	228	(276)	–	–	–	(31)	85	6	–	6
Other changes in equity											
Dividends paid to loan stockholders of a subsidiary	–	–	–	–	–	–	–	(40)	(40)	–	(40)
Dividends paid to non-controlling shareholders of a subsidiary	–	–	–	–	–	–	–	–	–	(1,159)	(1,159)
Transfer to accumulated profits upon disposal of asset	–	–	–	–	(242)	–	–	242	–	–	–
Transfer to legal reserve	–	–	–	1	–	–	–	(1)	–	–	–
Total other changes in equity	–	–	–	1	(242)	–	–	201	(40)	(1,159)	(1,199)
At 31 December 2016	199,995	(235)	8,040	9,899	181,773	(19,834)	(16,415)	201,261	564,484	168,362	732,846

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 2017

COMPANY	Share capital $'000	Treasury shares $'000	Share-based payment reserve $'000	Other reserves $'000 Note 42(f)	Accumulated profits $'000	Total equity $'000
At 1 January 2017	**199,995**	**(235)**	**8,040**	**4,710**	**45,671**	**258,181**
Profit after taxation	**–**	**–**	**–**	**–**	**33,693**	**33,693**
Total comprehensive income for the financial year	**–**	**–**	**–**	**–**	**33,693**	**33,693**
Contributions by and distributions to owners						
Treasury shares reissued pursuant to Share-based Incentive Plan	**–**	**93**	**(66)**	**(27)**	**–**	**–**
Issuance of share grants pursuant to Share-based Incentive Plan	**–**	**–**	**2**	**–**	**–**	**2**
Expiry of share grants pursuant to Share-based Incentive Plan	**41,525**	**–**	**–**	**–**	**–**	**41,525**
Total transactions with owners in their capacity as owners	**41,525**	**93**	**(64)**	**(27)**	**–**	**41,527**
At 31 December 2017	**241,520**	**(142)**	**7,976**	**4,683**	**79,364**	**333,401**
At 1 January 2016	199,995	(463)	8,316	4,741	48,947	261,536
Loss after taxation	–	–	–	–	(3,361)	(3,361)
Total comprehensive income for the financial year	–	–	–	–	(3,361)	(3,361)
Contributions by and distributions to owners						
Treasury shares reissued pursuant to Share-based Incentive Plan	–	228	(197)	(31)	–	–
Issuance of share grants pursuant to Share-based Incentive Plan	–	–	6	–	–	6
Expiry of share grants pursuant to Share-based Incentive Plan	–	–	(85)	–	85	–
Total transactions with owners in their capacity as owners	–	228	(276)	(31)	85	6
At 31 December 2016	199,995	(235)	8,040	4,710	45,671	258,181

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 2017

	Note	2017 $'000	2016 $'000
Cash flows from operating activities			
Profit before taxation		**22,659**	710
Adjustments for:			
Share of results of associates		**(346)**	(33)
Share of results of joint ventures		**1,632**	–
Depreciation of property, plant and equipment	12	**22,515**	22,341
(Gain)/Loss on disposal of property, plant and equipment, net	7	**(17)**	170
Gain on disposal of land use rights	7	**(205)**	–
Write off of property, plant and equipment	7	**3,078**	–
Impairment loss on other investment	7	**23**	–
Impairment loss on intangible assets	7	**2,139**	–
Finance income	8	**(2,571)**	(3,674)
Finance costs	9	**28,181**	29,630
Amortisation expense		**2,599**	2,722
Allowance for doubtful debts	7	**1,375**	2,368
Allowance for inventory obsolescence	7	**59**	62
Defined and other long-term employee benefits expense	40	**260**	290
Share-based payment expenses	5	**9**	68
Gain on disposal of subsidiaries	4	**(40,413)**	–
Fair value gain on derivatives	4	**(6,411)**	–
Net fair value gain on investment properties	13	**(212)**	(741)
Net change in the value of available-for-sale financial assets	4	**–**	(22,366)
Currency realignment		**(7,352)**	5,510
		4,343	36,347
Operating profit before working capital changes		**27,002**	37,057
Decrease in inventories		**608**	1,218
Increase in property development costs		**(32,164)**	(22,462)
Decrease in trade and other receivables		**29,011**	23,880
Increase in amounts due from related parties		**(19,248)**	(3,345)
Increase/(Decrease) in trade and other payables		**30,803**	(5,374)
		9,010	(6,083)
Cash flows generated from operating activities		**36,012**	30,974
Interest received		**2,562**	3,751
Interest paid		**(28,202)**	(29,738)
Tax paid		**(8,672)**	(9,284)
Payment of employee benefits	40	**(435)**	(482)
Payment of cash settled share grants		**(33)**	(78)
Payment of lease rental	20	**(1,517)**	(1,382)
Net cash flows used in operating activities		**(285)**	(6,239)

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 2017

	Note	2017 $'000	2016 $'000
Cash flows from investing activities			
Purchase of property, plant and equipment	12	**(12,609)**	(15,888)
Proceeds from disposal of property, plant and equipment		**561**	33
Proceeds from disposal of land use rights		**3,013**	–
Increase in long-term investments		**–**	(3,814)
Dividend income from associate		**745**	–
Subsequent expenditure on investment properties	13	**(431)**	(387)
Proceeds from disposal of subsidiaries, net of cash disposed	16	**65,769**	–
Additions to intangible assets		**(474)**	–
Net cash flows generated from/(used in) investing activities		**56,574**	(20,056)
Cash flows from financing activities			
Proceeds from bank loans		**96,098**	82,018
Repayment of bank loans		**(103,656)**	(106,259)
Repayment of notes payable		**(50,000)**	–
Payment of dividends			
- by subsidiaries to non-controlling interests		**(596)**	(1,159)
- by subsidiaries to loan stockholders		**(41)**	(40)
Proceeds from issue of new shares		**23,978**	–
Proceeds from issue of convertible debenture		**24,000**	–
Net cash flows used in financing activities		**(10,217)**	(25,440)
Net increase/(decrease) in cash and cash equivalents		**46,072**	(51,735)
Net foreign exchange difference		**(911)**	86
Cash and cash equivalents at beginning of the financial year		**113,827**	165,476
Cash and cash equivalents at end of the financial year	32	**158,988**	113,827

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 2017

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 subsidiaries 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 2017, including the Amendments to FRS 7: *Disclosure Initiative*. 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 102: *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to FRS 40: *Transfers of Investment Property*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 116 *Leases*	1 January 2019
Improvements to FRSs (December 2016) - Amendments to FRS 28: *Investment in Associates and Joint Ventures*	1 January 2018
INT FRS 122 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
INT FRS 123 *Uncertainty over Income Tax Treatments*	1 January 2018
Amendments to FRS 110 and FRS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

Except for FRS 109, FRS 115 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact to the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115 and FRS 116 are described below.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

FRS 115 *Revenue from Contracts with Customers*

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

The new revenue standard will supersede all current revenue recognition requirements under FRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

The Group has performed a preliminary assessment of FRS 115 which is subject to changes arising from a more detailed ongoing analysis. The Group is engaged in development of residential properties and has assessed that for its significant residential developments, performance obligations for the sale of pre-completion units will be satisfied at a point in time rather than over time. The finding from the preliminary assessment is summarised below:

Australia
The recognition of revenue over time may not be appropriate for property developers in Australia because generally for the residential sales in Australia, control is considered to pass on completion and final settlement.

Thailand
Based on the Group internal legal opinion, the recognition of revenue over time may not be appropriate for property developers in Thailand. Even though it may be possible to enforce payments for the work that had been performed to date via legal recourse, it will be difficult to enforce the court verdict on these buyers. This is also further complicated by the fact that the court verdict issued by the Thailand court may not be enforceable in other legal jurisdictions.

Based on the above preliminary assessment, the Group does not expect that the adoption of FRS 115 will have a material impact to the Group operations in these jurisdictions in 2018 (i.e. construction contracts will continue to be recognised under completion method).

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Group has completed its preliminary impact assessment of adopting FRS 109 based on currently available information. This assessment may be subject to changes arising from ongoing analysis, until the Group adopts FRS 109 in 2018.

Overall, the Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109.

Loans and receivables currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109. For financial assets currently held at fair value, the Group expects to continue measuring most of these assets at fair value under FRS 109.

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

FRS 109 *Financial Instruments* (cont'd)

Impairment

FRS 109 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group plans to apply the simplified approach and record lifetime expected losses on all trade receivables. On adoption of FRS 109, the Group does not expect a significant increase in the impairment loss allowance.

The Group plans to adopt the standard when it becomes effective in 2018 without restating comparative information; and is gathering data to quantify the potential impact arising from the adoption.

Convergence with International Financial Reporting Standards (IFRS)

In addition, the Accounting Standards Council (ASC) announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange (SGX) will apply a new financial reporting framework identical to the International Financial Reporting Standards (referred to as SFRS(I) in these financial statements) for the financial year ending 31 December 2018 onwards.

The Group has performed a preliminary assessment of the impact of SFRS(I) 1 *First-time adoption of Singapore Financial Reporting Standards (International)* for the transition to the new reporting framework. Based on the Group's preliminary assessment, the Group expects that the impact on adoption of SFRS(I) 15 *Revenue from Contracts with Customers* and SFRS(I) 9 *Financial Instruments* will be similar to adopting FRS 115 and FRS 109 as described in this Note. In addition, the Group does not plan to make use of the exemption on cumulative translation differences to deem the cumulative foreign exchange differences to be zero at the date of transition and reclassify any amounts recognised under FRS to accumulated profits.

The Group is currently performing a detailed analysis of the available policy choices, transitional optional exemptions and transitional mandatory exceptions under SFRS(I) 1 and plans to adopt SFRS(I) on the required effective date.

FRS 116 *Leases*

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees - leases of 'low value' assets and short-term leases. The new leases standard is effective for annual periods beginning on or after 1 January 2019.

The Group plans to adopt the new standard when it becomes effective in 2019. The Group is currently in the process of analysing the transitional approaches and practical expedients to be elected on transition to FRS 116 and assessing the possible impact of adoption.

The Group expects that the impact on adoption of IFRS 16 Leases to be similar to adopting SFRS(I) 16, after the transition to SFRS(I) in 2018 as described above.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

2. Summary of significant accounting policies (cont'd)

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 intangible 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.

(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 2017 are disclosed in Note 12 to the financial statements. Changes in the expected level of usage and technological developments could impact the economic useful lives 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 have 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 48 (h) to the financial statements.

2. Summary of significant accounting policies (cont'd)

2.4 Significant accounting estimates and judgments (cont'd)

(a) Key sources of estimation uncertainty (cont'd)

(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 2017 are $43,571,000 (2016: $48,177,000) and $34,558,000 (2016: $33,955,000) 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 profit or loss respectively.

The Group engaged accredited independent property valuers 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, Note 13 and Note 48 respectively.

(vi) Impairment of unquoted available-for-sale financial assets

The impairment assessment of unquoted available-for-sale financial assets are determined using the discounted cash flow model. The inputs to this model are derived from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The assumptions applied in determination of the recoverable cost of these unquoted available-for-sale financial assets are described in Note 19.

(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) Investment in associates

Management has assessed and is of the view that the Group exercises significant influence over certain associates, as disclosed in Note 18, notwithstanding that the Group holds less than 20% voting power in these companies. The Group is deemed to exercise significant influence by virtue of its representation on the board/governing committees of these entities.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

2. Summary of significant accounting policies (cont'd)

2.4 Significant accounting estimates and judgments (cont'd)

(b) Judgments made in applying accounting policies (cont'd)

(ii) 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 2017 are $7,106,000 (2016: $7,039,000) and $93,611,000 (2016: $91,044,000) respectively.

(iii) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. 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 subsidiaries 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 profit or loss 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 profit or loss of the Group on disposal of the foreign operation.

2. Summary of significant accounting policies (cont'd)

2.5 Foreign currency (cont'd)

(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 profit or loss 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 profit or loss.

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

2.6 Subsidiaries

A subsidiary 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 subsidiaries 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 subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries 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.

Subsidiaries 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 are attributed to the non-controlling interest even if that results in a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

2. Summary of significant accounting policies (cont'd)

2.7 Basis of consolidation and business combinations (cont'd)

(a) Basis of consolidation (cont'd)

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

- de-recognises the assets (including goodwill) and liabilities for the subsidiary 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 profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(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 profit or loss.

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 profit or loss on the acquisition date.

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

2. Summary of significant accounting policies (cont'd)

2.7 Basis of consolidation and business combinations (cont'd)

(b) Business combinations and goodwill (cont'd)

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 Transactions with non-controlling interests

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

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. 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. 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.

2.9 Joint ventures and associates

An associate 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 accounts for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

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 or joint venture's profit or loss in the period in which the investment is acquired.

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

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

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 associates or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates and joint ventures 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

2. Summary of significant accounting policies (cont'd)

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 accredited independent property 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.

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 profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A revaluation deficit is recognised in profit or loss, 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.

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.

2. Summary of significant accounting policies (cont'd)

2.11 Investment properties (cont'd)

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 profit or loss 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 profit or loss in the year of retirement or disposal.

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

2.12 Intangible assets

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 those classified as 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 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 profit or loss 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 profit or loss upon the recognition of revenue from property sales.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

2. Summary of significant accounting policies (cont'd)

2.12 Intangible assets (cont'd)

(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 profit or loss, 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.

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 profit or loss unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss previously recognised through profit or loss 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.

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 profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

2. Summary of significant accounting policies (cont'd)

2.14 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

(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 profit or loss 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.

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 profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss 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 days' terms, other payables, amounts due to subsidiaries, associates 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

2. Summary of significant accounting policies (cont'd)

2.14 Financial instruments (cont'd)

(b) **Financial liabilities** (cont'd)

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 profit or loss when the liabilities are derecognised, and through the amortisation process.

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

(c) **Derivative financial instruments**

Derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into and subsequently re-measured at their fair values at the end of each reporting period.

A derivative financial instrument is carried as an asset when the fair value is positive and as a liability when the fair value is negative.

Any gains or losses arising from the changes in fair value are recognised in profit or loss.

2.15 Long-term investments

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

2.16 Cash and cash equivalents

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

2.17 Property development costs

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

Non-refundable commissions paid to sales or marketing agents on the sale are capitalised and amortised to profit or loss 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 profit or loss 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. Summary of significant accounting policies (cont'd)

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 profit or loss.

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 profit or loss.

(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 profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

2. Summary of significant accounting policies (cont'd)

2.18 Impairment of financial assets (cont'd)

(c) Available-for-sale financial assets (cont'd)

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 profit or loss. 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 profit or loss, the impairment loss is reversed in profit or loss.

2.19 Inventories

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

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

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

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

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

2.20 Segment reporting

For management reporting purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 49, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.21 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2. **Summary of significant accounting policies** (cont'd)

2.22 De-recognition 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 de-recognised 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 de-recognition 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 profit or loss.

(b) Financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. 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 de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

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 the amount of the obligation can be estimated reliably.

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. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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 profit or loss 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 profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

2. Summary of significant accounting policies (cont'd)

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 profit or loss, 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 profit or loss and a corresponding adjustment to equity over the remaining vesting period. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

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 profit or loss 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 profit or loss 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 profit or loss 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 profit or loss upon cancellation.

2. Summary of significant accounting policies (cont'd)

2.25 Employee benefits (cont'd)

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

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

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

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

The benefit schemes are assessed using the projected unit credit actuarial valuation method. The cost of providing for the employee benefits are charged to profit or loss 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 profit or loss in the year these gains and losses arise.

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.

(e) Defined benefits plans

The subsidiaries in Indonesia are required to provide a minimum pension benefit ("MPB") under the Indonesian Labour Law, which represents an underlying defined benefit obligation. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the interest rates of high-quality long-term bonds that are denominated in Indonesian rupiah in which the benefits will be paid and that have terms of maturity similar to the related pension liability.

Remeasurements, comprising of actuarial gains and losses, are recognised immediately in the balance sheet with a corresponding debit or credit to other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss at the earlier between:

(i) the date of the plan amendment or curtailment, and

(ii) the date the related restructuring costs and termination benefits are recognised.

Net interest is calculated by applying the discount rate to the net defined benefit liability. The following changes in the net defined benefit obligation are recognised in the profit or loss:

(i) Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements, and

(ii) Net interest expense or income.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

2. Summary of significant accounting policies (cont'd)

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 profit or loss. 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 profit or loss 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 in which the Group does not transfer 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 2.30 (i).

2.27 Prepaid island rental and land use rights

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

2.28 Deferred income

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

2.29 Assets of disposal group classified as held for sale

Assets of disposal group classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Assets of disposal group are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets of disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

2. Summary of significant accounting policies (cont'd)

2.30 Revenue

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

(a) Hotel investments

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

(b) Property sales

– *Sale of completed development property*

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

– *Sale of development property under construction*

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

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

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

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

(c) Management services

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

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

(d) Spa operation

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

(e) Merchandise sales

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

2. Summary of significant accounting policies (cont'd)

2.30 Revenue (cont'd)

(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 profit or loss when the Group's right to receive payment is established.

(h) Interest income

Interest income is recognised using the effective interest method.

(i) Rental income

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

2.31 Taxes

(a) Current income tax

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

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, 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 subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and

- In respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences, and carry-forward of unused tax credits and unused tax losses can be utilised.

2. Summary of significant accounting policies (cont'd)

2.31 Taxes (cont'd)

(b) Deferred tax (cont'd)

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 profit or loss is recognised outside profit or loss. 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 profit or loss.

(c) Sales tax

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

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

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

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

2.32 Share capital and share issuance expenses

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

2.33 Treasury shares

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. When treasury shares are subsequently sold or reissued pursuant to equity compensation plans, the cost of treasury shares is reversed from treasury shares account and the realised gain or loss on sale or reissue, net of any directly attributable incremental 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

2. Summary of significant accounting policies (cont'd)

2.34 Contingencies

A contingent liability is:

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

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

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

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

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

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

2.35 Related parties

A related party is defined as follows:

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

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

(ii) has significant influence over the Company; or

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

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

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

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

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

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

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

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

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

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	
	2017 $'000	2016 $'000
Hotel investments	**201,500**	197,411
Property sales	**51,395**	51,305
Management services	**29,509**	31,309
Spa operation	**16,388**	17,555
Project and design services	**8,187**	1,473
Merchandise sales	**6,599**	6,868
Rental income	**3,933**	3,644
	317,511	309,565

4. Other income

	GROUP	
	2017 $'000	2016 $'000
Management and service fees	**22**	139
Net fair value gain on investment properties (Note 13)	**212**	741
Gain on disposal of investment in subsidiaries (Note 16)	**40,413**	–
Net fair value gain on derivatives	**6,411**	–
Net change in the value of available-for-sale financial assets		
- Net fair value gain *	**–**	23,716
- Impairment loss (Note 19)	**–**	(1,350)
Gain on disposal of land use right	**205**	–
Gain on deferred income recognised (Note 38)	**1,574**	–
Amortisation of deferred income (Note 38)	**158**	253
Dividend income	**–**	1,093
Compensation from early termination of Hotel Management Agreement	**–**	2,143
Others	**1,933**	2,917
	50,928	29,652

* Included in the Net change in the value of available-for-sale financial assets in 2016 was the net fair value gain of $22,763,000 transferred from equity upon the reclassification of certain available-for-sale financial assets to investment in associates.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

5. Salaries and related expenses

	GROUP	
	2017 $'000	2016 $'000
Salaries, wages and other related costs	**97,072**	95,298
Defined and other long-term employee benefits expense (Note 40)	**260**	290
Share-based payment expenses	**9**	68
Contributions to defined contribution plans	**4,046**	4,273
The above amounts include salaries and related expenses of key management personnel	**101,387**	99,929

6. Other operating expenses

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

	GROUP	
	2017 $'000	2016 $'000
Utilities and communication	**16,002**	15,937
Repair and maintenance	**11,139**	11,854
Printing and stationery	**1,771**	1,819
Travelling and transportation	**1,834**	2,233
Commission expenses	**8,570**	8,206
Laundry and valet	**2,016**	1,909
Guest expendable supplies	**5,412**	5,314

7. Profit from operations and other gains

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

	GROUP	
	2017 $'000	2016 $'000
Audit fees:		
- Auditor of the Company	**414**	411
- Other auditors	**803**	816
Non-audit fees:		
- Auditor of the Company	**14**	14
- Other auditors	**10**	145
(Write-back of)/Allowance for doubtful debts - trade, net (Note 26)	**(1,062)**	2,223
Allowance for doubtful debts - prepayments	**711**	–
Allowance for doubtful debts - other receivables (Note 22)	**1,667**	–
Allowance for doubtful debts - related parties	**59**	145
Allowance for inventory obsolescence (Note 24)	**59**	62
Write off of property, plant and equipment (Note 12)	**3,078**	–
Impairment loss on other investment (Note 19)	**23**	–
Impairment loss on intangible assets (Note 14)	**2,139**	–
Exchange loss	**3,628**	797
(Gain)/Loss on disposal of property, plant and equipment, net	**(17)**	170
Gain on disposal of land use rights	**(205)**	–

8. Finance income

	GROUP	
	2017 $'000	2016 $'000
Interest received and receivable from:		
- Banks	**653**	1,084
- Related parties	**50**	127
- Others	**1,868**	2,463
	2,571	3,674

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

9. Finance costs

	GROUP	
	2017 $'000	2016 $'000
Interest expense on:		
- Bank loans and bank overdraft	**13,491**	13,673
- Holders of notes payable	**19,888**	21,970
- Others	**649**	25
	34,028	35,668
Less: interest expense capitalised in:		
- Property development costs (Note 23)	**(5,847)**	(6,038)
	28,181	29,630

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

10. Income tax expense

Major components of income tax expense

Major components of income taxes for the financial years ended 31 December 2017 and 2016 are:

	GROUP	
	2017 $'000	**2016 $'000**
Consolidated income statement:		
Current income tax		
Current income taxation	**6,195**	4,899
Over provision in respect of prior years	**(257)**	(45)
	5,938	4,854
Deferred income tax		
Origination and reversal in temporary differences	**1,001**	(1,552)
Benefits from previously unrecognised tax losses	**(1,535)**	–
Reversal of deferred tax assets due to the expiry of tax losses	**–**	1,626
	(534)	74
Withholding tax expense		
Current year provision	**2,362**	2,732
Under provision in respect of prior years	**36**	–
	2,398	2,732
Income tax expense recognised in profit or loss	**7,802**	7,660
Statement of comprehensive income:		
Deferred tax (credit)/expense related to other comprehensive income:		
- Adjustment on property revaluation reserve	**–**	8,802
- Actuarial (loss)/gain on MPB	**(1)**	3
- Net change in fair value adjustment reserve	**–**	(1,518)

10. Income tax expense (cont'd)

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 financial years ended 31 December 2017 and 2016 respectively are as follows:

	GROUP	
	2017 $'000	**2016 $'000**
Accounting profit before taxation	**22,659**	710
Income tax using Singapore tax rate of 17% (2016: 17%)	**3,852**	121
Effect of different tax rates in other countries	**40**	175
Expenses not deductible for tax purposes	**9,233**	4,165
Tax exempt income	**(7,505)**	(4,223)
Benefits from previously unrecognised tax losses	**(1,535)**	–
Over provision in respect of prior years	**(257)**	(45)
Deferred tax assets not recognised	**1,576**	3,109
Withholding tax	**2,398**	2,732
Expiry or write-off of previously recognised deferred tax assets	**–**	1,626
Income tax expense recognised in profit or loss	**7,802**	7,660

Group royalty fees income derived from Indonesia, Thailand and Maldives is subject to withholding tax at 15%, 8% and 10% respectively (2016: 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 (2016: 20% and 10%).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

11. Earnings per share

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

Diluted earnings per share are calculated by dividing profit after taxation for the year that is attributable to owners of the Company by the weighted average number of ordinary shares outstanding 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/(loss) after taxation and share data used in the computation of basic and diluted earnings per share for the financial years ended 31 December:

	GROUP	
	2017 $'000	**2016 $'000**
Profit/(Loss) after taxation attributable to owners of the Company used in computation of basic and diluted earnings per share	**12,929**	(16,196)

	No. of shares	**No. of shares**
Weighted average number of ordinary shares for basic earnings per share computation	**773,095,771**	760,973,488
Effect of dilution:		
- Contingently issuable shares under Banyan Tree Performance Share Plan and Banyan Tree Share Award Scheme 2016	**950,019**	–
- Call option issued to Accor to purchase additional shares (Note 37)	**38,056,054**	–
- Call option issued to Vanke SPV to purchase additional shares (Note 37)	**14,589,582**	–
Weighted average number of ordinary shares for diluted earnings per share computation	**826,691,426**	760,973,488

Earnings per share computation

For the financial year ended 31 December 2016, 1,185,840 contingently issuable shares under the Banyan Tree Performance Share Plan had been excluded from the calculation of diluted earnings per share as their effects would be anti-dilutive (i.e. loss per share would have been reduced in the event that dilutive potential shares issued are converted into ordinary shares). Thus, the dilutive earnings per share was the same as the basic earnings per share.

12. Property, plant and equipment

GROUP	Freehold land $'000	Freehold buildings $'000	Leasehold buildings $'000	Furniture, fittings and equipment $'000	Computers $'000	Motor vehicles $'000	Construction-in-progress $'000	Total $'000
Cost or valuation:								
At 1 January 2016	305,686	269,692	102,272	161,118	17,021	12,211	16,156	884,156
Additions	–	659	405	5,336	1,255	464	7,769	15,888
Disposals	–	(148)	(632)	(1,228)	(551)	(390)	(3)	(2,952)
Transfer to assets of disposal group classified as held for sale (Note 33)	–	–	(62,993)	(8,611)	(2,133)	(1,332)	(528)	(75,597)
Revaluation surplus	40,885	6,750	–	–	–	–	–	47,635
Elimination of accumulated depreciation on revaluation	–	(750)	–	–	–	–	–	(750)
Transfer to property development costs	(215)	(1,051)	–	(531)	–	–	–	(1,797)
Transfer (out)/in	–	11,903	188	7,632	460	21	(20,204)	–
Net exchange differences	7,230	6,878	(2,070)	4,786	64	227	319	17,434
At 31 December 2016 and 1 January 2017	**353,586**	**293,933**	**37,170**	**168,502**	**16,116**	**11,201**	**3,509**	**884,017**
Additions	**–**	**1,131**	**342**	**4,561**	**1,367**	**348**	**4,860**	**12,609**
Disposals	**–**	**(192)**	**(1,199)**	**(1,215)**	**(928)**	**(401)**	**(249)**	**(4,184)**
Disposal of subsidiaries	**–**	**–**	**–**	**(1,591)**	**(882)**	**–**	**(902)**	**(3,375)**
Write off	**–**	**(3,223)**	**–**	**–**	**–**	**–**	**–**	**(3,223)**
Revaluation surplus	**310**	**69**	**–**	**–**	**–**	**–**	**–**	**379**
Elimination of accumulated depreciation on revaluation	**–**	**(97)**	**–**	**–**	**–**	**–**	**–**	**(97)**
Transfer to land use rights (Note 15)	**–**	**–**	**–**	**–**	**–**	**–**	**(2,106)**	**(2,106)**
Transfer (to)/from property development costs	**(9,682)**	**(1,099)**	**6,614**	**–**	**–**	**–**	**–**	**(4,167)**
Transfer (out)/in	**–**	**1,160**	**197**	**2,446**	**84**	**77**	**(3,964)**	**–**
Net exchange differences	**5,315**	**807**	**(2,617)**	**2,627**	**119**	**(44)**	**(565)**	**5,642**
At 31 December 2017	**349,529**	**292,489**	**40,507**	**175,330**	**15,876**	**11,181**	**583**	**885,495**

Transfer to property development costs relates to freehold buildings and other related assets that the Group will be using for its hospitality business.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

12. Property, plant and equipment (cont'd)

GROUP (cont'd)	Freehold land $'000	Freehold buildings $'000	Leasehold buildings $'000	Furniture, fittings and equipment $'000	Computers $'000	Motor vehicles $'000	Construction-in-progress $'000	Total $'000
Accumulated depreciation and impairment losses:								
At 1 January 2016	–	57,383	32,829	112,962	13,201	10,037	396	226,808
Depreciation charge for the financial year	–	6,864	2,606	10,068	1,989	814	–	22,341
Disposals	–	(142)	(558)	(1,165)	(510)	(374)	–	(2,749)
Transfer to assets of disposal group classified as held for sale (Note 33)	–	–	(14,182)	(7,364)	(1,622)	(995)	–	(24,163)
Elimination of accumulated depreciation on revaluation	–	(750)	–	–	–	–	–	(750)
Transfer to property development costs	–	(276)	–	(296)	–	–	–	(572)
Transfer (out)/in	–	184	–	(6)	6	–	(184)	–
Net exchange differences	–	1,868	(325)	3,572	25	202	14	5,356
At 31 December 2016 and 1 January 2017	**–**	**65,131**	**20,370**	**117,771**	**13,089**	**9,684**	**226**	**226,271**
Depreciation charge for the financial year	**–**	**8,091**	**1,855**	**9,860**	**1,995**	**714**	**–**	**22,515**
Disposals	**–**	**(58)**	**(1,122)**	**(1,160)**	**(899)**	**(401)**	**–**	**(3,640)**
Disposal of subsidiaries	**–**	**–**	**–**	**(1,451)**	**(713)**	**–**	**–**	**(2,164)**
Write off	**–**	**(145)**	**–**	**–**	**–**	**–**	**–**	**(145)**
Elimination of accumulated depreciation on revaluation	**–**	**(97)**	**–**	**–**	**–**	**–**	**–**	**(97)**
Transfer to land use rights (Note 15)	**–**	**–**	**–**	**–**	**–**	**–**	**(210)**	**(210)**
Transfer to property development costs	**–**	**(50)**	**–**	**–**	**–**	**–**	**–**	**(50)**
Net exchange differences	**–**	**1,276**	**(2,144)**	**1,921**	**13**	**(48)**	**(16)**	**1,002**
At 31 December 2017	**–**	**74,148**	**18,959**	**126,941**	**13,485**	**9,949**	**–**	**243,482**
Net carrying amount:								
At 31 December 2017	**349,529**	**218,341**	**21,548**	**48,389**	**2,391**	**1,232**	**583**	**642,013**
At 31 December 2016	353,586	228,802	16,800	50,731	3,027	1,517	3,283	657,746

12. Property, plant and equipment (cont'd)

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.

Revaluation of freehold land and buildings

Freehold land and buildings in Singapore were revalued on 31 August 2016 and 31 December 2017 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 14 October 2016. 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, which comprise of freehold land and buildings, were appraised by an accredited independent property valuer on 1 December 2016 using the market value approach.

The hotel properties in Seychelles, which comprise of freehold land and buildings, were appraised by an accredited independent property valuer on 30 Sepember 2015 using the discounted cash flow approach.

The hotel properties in Sri Lanka, which comprise of freehold land and buildings, were appraised by an accredited independent property valuer on 12 September 2016 using the replacement cost approach.

Details of valuation techniques and inputs used are disclosed in Note 48.

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	
	2017 $'000	**2016 $'000**
Freehold land at 31 December		
- Cost and net carrying amount	**92,978**	91,994
Freehold buildings at 31 December		
- Cost	**283,389**	282,687
- Accumulated depreciation	**(83,434)**	(74,878)
- Net carrying amount	**199,955**	207,809
Furniture, fittings and equipment at 31 December		
- Cost	**161,027**	152,980
- Accumulated depreciation	**(121,926)**	(113,010)
- Net carrying amount	**39,101**	39,970

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for the financial year ended 31 December 2017

12. Property, plant and equipment (cont'd)

As at 31 December 2017, certain properties with net carrying amount amounting to $368,299,000 (2016: $402,304,000) were mortgaged to banks to secure credit facilities for the Group (Note 35).

COMPANY	Furniture, fittings and equipment $'000	Computers $'000	Total $'000
Cost:			
At 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017	**17**	**197**	**214**
Accumulated depreciation:			
At 1 January 2016	15	193	208
Depreciation charge for the financial year	1	4	5
At 31 December 2016 and 1 January 2017	**16**	**197**	**213**
Depreciation charge for the financial year	**1**	**–**	**1**
At 31 December 2017	**17**	**197**	**214**
Net carrying amount:			
At 31 December 2017	**–**	**–**	**–**
At 31 December 2016	1	–	1

13. Investment properties

	GROUP	
	2017 $'000	2016 $'000
Balance sheet:		
At 1 January	**70,596**	67,612
Additions (subsequent expenditure)	**431**	387
Net gain from fair value adjustments recognised in profit or loss (Note 4)	**212**	741
Net exchange differences	**(595)**	1,856
At 31 December	**70,644**	70,596
Income statement:		
Rental income from investment properties		
- Minimum lease payments	**3,438**	3,094
Direct operating expense (including repairs and maintenance) arising from:		
- Rental generating properties	**2,191**	2,059
- Non-rental generating properties	**42**	38

13. Investment properties (cont'd)

The Group has no restrictions on the realisability of its investment properties except for investment properties in Seychelles amounting to $22,865,000 (2016: $24,616,000) 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.

Valuation of investment properties

Investment properties in Thailand are stated at fair value, which has been determined based on valuation report dated 31 October 2017. 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 31 December 2017 using the residual approach. The revaluations were performed by an independent property 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 48.

Properties pledged as security

Certain investment properties amounting to $25,973,000 (2016: $24,835,000) are mortgaged to secure bank loans (Note 35).

The investment properties held by the Group as at 31 December 2017 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

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14. Intangible assets

GROUP	Goodwill $'000	Trademarks $'000	Club membership $'000	Other intangible assets $'000	Total $'000
Cost:					
At 1 January 2016	2,603	24,300	2,621	7,881	37,405
Additions	–	–	–	391	391
Net exchange differences	–	–	–	224	224
At 31 December 2016 and 1 January 2017	**2,603**	**24,300**	**2,621**	**8,496**	**38,020**
Additions	**–**	**–**	**474**	**2,095**	**2,569**
Net exchange differences	**–**	**–**	**–**	**(85)**	**(85)**
At 31 December 2017	**2,603**	**24,300**	**3,095**	**10,506**	**40,504**
Accumulated amortisation and impairment losses:					
At 1 January 2016	–	–	97	2,343	2,440
Amortisation	–	–	53	2,226	2,279
Net exchange differences	–	–	–	99	99
At 31 December 2016 and 1 January 2017	**–**	**–**	**150**	**4,668**	**4,818**
Amortisation	**–**	**–**	**55**	**252**	**307**
Impairment loss	**–**	**–**	**–**	**2,139**	**2,139**
Net exchange differences	**–**	**–**	**–**	**32**	**32**
At 31 December 2017	**–**	**–**	**205**	**7,091**	**7,296**
Net carrying amount:					
At 31 December 2017	**2,603**	**24,300**	**2,890**	**3,415**	**33,208**
At 31 December 2016	2,603	24,300	2,471	3,828	33,202

Other intangible assets

Other intangible assets include sales commission incurred that are directly attributable to securing property sales contracts. The sales commission will be amortised as the Group recognises the related revenue.

14. **Intangible assets** (cont'd)

COMPANY	Club membership $'000
Cost:	
At 1 January 2016, 31 December 2016 and 1 January 2017	**2,621**
Additions	**474**
At 31 December 2017	**3,095**
Accumulated amortisation and impairment losses:	
At 1 January 2016	97
Amortisation	53
At 31 December 2016 and 1 January 2017	**150**
Amortisation	**55**
At 31 December 2017	**205**
Net carrying amount:	
At 31 December 2017	**2,890**
At 31 December 2016	2,471

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	
	2017	2016
Growth rate	**3.0%**	3.6%
Discount rate	**8.2%**	7.1%

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.

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for the financial year ended 31 December 2017

14. Intangible assets (cont'd)

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 CGUs, 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 CGUs 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 CGU are as follows:

	Property Sales Segment		Fee-based Segment		Total	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Carrying amount of trademarks	**630**	630	**23,670**	23,670	**24,300**	24,300

The recoverable amount for all the individual reportable operating segment is determined based on value in use calculation using cash flow projections based financial budgets approved by management covering a five-year period.

The discount rate applied to the cash flow projections of each reportable operating segment is 9.49% (2016: 12.2% to 26.7%). The growth rate used to extrapolate the cash flows of each business segment beyond the five-year period is 2% (2016: 1.7%). Management determined the budgeted growth rate based on past performance and its expectation for market development. The discount rate, which reflects the WACC 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.

Impairment loss recognised

During the financial year, an impairment loss of $2,139,000 (2016: $Nil) was recognised to write-down the carrying amount of other intangible assets to its recoverable amount due to unfavourable market conditions.

15. Land use rights

	GROUP	
	2017 $'000	**2016 $'000**
Cost:		
At 1 January	**3,639**	14,419
Disposals	**(3,466)**	–
Transfer to assets of disposal group classified as held for sale (Note 33)	**–**	(10,181)
Transfer from property, plant and equipment (Note 12)	**2,106**	–
Transfer from property development costs	**573**	–
Net exchange differences	**(131)**	(599)
At 31 December	**2,721**	3,639
Accumulated amortisation:		
At 1 January	**657**	3,008
Amortisation for the financial year	**205**	344
Disposals	**(658)**	–
Transfer to assets of disposal group classified as held for sale (Note 33)	**–**	(2,569)
Transfer from property, plant and equipment (Note 12)	**210**	–
Net exchange differences	**(138)**	(126)
At 31 December	**276**	657
Net carrying amount	**2,445**	2,982
Amount to be amortised:		
- Within 1 year	**177**	96
- Between 2 to 5 years	**707**	385
- After 5 years	**1,561**	2,501

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

	Tenure	
Location	**2017**	**2016**
People's Republic of China		
Banyan Tree Lijiang *	**–**	28 years
Banyan Tree Ringha *	**–**	27 years
Zhongdian Jiantang Hotel	**31 years**	32 years
Tibet Lhasa Banyan Tree Resorts	**–**	31 years
Indonesia		
PT. Heritage Resorts & Spas	**29 years**	–
PT. Cassia Resorts Investments	**5 years**	–

* The land use rights have been transferred to assets of disposal group classified as held for sale in 2016.

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for the financial year ended 31 December 2017

16. Subsidiaries

	COMPANY	
	2017 $'000	**2016 $'000**
Unquoted shares, at cost	**245,366**	113,643
Quoted shares, at cost	**71,619**	71,619
Impairment losses	**(7,356)**	(7,356)
	309,629	177,906
Capital contribution through issue of ordinary shares to employees of subsidiaries at no consideration under FRS 102 Share-based Payment	**5,863**	5,863
	315,492	183,769
Loans and receivables		
Loans to subsidiaries	**229,987**	338,046
Less: Allowance for doubtful debts	**(6,361)**	(8,261)
	223,626	329,785
	539,118	513,554
Market value of quoted shares	**89,420**	91,323

In appointing the auditing firms for the Company and subsidiaries, the Group have complied with Listing Rules 712, 715 and 716.

Included in the loans made to subsidiaries is an unsecured loan of $97,755,000 (2016: $139,382,000) bearing interest at a rate of 5.4% to 7.0% (2016: 3.1% to 7.0%) with no fixed terms of repayment. Except for this loan, loans to subsidiaries are unsecured, interest-free and repayable on demand.

Receivables that are impaired

The Company's loans to subsidiaries 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:

	COMPANY	
	2017 $'000	**2016 $'000**
Loans to subsidiaries - nominal amounts	**33,657**	34,021
Less: Allowance for doubtful debts	**(6,361)**	(8,261)
	27,296	25,760
Movement in allowance accounts:		
At 1 January	**8,261**	8,261
Write-back of allowance for the financial year	**(1,900)**	–
At 31 December	**6,361**	**8,261**

Loss of control in subsidiaries

On 10 August 2017, the Group had executed and completed the definitive agreement with China Vanke Co., Ltd ("Vanke") to create Banyan Tree Assets (China) Holdings Pte. Ltd. ("BTAC"), a 50:50 joint venture incorporated in Singapore between the Group and Vanke, to consolidate the ownership of its Banyan Tree-branded hotels and assets in China. BTAC had in turn invested in and holds a 40% stake in each of Banyan Tree's operating companies incorporated in Singapore, Banyan Tree Services (China) Pte. Ltd. ("BTSC") and Banyan Tree Hotel Management (China) Pte. Ltd. ("BTMC"), which are associates of the Group.

16. Subsidiaries (cont'd)

Loss of control in subsidiaries (cont'd)

The Group had since restructured and disposed the net assets of certain subsidiaries to the above mentioned joint venture and associates and recognised the gain of $40,413,000 (2016:$Nil) on the interest divested. In addition, the Group's retained interest in these subsidiaries had been reclassified to Joint ventures and Associates.

Increase in non-controlling interests without a change in control

As part of the restructuring exercise, Banyan Tree China Pte. Ltd., a subsidiary of the Group which holds a joint venture has issued certain amount of new shares to a fellow subsidiary. It was deemed that the Group disposed 3.7% equity interest in Banyan Tree China Pte. Ltd. to non-controlling interests of the subsidiary. Following the deemed disposal, the Group still controls Banyan Tree China Pte. Ltd., retaining 96.3% of the ownership interests. The transaction has been accounted for as an equity transaction with non-controlling interests, resulting in:

	GROUP
	2017 $'000
Changes in equity attributable to non-controlling interests	2,967
Decrease in equity attributable to owners of the Company	2,967

The value of assets and liabilities of the disposed subsidiaries recorded in the consolidated financial statements as at 10 August 2017, and the effects of the disposal were:

	GROUP
	2017 $'000
Assets and liabilities:	
Cash and short-term deposits	12,357
Other current assets	220,528
Non-current assets	72,638
Current liabilities	(179,172)
Non-current liabilities	(29,815)
Carrying value of net assets	96,536
Cash consideration	78,126
Cash and cash equivalents of the subsidiaries	(12,357)
Net cash inflow on disposal of subsidiaries	65,769
Gain on disposal:	
Cash received	78,126
Cash receivable	11,857
Net assets derecognised	(49,953)
Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity on loss of control of subsidiaries	1,970
Additional expenses for disposal of subsidiaries	(1,587)
Gain on disposal (Note 4)	40,413

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for the financial year ended 31 December 2017

16. Subsidiaries (cont'd)

Details of the subsidiaries at the end of the financial year are as follows:

	Name of subsidiary	Principal activities	Place of incorporation	Cost of investment		Effective equity held by the Group	
				2017 $'000	2016 $'000	2017 %	2016 %
(i)	***Held by the Company***						
(1)	Banyan Tree Hotels & Resorts Pte. Ltd. (formerly known as Banyan Tree Corporate Pte. Ltd.)	Provision of resort, spa, project and golf management services	Singapore	**5,466**	5,466	**100**	100
(1)	Banyan Tree Investments Pte. Ltd.	Property holding	Singapore	**10,673**	10,673	**100**	100
(8)	Sanctuary Assets (S) 1 Pte. Ltd. (formerly known as Banyan Tree China Holdings Pte. Ltd.)	Investment holding	Singapore	**–**	**	**–******	100
(8)	Banyan Tree Capital Pte. Ltd.	Business management and consultancy services	Singapore	**500**	500	**100**	100
(8)	Prestige Global Services Pte. Ltd.	Own and manage intellectual property for and on behalf of Banyan Tree Group	Singapore	******	**	**100**	100
(1)	Banyan Tree Indochina Holdings Pte. Ltd.	Investment holding	Singapore	******	**	**100**	100
(8)	Banyan Tree Indochina Management (Singapore) Pte. Ltd.	Investment holding	Singapore	******	**	**100**	100
(1)	Banyan Tree Services Pte. Ltd.	Investment holding	Singapore	******	**	**100**	100
(8)	Brand Management Pte. Ltd.	Provision of consultancy services	Singapore	******	**	**100**	100
(1) (21)	Banyan Tree China Pte. Ltd. (formerly known as Banyan Tree Venture (China) Pte. Ltd.)	Investment holding	Singapore	**135,887**	–	**100**	–
(2) ***	Laguna Resorts & Hotels Public Company Limited	Hotel and property development business	Thailand	**71,619**	71,619	**65.75**	65.75
(12)	Tibet Lhasa Banyan Tree Resorts Limited	Construction and management of hotels and spas	China	**5,097**	5,097	**100**	100
(2)	Banyan Tree Properties (HK) Limited	Investment holding	Hong Kong	******	**	**100**	100
(2)	Vabbinvest Maldives Pvt Ltd	Operation of holiday resorts	Maldives	**–**	4,163	**–***	100
(2)	Maldives Bay Pvt Ltd	Development and management of resorts, hotels and spas	Maldives	**49,934**	49,934	**100**	100
(2)	Maldives Cape Pvt Ltd	Development and management of resorts, hotels and spas	Maldives	******	**	**100**	100

16. Subsidiaries (cont'd)

	Name of subsidiary	Principal activities	Place of incorporation	Cost of investment 2017 $'000	Cost of investment 2016 $'000	Effective equity held by the Group 2017 %	Effective equity held by the Group 2016 %
(i)	***Held by the Company*** (cont'd)						
(11)	Hill View Resorts Holdings Limited	Investment holding	British Virgin Islands	**25,751**	25,751	**100**	100
(2)	Banyan Tree Resorts & Spas (Morocco) S.A.	Provision of management, operation services and ancillary services related to the hospitality industry	Morocco	**9,883**	9,883	**100**	100
(3)	Beruwela Walk Inn Limited	Operation of hotel resorts	Sri Lanka	**856**	856	**100**	100
(2)	PT. Heritage Resorts & Spas	Tourism management consultancy services	Indonesia	**1,319**	1,319	**100**	100
				316,985	185,261		

	Name of subsidiary	Principal activities	Place of incorporation	Effective equity held by the Group 2017 %	Effective equity held by the Group 2016 %
(ii)	***Held through subsidiaries***				
(1)	Hotelspa Pte. Ltd.	Investment holding	Singapore	**100**	100
(1)	Banyan Tree Gallery (Singapore) Pte Ltd	Sale of merchandise	Singapore	**82.53**	82.53
(8)	Banyan Tree Dunhuang (S) Pte. Ltd.	Investment holding	Singapore	**100**	100
(8)	Sanctuary Chengdu Development Company No. 3 (S) Pte. Ltd.	Investment holding	Singapore	**–**** **	100
(8)	Sanctuary Chengdu Development Company No. 1 (S) Pte. Ltd.	Investment holding	Singapore	**–******	100
(8)	Sanctuary Lijiang (S) Pte. Ltd.	Investment holding	Singapore	**–******	100
(8)	Sanctuary Jiwa Renga (S) Pte. Ltd.	Investment holding	Singapore	**–******	100
(8)	Global Investments Pte. Ltd.	Investment holding	Singapore	**100**	100
(8)	Banyan Tree Indochina Pte. Ltd.	Business management and consultancy services	Singapore	**100**	100
(1)	Architrave Design & Planning Services Pte. Ltd.	Provision of design, planning and consultancy services for hotels, resorts and spas	Singapore	**100**	100
(1)	GPS Development Services Pte. Ltd.	Provision of purchasing and project services for hotels, resorts and spas	Singapore	**100**	100
(1)	Banyan Tree Marketing Group Pte. Ltd.	Provision of marketing services	Singapore	**100**	100
(1)	Sanctuary Management Pte. Ltd. (formerly known as Banyan Tree Hotels & Resorts Pte. Ltd.)	Hotel management consultancy services	Singapore	**–******	100
(8)	Sanctuary Chengdu Development Company No. 4 (S) Pte. Ltd.	Investment holding	Singapore	**–******	100

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16. **Subsidiaries** (cont'd)

	Name of subsidiary	Principal activities	Place of incorporation	Effective equity held by the Group 2017 %	2016 %
(ii)	***Held through subsidiaries*** (cont'd)				
(1)	BT Development Singapore Pte. Ltd.	Investment holding	Singapore	**100**	100
(8)	Banyan Tree Management (S) Pte. Ltd.	Hotel management	Singapore	**100**	100
(1)	Banyan Tree Spas Pte. Ltd.	Operation of spas	Singapore	**100**	100
(1) (21)	Banyan Tree Business Pte. Ltd.	Investment holding	Singapore	**100**	–
(2)	Banyan Tree Mkg (HK) Limited	Provision of marketing services	Hong Kong	**100**	100
(2)	Banyan Tree Resorts & Spas (Thailand) Company Limited	Provision of spa services	Thailand	**100**	100
(2)	Banyan Tree Hotels & Resorts (Thailand) Limited	Provision of hotel management services	Thailand	**100**	100
(2)	TWR - Holdings Limited	Investment holding and property development	Thailand	**65.75**	65.75
(2)	Laguna Holiday Club Limited	Holiday club membership and property development	Thailand	**65.75**	65.75
(16)	Laguna (3) Limited	Property development	Thailand	**65.75**	65.75
(2)	Banyan Tree Gallery (Thailand) Limited	Sale of merchandise	Thailand	**82.53**	82.53
(16)	Pai Samart Development Company Limited	Property development	Thailand	**65.75**	65.75
(16)	Mae Chan Property Company Limited	Property development	Thailand	**65.75**	65.75
(2)	Phuket Resort Development Limited	Property development	Thailand	**65.75**	65.75
(2)	Laguna Grande Limited	Operation of golf club and property development	Thailand	**65.75**	65.75
(2)	Laguna Banyan Tree Limited	Hotel operations and property development	Thailand	**65.75**	65.75
(16) (10)	Talang Development Company Limited	Property development	Thailand	**32.88**	32.88
(2)	Twin Waters Development Company Limited	Property development	Thailand	**65.75**	65.75
(16)	Bangtao (1) Limited	Property development	Thailand	**65.75**	65.75
(16)	Bangtao (2) Limited	Property development	Thailand	**65.75**	65.75
(16)	Bangtao (3) Limited	Property development	Thailand	**65.75**	65.75
(16)	Bangtao (4) Limited	Property development	Thailand	**65.75**	65.75
(2)	Bangtao Development Limited	Property development	Thailand	**65.75**	65.75
(2)	Bangtao Grande Limited	Hotel operations	Thailand	**65.75**	65.75
(16) (22)	Laguna Central Limited	Dormant	Thailand	**–**	55.89
(2) (10)	Laguna Service Company Limited	Provision of utilities and other services to hotels owned by the subsidiaries	Thailand	**47.93**	47.93
(2)	Thai Wah Plaza Limited	Hotel operations, lease of office building space and property development	Thailand	**65.75**	65.75

16. Subsidiaries (cont'd)

	Name of subsidiary	Principal activities	Place of incorporation	Effective equity held by the Group 2017 %	Effective equity held by the Group 2016 %
(ii)	***Held through subsidiaries*** (cont'd)				
(2)	Thai Wah Tower Company Limited	Lease of office building space	Thailand	**65.75**	65.75
(2)	Thai Wah Tower (2) Company Limited	Property development	Thailand	**65.75**	65.75
(2) (10)	Laguna Excursions Limited	Travel operations	Thailand	**32.22**	32.22
(2)	Laguna Lakes Limited	Property development	Thailand	**62.46**	62.46
(2)	Laguna Village Limited	Hotel operations	Thailand	**65.75**	65.75
(2)	Wanyue Leisure Health (Shanghai) Co., Ltd	Operation of spas	China	**–******	100
(5)	Zhongdian Jiantang Hotel Limited	Hotel services	China	**80**	80
(2)	Jiwa Renga Resorts Limited	Hotel construction and operations	China	**–******	96
(2)	Banyan Tree Hotels Services (Beijing) Co., Ltd (formerly known as Banyan Tree Hotels Management (Beijing) Co., Ltd)	Provision of operations and management services for property, spas and food and beverage, and consulting services for hotel design and tourism information	China	**–******	100
(2)	Lijiang Banyan Tree Property Service Company Limited	Hotel management	China	**–******	87.04
(2)	Lijiang Banyan Tree Hotel Co., Ltd	Hotel operations and property development	China	**–******	83.20
(14)	Dunhuang Banyan Tree Hotel Company Limited	Develop, own and operate hotels and resorts in China	China	**100**	100
(2)	Banyan Tree Lijiang International Travel Service Co., Ltd	Provision of travel agency services	China	**–******	83.20
(2)	Lijiang Banyan Tree Gallery Trading Company Limited	Trading and retailing of consumer goods in resorts	China	**–******	82.53
(9)	Tianjin Banyan Tree Capital Investment Management Co., Ltd.	Investment management and related consulting services	China	**100**	100
(2)	Banyan Tree Hotels Management (Tianjin) Co., Ltd.	Consultant and operator of hotels/ resorts, residences, spas, food and beverage including ancillary services related to the hospitality industry	China	**–******	100
(17)	Yueliang Architectural Design Consulting (Shanghai), Co. Ltd	Provision of spas architect & design services	China	**–******	100
(17)	Xiangrong Business Consulting (Shanghai) Co., Ltd	Provision of project management and materials procurement services	China	**–******	100
(2)	Chengdu Banyan Tree No. 1 Property Co., Ltd	Residential property development	China	**–******	100
(2)	Chengdu Banyan Tree No. 3 Property Co., Ltd	Commercial property development	China	**–******	100
(2)	Chengdu Banyan Tree No. 4 Property Co., Ltd	Residential property development	China	**–******	100
(2)	Chengdu Laguna Property Service Co., Ltd.	Property management	China	**–******	100
(2)	Banyan Tree Marketing (Shanghai) Co., Ltd	Provision of marketing services	China	**–******	100
(5)	BT Development No. 1 Pty Ltd	Development of residential property	Australia	**100**	100

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16. Subsidiaries (cont'd)

	Name of subsidiary	Principal activities	Place of incorporation	Effective equity held by the Group 2017 %	Effective equity held by the Group 2016 %
(ii)	***Held through subsidiaries*** (cont'd)				
(2)	Banyan Tree Resorts Limited	Provision of resort management services	Hong Kong	**100**	100
(2)	Banyan Tree Spa (HK) Limited	Provision of spa management services	Hong Kong	**100**	100
(4)	Cheer Golden Limited	Investment holding	Hong Kong	**65.75**	65.75
(2)	Triumph International Holdings Limited	Investment holding	Hong Kong	**80**	80
(2)	Northpoint Investments Limited	Investment holding	Hong Kong	**100**	100
(2)	Banyan Tree Investment Holdings (HK) Limited	Investment holding	Hong Kong	**100**	100
(2)	Vabbinvest Maldives Pvt Ltd	Operation of holiday resorts	Maldives	**100 ***	–
(11)	Banyan Tree Hotels & Resorts Korea Limited	Provision of hotel management services	Korea	**100**	100
(8)	Banyan Tree Indochina (GP) Company Limited	Manage and operate the Banyan Tree Indochina Hospitality Fund, L.P.	Cayman Islands	**100**	100
(11)	Jayanne International Limited	Investment holding	British Virgin Islands	**100**	100
(11)	Club Management Limited	Provision of resort and hotel management and operation services and ancillary services related to the hospitality industry	British Virgin Islands	**100**	100
(11)	Lindere Villas Limited	Investment holding	British Virgin Islands	**100**	100
(11) (18)	Resort Holdings Limited	Investment holding	British Virgin Islands	**–**	100
(15)	PT. AVC Indonesia	Holiday club membership	Indonesia	**65.75**	65.75
(2)	PT. Management Banyan Tree Resorts & Spas	Provision of consultation and management services of the international hotels marketing	Indonesia	**100**	100
(2)	PT. Banyan Tree Management	Provision of hotel management services	Indonesia	**100**	100
(2)	PT Cassia Resorts Investments	Hotel operations and property development	Indonesia	**100**	100
(5)	PT Leisure Development Bintan	Hotel operations and property development	Indonesia	**100**	100
(2)	Banyan Tree MX S.A. De C.V.	Provision of business management services, resort and hotel management, operation services and ancillary services related to the hospitality industry	Mexico	**100**	100
(5)	Banyan Tree Servicios S.A. De C.V.	Provision of business management services, resort and hotel management, operation services and ancillary services related to the hospitality industry	Mexico	**100**	100

16. **Subsidiaries** (cont'd)

	Name of subsidiary	Principal activities	Place of incorporation	Effective equity held by the Group 2017 %	2016 %
(ii)	***Held through subsidiaries*** (cont'd)				
(11)	Banyan Tree Guam Limited	Business office operation service and operation of spa facilities	Guam	**100**	100
(2)	Banyan Tree Spas Sdn. Bhd.	Operation of spas	Malaysia	**100**	100
(11)	Banyan Tree Japan Yugen Kaisha	Operation of spas	Japan	**100**	100
(2) (19)	Heritage Spas Egypt LLC	Operation and investment in resorts, spas and retail outlets	Egypt	**100**	100
(2)	Banyan Tree (Private) Limited	Operation of spas	Sri Lanka	**100**	100
(6)	Heritage Spas South Africa (Pty) Ltd	Operation and investment in resorts, spas and retail outlets	South Africa	**100**	100
(2) (19)	Heritage Spas Dubai LLC	Operation of spas	Dubai	**100**	100
(2)	Maldives Angsana Pvt Ltd	Operation of holiday resorts	Maldives	**100**	100
(5)	Keelbay Pty Ltd	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	Hotel operations	Seychelles	**100**	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
(2)	BT Investments Holdings Phils. Inc.	Investment holding	Philippines	**97.85**	97.85
(2)	Banyan Tree Hotels (Cyprus) Ltd	Provision of management consultancy and hotel design services	Cyprus	**100**	100
(13)	Green Transportation SARL AU	Provision of tourist transportation activities	Morocco	**100**	100
(2) (20)	Banyan Tree Indochina Co., Ltd.	Provision of project supervision and management service	Vietnam	**–**	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) Audited by A Garanzia LLP.
(9) Audited by RSM China CPAs.
(10) These companies are subsidiaries of LRH which in turn are subsidiaries of the Group. Management of the Group is of the view that these companies should be consolidated as subsidiaries in the consolidated financial statements as the Group has control over them through LRH.
(11) Not required to be audited under the laws of country of incorporation.
(12) Audited by Tibet Zhongrong Certified Public Accountant.
(13) Not required to be audited as the company has not commenced operation as at 31 December 2017.
(14) Audited by Dunhuang Fang Zheng Certified Public Accountant.
(15) Audited by RSM AAJ Associates.
(16) Audited by SD Audit and Consultancy Limited.
(17) Audited by Shanghai Zhong Qin Wan Xin Certified Public Accountant.
(18) Struck-off on 1 November 2017.
(19) In the process of voluntary liquidation.
(20) Dissolved with effect from 2 March 2017.

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16. Subsidiaries (cont'd)

(21) Incorporated/Acquired during the year.
(22) Liquidated on 29 December 2017.
* Investment transferred from being held by the holding company to be held through a subsidiary during the year.
** Cost of investment is less than $1,000.
*** As at 31 December 2017, 21.69% (2016: 24.40%) 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% (2016: 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 amount to 70.04% (2016: 72.55%) and the voting rights held by the non-controlling interest in the subsidiary amount to 29.96% (2016: 27.45%).

Of the effective equity held by the non-controlling interest of 34.25% in LRH, 2.59% (2016: 3.18%) and 8.20% (2016: 10.32%) 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 amount to 29.96% (2016: 27.45%).

**** Investment divested from subsidiaries into a Joint venture and Associates during the year.

Interest in subsidiary 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	Profit allocated to NCI during the reporting period $'000	Accumulated NCI at the end of reporting period $'000	Dividends paid to NCI $'000
31 December 2017:					
Laguna Resorts & Hotels Public Company Limited	Thailand	**34.25%**	**1,952**	**177,246**	**596**
31 December 2016:					
Laguna Resorts & Hotels Public Company Limited	Thailand	34.25%	9,975	169,608	1,159

Summarised financial information about subsidiary with material NCI

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

Summarised balance sheet

	Laguna Resorts & Hotels Public Company Limited	
	As at 31 December 2017 $'000	As at 31 December 2016 $'000
Current		
Assets	**245,035**	207,212
Liabilities	**(142,207)**	(100,990)
Net current assets	**102,828**	106,222
Non-current		
Assets	**627,899**	634,681
Liabilities	**(207,522)**	(229,987)
Net non-current assets	**420,377**	404,694
Net assets	**523,205**	510,916

16. Subsidiaries (cont'd)

Summarised financial information about subsidiary with material NCI (cont'd)

Summarised statement of comprehensive income

	Laguna Resorts & Hotels Public Company Limited	
	2017 $'000	2016 $'000
Revenue	**195,689**	221,184
Profit before taxation	**7,442**	31,177
Income tax expense	**(3,196)**	(4,842)
Profit after taxation	**4,246**	26,335
Other comprehensive income	**(471)**	14,826
Total comprehensive income	**3,775**	41,161

Other summarised information

	Laguna Resorts & Hotels Public Company Limited	
	2017 $'000	2016 $'000
Net cash flows generated from/(used in) operations	**13,812**	(10,357)
Acquisition of significant property, plant and equipment	**(8,675)**	(12,966)

17. Joint ventures

	GROUP		COMPANY	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Unquoted equity shares, at cost	**121,772**	–	**–**	–
Share of post-acquisition reserves	**(1,632)**	–	**–**	–
Loan to joint venture	**12,110**	–	**12,110**	–
	132,250	–	**12,110**	–

Included within unquoted equity shares, at cost is an aggregate amount of $72,149,000 (2016: $Nil) of redeemable convertible preference shares ("RCPS") which can be offsetted against the amounts due to joint ventures.

The Group has 50% interest (or 48.17% effective interest) in the ownership and 50% voting rights in a joint venture, BTAC that is held through a subsidiary. This joint venture is a strategic venture to enable the Banyan Tree brands to expand rapidly and penetrate strategic sectors in the People's Republic of China ("PRC"). The Group jointly controls the venture with other partner under the contractual agreement and requires unanimous consent for all major decisions over the relevant activities.

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17. **Joint ventures** (con'td)

Summarised financial information in respect of BTAC, and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	Banyan Tree Assets (China) Holdings Pte. Ltd.	
	2017 $'000	2016 $'000
Assets and liabilities:		
Current assets [1]	209,004	–
Non-current assets	95,801	–
Current liabilities [2]	(57,021)	–
Non-current liabilities [3]	(27,904)	–
Net assets	219,880	–
Adjusted for:		
Equity contribution not in proportion to shareholding [4]	(60,295)	–
Adjusted net assets	159,585	–
Proportion of the Group's ownership	50%	–
Group's share of net assets	79,792	–
Difference between fair value and cost of identifiable assets and liabilities	(31,764)	–
RCPS [4]	72,149	–
Loan to joint venture	12,110	–
Others	(37)	–
Carrying amount of the investment	132,250	–
[1] Includes cash and cash equivalents	6,107	–
[2] Includes current financial liabilities (excluding trade and other payables and provisions)	(44,366)	–
[3] Includes non-current financial liabilities (excluding trade and other payables and provision)	(21,831)	–
[4] As at 31 December 2017, an amount of $11,854,000 of capital injection is outstanding from the joint venture partner and is expected to be received in 2018.		
Results:		
Revenue	6,403	–
Loss after tax [5]	(3,263)	–
[5] Includes:		
- depreciation and amortisation	(950)	–
- interest income	323	–
- interest expense	(1,164)	–
- tax expense	(1)	–

18. Associates

	GROUP		COMPANY	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Quoted and unquoted equity shares, at cost	**108,220**	94,657	**869**	869
Share of post-acquisition reserves, net of dividend received	**(316)**	83	**–**	–
Impairment loss	**(679)**	(679)	**–**	–
Net exchange differences	**24**	(177)	**–**	–
	107,249	93,884	**869**	869
Fair value of investment in an associate for which there is a published price quotation	**33,868**	33,042	**–**	–

Included within quoted and unquoted equity shares, at cost is an aggregate amount of $17,831,000 (2016: $Nil) of RCPS which can be offsetted against the amounts due to associates.

As at 31 December 2017, the Group has pledged 10 million ordinary shares of Thai Wah Public Company Limited with a bank to secure a long-term loan of the Group.

The details of the material associates at the end of the financial year are as follows:

	Name of associate	Principal activities	Place of incorporation	Effective equity held by the Group	
				2017 %	2016 %
	Held through subsidiaries				
(2) (3)	Thai Wah Public Company Limited	Manufacture and distribution of vermicelli, tapioca starch and other food products	Thailand	**6.59**	6.59
(1) (3)	Banyan Tree Indochina Hospitality Fund, L.P.	Business of a real estate development fund, focused on the hospitality sector in Vietnam	Cayman Islands	**15.84**	15.84
(1) (4)	Banyan Tree Hotel Management (China) Pte. Ltd.	Investment holding	Singapore	**59.27**	–

(1) Audited by Ernst & Young LLP, Singapore.

(2) Audited by member firms of Ernst & Young Global in the respective countries.

(3) The results of these associates were equity accounted for in the consolidated financial statements notwithstanding that the Group holds less than 20% of the voting power in these companies. The Group is deemed to exercise significant influence by virtue of its representation on the board/governing committees of these entities. The Group's direct interest in these associates differ from the corresponding effective interest as these associates are held by subsidiaries with non-controlling interests.

(4) Investment to hold subsidiaries diluted into Associates during the year. The Group's direct interest in this associate amounts to 40%. The remaining interest of 19.27% is held indirectly by the Group's joint venture, BTAC as described in Note 16. Investment is regarded as an associate as the company does not have effective control.

In the financial year ended 31 December 2016, the Group has assessed that there was a gain in significant influence over Thai Wah Public Company Limited ("TWPC") and Banyan Tree Indochina Hospitality Fund, L.P. ("Indochina fund"). Accordingly, the Group has accounted for TWPC and Indochina fund, previously accounted for as available-for-sale investments, as investments in associates from the date when significant influence was gained. The reclassification of TWPC and Indochina fund to investments in associates took place close to 31 December 2016 and management has assessed the Group's share of results relating to these investments to be immaterial.

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18. Associates (cont'd)

The summarised financial information in respect of TWPC, Indochina fund and BTMC and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	Thai Wah Public Company Limited		Banyan Tree Indochina Hospitality Fund, L.P.		Banyan Tree Hotel Management (China) Pte. Ltd.	
	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000
Assets and liabilities:						
Current assets	**129,070**	111,882	**26**	233	**35,352**	–
Non-current assets	**162,706**	144,239	**290,842**	311,046	**44,931**	–
Current liabilities	**(33,147)**	(30,007)	**(1,559)**	(1,605)	**(14,544)**	–
Non-current liabilities	**(16,478)**	(12,323)	**–**	–	**–**	–
Non-controlling interests	**(22,951)**	(9,800)	**–**	–	**–**	–
Net assets	**219,200**	203,991	**289,309**	309,674	**65,739**	–
Adjusted for:						
Equity contribution not in proportion to shareholding	**–**	–	**–**	–	**(17,718)**	–
Adjusted net assets	**219,200**	203,991	**289,309**	309,674	**48,021**	–
Proportion of the Group's ownership	**10.03%**	10.03%	**17.80%**	17.80%	**40.00%**	–
Group's share of net assets	**21,986**	20,460	**51,497**	55,122	**19,208**	–
Goodwill on acquisition	**4,032**	3,934	**–**	–	**–**	–
Difference between fair value and cost of identifiable assets and liabilities	**7,081**	6,704	**–**	–	**(19,655)**	–
RCPS	**–**	–	**–**	–	**17,718**	–
Other adjustments	**–**	–	**(605)**	(41)	**–**	–
Carrying amount of the investment	**33,099**	31,098	**50,892**	55,081	**17,271**	–

The Group has not recognised its share of losses and deficit in the currency translation reserve relating to one of its associates, Tropical Resorts Limited where its share of deficit in equity has exceeded the Group's interest in this associate. At the end of the reporting period, the Group's cumulative share of unrecognised losses and currency translation deficit were $8,516,000 (2016: $7,312,000) and $350,000 (2016: $598,000) respectively. The Group's share of the current year's unrecognised losses was $1,204,000 (2016: $1,080,000).

The Group has no obligation in respect of these losses.

18. Associates (cont'd)

Aggregate information about the Group's investments in associates that are not individually material, not adjusted for the proportion of ownership interests held by the Group, are as follows:

	GROUP	
	2017 $'000	2016 $'000
Assets and liabilities *:		
Current assets	**55,450**	19,403
Non-current assets	**123,914**	92,043
Total assets	**179,364**	111,446
Current liabilities	**(152,888)**	(89,430)
Non-current liabilities	**(86,147)**	(73,780)
Total liabilities	**(239,035)**	(163,210)
Results:		
Revenue	**33,705**	27,156
Loss for the financial year	**(21,258)**	(11,363)
Other comprehensive income/(loss)	**248**	(275)
Total comprehensive loss	**(21,010)**	(11,638)

* Included in assets and liabilities and total comprehensive income of associates is Tropical Resorts Limited's net liabilities position of $66,208,000 (2016: $58,225,000) and total comprehensive loss of $20,578,000 (2016: $11,129,000).

19. Long-term investments

	GROUP	
	2017 $'000	2016 $'000
Quoted investments		
Equity shares, at fair value	2	2
Unquoted investments		
Equity shares, at cost	**17,796**	17,796
Less: Impairment in value of unquoted investments	**(2,934)**	(2,911)
Less: Net exchange differences	**(2)**	–
Total unquoted investments	**14,860**	14,885
Total available-for-sale financial assets	**14,862**	14,887

Unquoted equity shares stated at cost 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.

As at 31 December 2017, the Group has carried out an assessment of the recoverable amount of its long-term investments. An impairment loss of $23,000 (2016: $1,350,000), representing the write-down to the recoverable amount was recognised in profit or loss for the financial year ended 31 December 2017. In 2017, the recoverable amount of the long-term investment is assessed using the value in use method with the discount rate and growth rate being 10.1% (2016:10.8%) and 4% (2016: 5%) respectively.

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20. Prepaid island rental

	GROUP	
	2017 $'000	**2016 $'000**
At 1 January	**24,908**	24,981
Net exchange differences	**(1,766)**	712
Payment of island rental during the financial year	**1,517**	1,382
	24,659	27,075
Less: Amount charged to expenses during the financial year	**(2,181)**	(2,167)
At 31 December	**22,478**	24,908
Amount chargeable within 1 year (Note 25)	**2,046**	2,069
Amount chargeable after 1 year	**20,432**	22,839
	22,478	24,908

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

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

Island	Lease period 2017	Lease period 2016
Maldives		
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

21. Long-term trade receivables

	GROUP	
	2017 $'000	**2016 $'000**
Loans and receivables		
Long-term trade receivables are repayable as follows:		
Within 12 months (Note 26)	**9,731**	9,726
Between 2 to 5 years	**20,720**	23,874
After 5 years	**3,338**	5,219
	24,058	29,093

21. Long-term trade receivables (cont'd)

Long-term trade receivables consist of:

(i) Receivables from property sales bear interest at rates ranging from 3% to 12%, Minimum Lending Rate (MLR) plus 0.5% per annum (2016: 3% to 12%, MLR plus 0.5% per annum) and are repayable over an instalment period of 2 to 10 years (2016: 2 to 10 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 of the Group acts as the manager of these properties on behalf of the third party. As at 31 December 2017, the amounts due from the third party are $10,646,000 (2016: $14,034,000), out of which an amount of $10,107,000 (2016: $11,527,000) bears an interest rate of 6% per annum (2016: 6%), is unsecured and repayable over 13.5 to 15 years, commencing from 2008. The remaining amount due from the third party is interest-free, unsecured and are not expected to be repaid within the next 12 months.

Significant foreign currency denominated balances

	GROUP	
	2017 $'000	2016 $'000
US Dollars	**975**	10,304

Receivables that are impaired

The Group's long-term 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	
	2017 $'000	2016 $'000
Long-term trade receivables – nominal amounts	**539**	2,507
Less: Allowance for doubtful debts	**(538)**	(579)
	1	1,928
Movement in allowance accounts:		
At 1 January	**579**	562
Exchange differences	**(41)**	17
At 31 December	**538**	579

Receivables subject to offsetting arrangements

The Group provides club management services to Private Collection Limited. The Group is regularly charged 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.

During the period ended 31 December 2017, none of the Group's trade receivables and trade payables are subject to offsetting arrangements. The Group's trade receivables and trade payables that were offset in 2016 are as follows:

	2016 $'000		
	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Description			
Trade receivables	5,141	(2,634)	2,507
Trade payables	2,634	(2,634)	–

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22. Other receivables - non current

	GROUP	
	2017 $'000	2016 $'000
Loans and receivables		
Deposits	**3,489**	3,504
Loans to third parties	**–**	7,664
	3,489	11,168

Included in the loans made to third parties is an unsecured loan of $Nil (2016: $832,000) bearing interest at a rate of Nil% (2016: 3.8%) with fixed terms of repayment, and an unsecured loan of $Nil (2016: $5,200,000) bearing interest at a rate of Nil% (2016: 6.2%) with fixed terms of repayment. Except for these loans, loans to third parties are unsecured, interest-free, with no fixed terms of repayment, and the Group does not expect repayment within the next twelve months.

As at 31 December 2017, the Group has provided for an allowance of S$1,667,000 (2016: $Nil) for impairment of loans to third parties.

23. Property development costs

	GROUP	
	2017 $'000	2016 $'000
Properties under development		
Cost incurred to date	**221,868**	220,377
Less: Allowance for foreseeable losses	**(3,896)**	(3,801)
	217,972	216,576
Properties held for sale	**65,370**	35,219
	283,342	251,795

	GROUP	
	2017 $'000	2016 $'000
Amounts expected to be recovered:		
No more than 12 months	**51,192**	43,564
More than 12 months	**232,150**	208,231
	283,342	251,795

During the financial year, borrowing costs of $5,847,000 (2016: $6,038,000) arising from borrowings obtained specifically for the development property were capitalised under properties under development.

23. Property development costs (cont'd)

Details of the properties as at 31 December 2017 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	1,271	Completed	65.75
Banyan Tree Phuket Double Pool Villas	Phuket, Thailand	100	Held for sale	1,804	Completed	65.75
Laguna Village Lofts	Phuket, Thailand	100	Held for sale	2,448	Completed	65.75
Cassia Phuket Phase 1	Phuket, Thailand	100	Held for sale	2,336	Completed	65.75
Cassia Phuket Phase 2	Phuket, Thailand	100	Held for sale	1,652	Completed	65.75
Cassia Phuket Phase 2	Phuket, Thailand	77	Under construction	2,760	May 2018	65.75
Cassia Phuket Phase 3	Phuket, Thailand	–	Under construction	7,449	June 2020	65.75
Laguna Park Phuket Townhome and Villas	Phuket, Thailand	80	Under construction	16,291	June 2019	65.75
Laguna Village Residences	Phuket, Thailand	82	Under construction	3,355	December 2018	65.75
Banyan Tree Grand Residence Phase 1	Phuket, Thailand	34	Under construction	13,716	December 2024	65.75
Angsana Beach Front	Phuket, Thailand	–	Under construction	15,039	June 2020	65.75
Banyan Tree Residences, Brisbane	Brisbane, Australia	–	Under construction	15,058	December 2020	100
Northpoint, Australia	Northpoint, Australia	–	Under construction	4,424	–	100
Banyan Tree Bintan	Bintan, Indonesia	100	Held for sale	6,080	Completed	100
Cassia Bintan Phase 1	Bintan, Indonesia	100	Held for sale	3,738	Completed	100
Cassia Bintan Phase 2	Bintan, Indonesia	92	Under construction	4,632	March 2018	100
Cassia Bintan Phase 3	Bintan, Indonesia	39	Under construction	4,258	December 2018	100

Details of the properties as at 31 December 2016 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	1,271	Completed	65.75
Banyan Tree Phuket Double Pool Villas	Phuket, Thailand	100	Held for sale	1,804	Completed	65.75
Laguna Village Lofts	Phuket, Thailand	100	Held for sale	2,448	Completed	65.75
Cassia Phuket Phase 1	Phuket, Thailand	100	Held for sale	2,450	Completed	65.75
Cassia Phuket Phase 2	Phuket, Thailand	–	Under construction	5,064	May 2018	65.75
Laguna Park Phuket Townhome and Villas	Phuket, Thailand	80	Under construction	26,551	December 2018	65.75

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23. Property development costs (cont'd)

Details of the properties as at 31 December 2016 are as follows: (cont'd)

Description	Location of property	Estimated completion %	Existing use of property	Gross floor area (Sq meter)	Estimated completion date	Effective equity held by the Group %
Laguna Village Residences	Phuket, Thailand	53	Under construction	4,697	December 2018	65.75
Banyan Tree Grand Residence Phase 1	Phuket, Thailand	24	Under construction	15,485	December 2025	65.75
Banyan Tree Residences, Brisbane	Brisbane, Australia	–	Under construction	15,058	April 2019	100
Northpoint, Australia	Northpoint, Australia	–	Under construction	4,424	–	100
Banyan Tree Lijiang Phase 1 extension *	Lijiang, China	100	Held for sale	523	Completed	83.20
Cassia Lijiang *	Lijiang, China	8	Under construction	12,660	–	83.20
Laguna Chengdu *	Wenjiang, China	29	Under construction	104,040	June 2021	100
Banyan Tree Bintan	Bintan, Indonesia	100	Held for sale	6,080	Completed	100
Cassia Bintan Phase 1	Bintan, Indonesia	50	Under construction	7,706	May 2017	100
Cassia Bintan Phase 2	Bintan, Indonesia	24	Under construction	6,497	August 2017	100

* The properties have been transferred to assets of disposal group classified as held for sale.

24. Inventories

	GROUP	
	2017 $'000	2016 $'000
Balance sheet:		
Food and beverage, at cost	**1,950**	2,036
Trading goods and supplies, at cost	**3,764**	5,295
Materials, at cost	**1,920**	2,067
	7,634	9,398
Income statement inclusive of the following charge:		
- Inventories recognised as an expense in cost of sales	**25,338**	25,663
- Inventories written down (Note 7)	**59**	62

25. Prepayments and other non-financial assets - current

	GROUP		COMPANY	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Prepayments	**5,183**	7,434	**120**	128
Prepaid island rental - current portion (Note 20)	**2,046**	2,069	**–**	–
Advances to suppliers	**1,788**	2,559	**–**	–
Goods and services tax/value-added tax receivable	**2,400**	3,408	**–**	–
Others	**2,502**	3,213	**–**	6
	13,919	18,683	**120**	134

26. Trade receivables

	GROUP	
	2017 $'000	2016 $'000
Loans and receivables		
Trade receivables	**33,742**	52,956
Current portion of long-term trade receivables (Note 21)	**9,731**	9,726
	43,473	62,682
Less: Allowance for doubtful debts	**(6,351)**	(19,527)
	37,122	43,155

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Significant foreign currency denominated balances

	GROUP	
	2017 $'000	2016 $'000
US Dollars	**2,896**	6,467

Receivables that are past due but not impaired

The Group has trade receivables amounting to $16,539,000 (2016: $21,045,000) 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	
	2017 $'000	2016 $'000
Trade receivables past due but not impaired:		
Less than 30 days	**8,648**	9,331
30 to 60 days	**2,137**	2,645
61 to 90 days	**1,407**	2,048
More than 90 days	**4,347**	7,021
	16,539	21,045

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26. Trade receivables (cont'd)

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	
	2017 $'000	2016 $'000
Trade receivables - nominal amounts	**6,351**	19,527
Less: Allowance for doubtful debts	**(6,351)**	(19,527)
	–	–
Movement in allowance accounts:		
At 1 January	**19,527**	21,878
(Write-back of allowance)/Charge for the financial year (Note 7)	**(1,062)**	2,223
Disposal of subsidiaries	**(8,489)**	–
Utilisation	**(3,063)**	(4,383)
Exchange differences	**(562)**	(191)
At 31 December	**6,351**	19,527

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 relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Receivables subject to offsetting arrangements

The Group 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's trade receivables and trade payables that are offset are as follows:

	2017 $'000		
	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Description			
Trade receivables	**137**	**(120)**	**17**
Trade payables	**120**	**(120)**	**–**

	2016 $'000		
	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Description			
Trade receivables	139	(109)	30
Trade payables	109	(109)	–

27. Other receivables - current

	GROUP		COMPANY	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Loans and receivables				
Deposits	**1,135**	1,563	**14**	38
Interest receivable	**21**	12	**16**	9
Staff advances	**618**	389	**–**	–
Insurance recoverable	**115**	105	**–**	–
Other recoverable expenses	**2,077**	3,280	**557**	–
Other receivables	**3,680**	3,582	**6**	23
	7,646	8,931	**593**	70

28. Amounts due from/(to) subsidiaries

	COMPANY	
	2017 $'000	2016 $'000
Loans and receivables		
Amounts due from subsidiaries		
- non-trade	**217,062**	211,374
Less: Allowance for doubtful debts	**(3,856)**	(3,836)
	213,206	207,538
Financial liabilities at amortised cost		
Amounts due to subsidiaries		
- non-trade	**(57,317)**	(46,699)
Movement in allowance accounts:		
At 1 January	**3,836**	3,536
Transfer in	**20**	300
At 31 December	**3,856**	3,836

Included in the amounts due from subsidiaries are unsecured loans of $31,450,000 (2016: $Nil), bearing interest at a rate of 3.45% and 6.25% (2016: Nil%) and repayable on demand. Except for this loan, the amounts due from/(to) subsidiaries are unsecured, interest-free and repayable on demand.

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29. Amounts due from/(to) associates

	GROUP		COMPANY	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Loans and receivables				
Amounts due from associates				
- trade	**58,940**	224	**–**	–
- non-trade	**6,131**	–	**1,393**	–
	65,071	224	**1,393**	–
Less: Allowance for doubtful debts	**(108)**	(21)	**–**	–
	64,963	203	**1,393**	–
Financial liabilities at amortised cost				
Amounts due to associates				
- trade	**(783)**	(5)	**–**	–
- non-trade	**(21,706)**	–	**(18,009)**	–
	(22,489)	(5)	**(18,009)**	–

Included in the amounts due to associates are unsecured loans of $17,831,000 (2016: Nil) that are non-interest bearing and repayable on 17 August 2018. Except for this loan, the amounts due from/(to) associates are unsecured, non-interest bearing and repayable on demand.

Significant foreign currency denominated balances

	GROUP		COMPANY	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
US Dollars	**15,150**	–	**–**	–

30. Amounts due from/(to) joint ventures

	GROUP		COMPANY	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Loans and receivables				
Amounts due from joint ventures				
- trade	**325**	–	**–**	–
- non-trade	**5,966**	–	**3,156**	–
	6,291	–	**3,156**	–

30. Amounts due from/(to) joint ventures (cont'd)

	GROUP		COMPANY	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Financial liabilities at amortised cost				
Amounts due to joint ventures				
- trade	**(33)**	–	**–**	–
- non-trade	**(61,061)**	–	**(60,298)**	–
	(61,094)	–	**(60,298)**	–

Included in the amounts due to joint ventures are unsecured loans of $60,295,000 (2016: Nil) that are non-interest bearing and repayable on 17 August 2018. Except for this loan, the amounts due from/(to) joint ventures are unsecured, non-interest bearing and repayable on demand.

31. Amounts due from/(to) related parties

	GROUP		COMPANY	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Loans and receivables				
Amounts due from related parties				
- trade	**23,157**	21,994	**–**	–
- non-trade	**3**	5	**3**	1
	23,160	21,999	**3**	1
Less: Allowance for doubtful debts	**(5)**	–	**–**	–
	23,155	21,999	**3**	1
Financial liabilities at amortised cost				
Amounts due to related parties				
- trade	**(519)**	(521)	**–**	–
- non-trade	**(742)**	(343)	**–**	–
	(1,261)	(864)	**–**	–

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

Significant foreign currency denominated balances

	GROUP		COMPANY	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
US Dollars	**2,389**	11,053	**–**	–

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32. Cash and short-term deposits

	GROUP		COMPANY	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Loans and receivables				
Cash on hand and at bank	**108,168**	82,654	**22,673**	5,986
Short-term deposits, unsecured	**50,820**	26,113	**50,196**	22,066
	158,988	108,767	**72,869**	28,052
Significant foreign currency denominated balances				
US Dollars	**38,093**	21,575	**19,277**	2,983

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 range of interest rates as at 31 December 2017 for the Group and the Company were 0.01% to 1.15% (2016: 0.13% to 2.00%) and 0.40% to 1.15% (2016: 0.40% to 1.59%) 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	
	2017 $'000	2016 $'000
Cash and short-term deposits	**158,988**	108,767
Cash and short-term deposits under assets of disposal group classified as held for sale (Note 33)	–	5,060
Cash and cash equivalents	**158,988**	113,827

33. Disposal group classified as held for sale

On 23 January 2017, the Company entered into binding term sheets with Vanke to create a joint venture entity, BTAC. The purpose is to consolidate the Group's assets in China as well as to co-develop brands owned by the Group in China. As at 31 December 2016, the Group's assets and liabilities to be transferred to BTAC have been presented in the balance sheet as "Assets of disposal group classified as held for sale" and "Liabilities of disposal group classified as held for sale".

On 10 August 2017, the Group had executed and completed the definitive agreement with Vanke, and had since restructured and disposed the net assets of certain subsidiaries. Refer to Note 16 for more information on the disposal.

As at 31 December 2017, the remaining assets held for sale relates to the Group's investment in the China Fund*, which the Group plans to dispose in 2018.

The major classes of assets and liabilities classified as held for sale as at 31 December 2017 and 2016 are as follows:

	GROUP	
	2017 $'000	**2016 $'000**
Property, plant and equipment (Note 12)	–	51,434
Land use rights (Note 15)	–	7,612
Long-term investments	**6,936**	11,856
Prepayments	–	338
Deferred tax assets	–	1,900
Prepayments and other non-financial assets	–	627
Other receivables	–	83
Property development costs	–	110,357
Cash and cash equivalents (Note 32)	–	5,060
Assets of disposal group classified as held for sale	**6,936**	189,267
Other non-financial liabilities	–	5,402
Other payables	–	4,020
Interest-bearing loans and borrowings - Current liabilities	–	5,275
Interest-bearing loans and borrowings - Non-current liabilities	–	10,860
Liabilities of disposal group classified as held for sale	–	25,557
Net assets of disposal group classified as held for sale	**6,936**	163,710

* China Fund is collectively Tianjin Banyan Tree Jade Green Equity Investment Fund Partnership and Tianjin Banyan Tree Emerald Green Equity Investment Fund Partnership.

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34. Other non-financial liabilities - current

	GROUP		COMPANY	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Advances received from customers	**36,715**	19,183	**–**	–
Deferred membership fee	**383**	837	**–**	–
Goods and services tax/ value-added tax payable	**6,731**	7,059	**344**	403
Others	**6,898**	5,722	**190**	111
	50,727	32,801	**534**	514

35. Interest-bearing loans and borrowings

		GROUP		COMPANY	
	Maturity	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Financial liabilities at amortised cost					
Current liabilities					
Secured bank loans	2018	**66,871**	54,981	**2,600**	6,608
Unsecured bank loans	2018	**4,500**	43,000	**–**	35,000
		71,371	97,981	**2,600**	41,608
Non-current liabilities					
Secured bank loans	2022-2027	**142,439**	125,687	**21,233**	7,572
Unsecured bank loans	2020	**8,250**	–	**–**	–
		150,689	125,687	**21,233**	7,572
Total		**222,060**	223,668	**23,833**	49,180

35. Interest-bearing loans and borrowings (cont'd)

A reconciliation of liabilities arising from financing activities is as follows:

	2016 $'000	Cash flows $'000	Non-cash changes: Disposal of subsidiaries $'000	Fair valuation of derivative component at inception/ conversion $'000	Conversion to ordinary shares $'000	Accretion of interest/ Amortisation of transaction costs $'000	Foreign exchange movement $'000	Other* $'000	2017 $'000
Interest bearing loans and borrowings - secured									
- Current	54,981	**(12,015)**	**–**	**–**	**–**	**20**	**1,159**	**22,726**	**66,871**
- Non-current	125,687	**37,579**	**–**	**–**	**–**	**–**	**1,899**	**(22,726)**	**142,439**
Interest bearing loans and borrowings - unsecured									
- Current	43,000	**(43,000)**	**–**	**–**	**–**	**–**	**–**	**4,500**	**4,500**
- Non-current	–	**12,750**	**–**	**–**	**–**	**–**	**–**	**(4,500)**	**8,250**
Notes payable (Note 36)									
- Current	49,031	**(50,000)**	**–**	**–**	**–**	**969**	**–**	**119,270**	**119,270**
- Non-current	343,886	**–**	**–**	**–**	**–**	**–**	**–**	**(119,270)**	**224,616**
Liabilities under disposal group held for sale (Note 33)									
- Current	5,275	**(2,872)**	**(12,946)**	**–**	**–**	**–**	**(317)**	**10,860**	**–**
- Non-current	10,860	**–**	**–**	**–**	**–**	**–**	**–**	**(10,860)**	**–**
Convertible debenture^	–	**24,000**	**–**	**(6,779)**	**(17,548)**	**327**	**–**	**–**	**–**
Total	632,720	**(33,558)**	**(12,946)**	**(6,779)**	**(17,548)**	**1,316**	**2,741**	**–**	**565,946**

* Other relates to reclassification of non-current portion of loans and borrowings.
^ On 27 April 2017, the Group entered into a collaboration and subscription agreement which consisted of the issuance of a convertible debenture by the Group to Accor S.A.. The debenture has been converted to ordinary shares of the Company during the year.

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

	GROUP 2017 $'000	GROUP 2016 $'000
Freehold land and buildings (Note 12)	**353,455**	363,666
Investment properties (Note 13)	**25,973**	24,835
Leasehold buildings (Note 12)	**14,844**	38,638
Property development costs	**40,096**	53,585
Prepaid island rental	**19,727**	–
Investment in associates	**3,747**	–
Other assets	**2,355**	1,065
	460,197	481,789

The secured bank loans of the Company are secured by freehold land and buildings of its subsidiaries, amounting to $50,535,000 (2016: $50,719,000).

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36. Notes payable

Notes payable are unsecured, interest bearing and payable semi-annually.

			GROUP AND COMPANY	
	Interest rate	Maturity	2017 $'000	2016 $'000
Fixed rate notes:				
- $50 million	6.250%	30 May 2017	–	49,875
- $70 million	5.750%	31 July 2018	**69,871**	69,650
- $50 million	5.350%	26 November 2018	**49,893**	49,764
- $125 million	4.875%	3 June 2019	**124,552**	124,236
- $100 million	4.850%	5 June 2020	**99,570**	99,392
			343,886	392,917

	GROUP AND COMPANY	
	2017 $'000	2016 $'000
Notes payable are repayable as follows:		
Within 12 months	**119,270**	49,031
Between 2 to 5 years	**224,616**	343,886
	343,886	392,917

37. Other payables - current

	GROUP		COMPANY	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Financial liabilities at amortised cost				
Accrued operating expenses	**38,793**	34,626	**8,008**	5,073
Accrued service charges	**1,966**	1,952	**–**	–
Deposits	**132**	8	**–**	–
Sundry creditors	**1,913**	1,372	**673**	126
Financial liabilities at fair value through profit or loss				
Derivatives	**368**	–	**368**	–
	43,172	37,958	**9,049**	5,199

Derivatives

Accor option

The Company issued a call option to Accor S.A. ("Accor") as part of a collaboration agreement with Accor to develop and manage hotels, serviced residences and branded residences under the brands owned by Banyan Tree. With the option, Accor can acquire additional shares of up to 10% of total issued share capital (excluding treasury shares) of the Company. The option is exercisable for a period of 6 months after 19 December 2017.

37. Other payables - current (cont'd)

Derivatives (cont'd)

Vanke initial and additional option

The Company also issued an initial call option to Alps Investment Limited ("Vanke SPV") as part of a strategic partnership with Vanke to enable Banyan Tree brands to expand and penetrate strategic sectors in People's Republic of China for Vanke SPV to purchase approximately 2% of the share capital of the Company, exercisable from 10 August 2017 up to 5 trading days before the 2018 Annual General Meeting.

Subject to the completion of the initial call option, the Group granted Vanke the additional option to subscribe up to 10% of the enlarged share capital of the Company. The additional option is exercisable during the 6 month period starting from the date of exercise of the initial call option under the agreement.

Vanke call and put option

A subsidiary of the Group entered into a shareholder's agreement ("BTAC Shareholder's Agreement") with Tritonia Company Limited ("TCL"), which allows TCL to exercise a call option to purchase up to 99% of the Group's interest in BTAC on the date falling on and after 6 months after the second completion as defined in BTAC Shareholder's Agreement, and the subsidiary to exercise a put option to dispose up to 99% of the Group's interest in BTAC on and from the earlier of (i) BTAC having acquired China Fund Assets* and BTMC having acquired remaining 10% interest in Banyan Tree Hotels Management (Tianjin) Co., Ltd ("CHMC") before 30 September 2018, or (ii) 30 September 2018.

As at 31 December 2017, the value of the call and put option is immaterial.

* China Fund Assets refer to all projects, equity interests and other assets held by China Fund (other than 10% shareholding interest in CHMC held by China Fund).

38. Deferred income

	GROUP	
	2017 $'000	2016 $'000
Cost		
At 1 January	**10,076**	10,512
Recognised to profit and loss	**(1,774)**	–
Disposal of subsidiaries	**(8,104)**	–
Net exchange differences	**(198)**	(436)
	–	10,076
Accumulated amortisation		
At 1 January	**2,035**	1,858
Amortisation for the financial year (Note 4)	**158**	253
Recognised to profit and loss	**(200)**	–
Disposal of subsidiaries	**(1,951)**	–
Exchange differences	**(42)**	(76)
At 31 December	**–**	2,035
Net carrying amount	**–**	8,041

Deferred income relates to government grants received for the acquisition of land use rights for tourism-related development activities undertaken by the Group's subsidiaries in PRC to promote the tourism industry.

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39. Deferred tax

	GROUP				COMPANY	
	Consolidated balance sheet		Consolidated income statement		Balance sheet	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Deferred tax liabilities:						
Differences in depreciation for tax purposes	**(2,136)**	(2,625)	**(37)**	(100)	**–**	–
Revaluation to fair value:						
- Freehold land and buildings	**(64,008)**	(64,404)	**(1,907)**	44	**–**	–
- Investment properties	**(6,746)**	(6,480)	**103**	194	**–**	–
Temporary differences arising from revenue recognition	**(32,997)**	(33,603)	**(1,431)**	146	**–**	–
Provisions	**(51)**	(55)	**(5)**	1	**–**	–
Other items	**(4,051)**	51	**4,296**	(411)	**–**	–
	(109,989)	(107,116)			**–**	–
Deferred tax assets:						
Differences in depreciation for tax purposes	**811**	675	**(127)**	(115)	**–**	–
Temporary differences arising from revenue recognition	**15**	168	**2**	63	**–**	–
Provisions	**1,266**	1,393	**148**	(217)	**–**	–
Unutilised tax losses	**8,703**	9,724	**(219)**	534	**–**	–
Other items	**5,583**	4,112	**(1,357)**	(65)	**–**	–
	16,378	16,072			**–**	–
Deferred tax expense			**(534)**	74		

Unrecognised tax losses

The Group has tax losses of $34,558,000 as at 31 December 2017 (2016: $33,955,000) 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 taxation authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

	GROUP	
	2017 $'000	2016 $'000
Year of expiry:		
Within 1 year	**1,408**	907
Between 2 to 5 years	**16,319**	27,345
No expiry	**16,831**	5,703
	34,558	33,955

39. Deferred tax (cont'd)

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability (2016: $Nil) has been recognised for taxes that would be payable on the undistributed earnings of the Group's subsidiaries as:

– The Group has determined that the majority of the undistributed earnings of its subsidiaries 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 $151,351,000 (2016: $143,953,000). The unrecognised deferred tax liability is estimated to be $15,835,000 (2016: $14,869,000).

Tax consequences of proposed dividends

There are no income tax consequences (2016: $Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements.

40. Defined and other long-term employee benefits

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

The subsidiaries in Indonesia are required to provide a minimum pension benefit ("MPB") under the Indonesian Labour Law, which represents an underlying defined benefit obligation.

The following tables summarise the components of net benefit expense recognised in profit or loss and amounts recognised in the balance sheets for the plans.

	LSP		LSA		MPB		Total	
GROUP	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Net benefit expense								
Current service cost	**93**	91	**104**	103	**14**	46	**211**	240
Interest cost on benefit obligation	**25**	22	**24**	28	**–**	–	**49**	50
Net benefit expense	**118**	113	**128**	131	**14**	46	**260**	290
Net actuarial loss/(gain) recognised in other comprehensive income	**–**	–	**–**	–	**2**	(12)	**2**	(12)

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40. Defined and other long-term employee benefits (cont'd)

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

GROUP	LSP 2017 $'000	LSP 2016 $'000	LSA 2017 $'000	LSA 2016 $'000	MPB 2017 $'000	MPB 2016 $'000	Total 2017 $'000	Total 2016 $'000
At 1 January	**1,684**	1,740	**1,206**	1,315	**37**	–	**2,927**	3,055
Interest cost	**25**	22	**24**	28	**–**	–	**49**	50
Current service cost	**93**	91	**104**	103	**14**	46	**211**	240
Benefits paid	**(95)**	(211)	**(340)**	(271)	**–**	–	**(435)**	(482)
Actuarial loss/(gain) on obligation	**–**	–	**–**	–	**2**	(12)	**2**	(12)
Exchange differences	**43**	42	**27**	31	**(4)**	3	**66**	76
At 31 December	**1,750**	1,684	**1,021**	1,206	**49**	37	**2,820**	2,927

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

	2017	2016
Discount rates	**2.75%**	2.75%
Future salary increases	**3.00%**	3.00%
Gold price (per Baht weight of gold)	**BHT 19,000**	BHT 19,000
Gold inflation	**3.00%**	3.00%
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	2017 $'000	2016 $'000	2015 $'000
LSP and LSA obligations	**2,771**	2,890	3,055
Experience adjustments on the plan liabilities	**–**	–	1,781

41. Share capital

	GROUP AND COMPANY			
	2017		2016	
	No. of shares	$'000	No. of shares	$'000
Issued and fully paid up				
At 1 January	**761,402,280**	**199,995**	761,402,280	199,995
New issue during the year	**79,962,700**	**41,525**	–	–
31 December	**841,364,980**	**241,520**	761,402,280	199,995

The holders of ordinary shares (except for treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares (except for treasury shares) carry one vote per share without restrictions. The ordinary shares of the Company have no par value.

42. Treasury shares and reserves

(a) Treasury shares

	GROUP AND COMPANY			
	2017		2016	
	No. of shares	$'000	No. of shares	$'000
At 1 January	**(345,500)**	**(235)**	(680,500)	(463)
Reissued pursuant to Share-based Incentive Plan	**137,500**	**93**	335,000	228
At 31 December	**(208,000)**	**(142)**	(345,500)	(235)

Treasury shares relate 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.

As of 31 December 2017, there are 208,000 (2016: 345,500) treasury shares held by the Company.

The Company reissued 137,500 (2016: 335,000) treasury shares pursuant to Share-based Incentive Plan at a weighted average exercise price of $0.483 (2016: $0.587) per share.

(b) Share-based payment reserve

The share-based payment reserve represents the equity-settled share grants granted to employees (Note 43). 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 employees 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.

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 in Thailand.

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42. Treasury shares and reserves (cont'd)

(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 subsidiaries.

(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 subsidiaries acquired.

(ii) Capital reserve

The capital reserve comprises a waiver of debt by the joint venture on amounts due by the Company and accounting of assets in subsidiaries 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) Premium paid on acquisition of non-controlling interests

Premium paid on acquisition of non-controlling interests represents the effects of changes in interest in subsidiaries when there is no change in control.

(v) 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.

42. Treasury shares and reserves (cont'd)

(f) Other reserves (cont'd)

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 2017	**(18,038)**	**7,852**	**242**	**(3,329)**	**(3,142)**	**(16,415)**
Contributions by and distributions to owners						
Treasury shares reissued pursuant to Share-based Incentive Plan	**–**	**–**	**–**	**–**	**(27)**	**(27)**
Total contributions by and distributions to owners	**–**	**–**	**–**	**–**	**(27)**	**(27)**
Changes in ownership interests in subsidiary						
Increase in non-controlling interests without a change in control	**–**	**–**	**–**	**(2,967)**	**–**	**(2,967)**
Total changes in ownership interests in subsidiary	**–**	**–**	**–**	**(2,967)**	**–**	**(2,967)**
Total transactions with owners in their capacity as owners	**–**	**–**	**–**	**(2,967)**	**(27)**	**(2,994)**
At 31 December 2017	**(18,038)**	**7,852**	**242**	**(6,296)**	**(3,169)**	**(19,409)**

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 2016	(18,038)	7,852	6,910	(3,329)	(3,111)	(9,716)
Other comprehensive income for the financial year	–	–	(6,668)	–	–	(6,668)
Total comprehensive income for the financial year	–	–	(6,668)	–	–	(6,668)
Contributions by and distributions to owners						
Treasury shares reissued pursuant to Share-based Incentive Plan	–	–	–	–	(31)	(31)
Total transactions with owners in their capacity as owners	–	–	–	–	(31)	(31)
At 31 December 2016	(18,038)	7,852	242	(3,329)	(3,142)	(16,415)

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42. Treasury shares and reserves (cont'd)

(f) Other reserves (cont'd)

COMPANY	Capital reserve $'000	Loss on reissuance of treasury shares $'000	Total other reserves $'000
At 1 January 2017	**7,852**	**(3,142)**	**4,710**
Contributions by and distributions to owners			
Treasury shares reissued pursuant to Share-based Incentive Plan	**–**	**(27)**	**(27)**
Total transactions with owners in their capacity as owners	**–**	**(27)**	**(27)**
At 31 December 2017	**7,852**	**(3,169)**	**4,683**
At 1 January 2016	7,852	(3,111)	4,741
Contributions by and distributions to owners			
Treasury shares reissued pursuant to Share-based Incentive Plan	–	(31)	(31)
Total transactions with owners in their capacity as owners	–	(31)	(31)
At 31 December 2016	7,852	(3,142)	4,710

43. Equity compensation benefits

Banyan Tree Share Option Scheme, Banyan Tree Performance Share Plan and Banyan Tree Share Award Scheme 2016

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") (collectively the "Schemes"). The Schemes have expired on 27 April 2016 and the Company adopted the Banyan Tree Share Award Scheme 2016 (the "Share Award Scheme") at the annual general meeting of the Company on 28 April 2016 to replace the Plan. Under the Share Option Scheme (prior to expiry), eligible participants may be granted options to acquire shares in the Company whereas under the Plan (prior to expiry) and the Share Award Scheme, the Company's shares may be issued to eligible participants. The Schemes and the Share Award Scheme provide eligible participants with an opportunity to participate in the equity of the Company and motivate them towards better performance. The Schemes and the Share Award Scheme form an integral and important component of the compensation plan. Ho KwonPing, the Executive Chairman and controlling shareholder*, was/is not entitled to participate in the Schemes and the Share Award Scheme.

At the date of this report, the Share Award Scheme is the only share incentive scheme of the Company in force and administered by the Nominating and Remuneration Committee ("NRC") which comprises three Independent Directors with Chia Chee Ming Timothy, as the Chairman and Elizabeth Sam and Chan Heng Wing as members.

The total number of shares which may be issued and/or transferred pursuant to awards granted under the Share Award Scheme, when added to the total number of shares issued and issuable and/or existing shares transferred and transferable in respect of all awards granted under the Share Award Scheme and all shares, options or awards granted under any share scheme of the Company then in force, shall not exceed 5% of the total number of issued shares (excluding treasury shares) on the day preceding the relevant date of the award.

The Company has not issued any option to any eligible participant pursuant to the Share Option Scheme (expired).

43. Equity compensation benefits (cont'd)

Banyan Tree Share Option Scheme, Banyan Tree Performance Share Plan and Banyan Tree Share Award Scheme 2016 (cont'd)

The Plan comprises the Performance Share Plan ("PSP") and the Restricted Share Plan ("RSP"). Plan and Share Award Scheme participants who have attained from grade of level 5 and from grade of Vice President respectively are eligible to participate. PSP is targeted at a 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 participant and the number of shares which are subject of each award to be granted to a participant in accordance with the Plan and Share Award Scheme 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 participant may be granted an award under the PSP and RSP although differing performance targets are likely to be set for each award.

Awards represent the right of a 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 award under the Plan and Share Award Scheme to any of its controlling shareholders. Since the commencement of the Plan and Share Award Scheme, no participant has been awarded 5% or more of the total shares available.

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

The details of the Plan and Share Award Scheme existed as at 31 December 2017 are set out as follows:

	PSP	RSP
Plan and Share Award Scheme Description	Award of fully-paid ordinary shares of the Company or their cash equivalent, conditional on performance targets set at the start of a three-year performance period.	Award of fully-paid ordinary shares of the Company or their cash equivalent, conditional on the Group's performance over a one-year performance period.
Date of Grant:		
FY 2017 Grant	3 April 2017	3 April 2017
FY 2016 Grant	1 April 2016	1 April 2016
FY 2015 Grant	1 April 2015	1 April 2015
FY 2014 Grant	1 April 2014	1 April 2014
Performance Period:		
FY 2017 Grant	1 January 2017 to 31 December 2019	1 January 2017 to 31 December 2017
FY 2016 Grant	1 January 2016 to 31 December 2018	1 January 2016 to 31 December 2016
FY 2015 Grant	1 January 2015 to 31 December 2017	1 January 2015 to 31 December 2015
FY 2014 Grant	1 January 2014 to 31 December 2016	1 January 2014 to 31 December 2014

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43. Equity compensation benefits (cont'd)

Banyan Tree Share Option Scheme, Banyan Tree Performance Share Plan and Banyan Tree Share Award Scheme 2016 (cont'd)

The details of the Plan and Share Award Scheme existed as at 31 December 2017 are set out as follows: (cont'd)

	PSP	RSP
Performance Conditions:		
FY 2017 Grant[1], FY 2016 Grant, FY 2015 Grant and FY 2014 Grant	• Absolute Total Shareholder Return ("TSR") outperform Cost of Equity ("COE") • Relative TSR against FTSE ST Mid Cap Index • Relative TSR against selected hospitality listed peers	• Return on Invested Capital ("ROIC") • EBITDA[#]
Vesting Period:		
FY 2017 Grant, FY 2016 Grant, FY 2015 Grant and FY 2014 Grant	Vesting based on achieving stated performance conditions over a three-year performance period.	Based on achieving stated performance conditions over a one-year performance period, 33 1/3% of award will vest. Balance will vest over the subsequent two years with fulfilment of service requirements.
Payout:	0% to 200% depending on the achievement of pre-set performance targets over the performance period.	0% to 150% depending on the achievement of pre-set performance targets over the performance period.

[#] EBITDA denotes Earnings before Interest, Taxes, Depreciation and Amortisation.
[1] Relative TSR against selected hospitality listed peers is not part of performance conditions.

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 2017 Grant:

	PSP	RSP
Historical Volatility		
Banyan Tree Holdings Limited ("BTH")	38.046%	38.046%
Bloomberg Global Full Hotel ex-Casino Index (BIGFSHVP Index)	17.082%	Not applicable
Risk-free interest rates		
Singapore Sovereign	1.755%	1.285% -1.755%
Term	36 months	12 to 36 months
BTH expected dividend yield	0%	0%
Share price at grant date	$0.480	$0.480

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.

43. Equity compensation benefits (cont'd)

The details of shares awarded, cancelled and released during the financial year pursuant to the Plan and Share Award Scheme are as follows:

PSP	Balance as at 1 January 2017[1]	Shares granted during financial year[1]	Shares cancelled during financial year[2]	Shares released during financial year	Balance as at 31 December 2017[1]	Estimated fair value at grant date
Grant date						
1 April 2014						
Other Participants	180,000	–	(180,000)	–	–	$0.533
1 April 2015						
Other Participants	180,000	–	–	–	180,000	$0.390
1 April 2016						
Other Participants	225,000	–	–	–	225,000	$0.463
3 April 2017						
Other Participants	–	285,000	–	–	285,000	$0.386
Total	585,000	285,000	(180,000)	–	690,000	

[1] The number of shares comprised in awards granted by the Company under the Banyan Tree Performance Share Plan and Banyan Tree Share Award Scheme 2016, subject to performance conditions being met. It also represents the number of shares required if participants are to be awarded at 100% of the grant, however, the shares to be awarded at the vesting date may range from 0% to 200% depending on the level of achievement of pre-set performance conditions over the performance period.

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

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43. Equity compensation benefits (cont'd)

RSP	Balance as at 1 January 2017[1]	Shares granted during financial year[1]	Shares cancelled during financial year[2]	Shares released during financial year	Balance as at 31 December 2017[1]	Estimated fair value at grant date
Grant date						
1 April 2014						
Other Participants	172,600	–	(5,800)	(166,800)	–	$0.620 - $0.640
1 April 2016						
Other Participants	435,000	–	(336,900)	(34,100)	64,000	$0.530
3 April 2017						
Other Participants	–	551,250	(22,500)	–	528,750	$0.480
Total	607,600	551,250	(365,200)	(200,900)	592,750	

[1] The number of shares comprised in awards granted by the Company under the Banyan Tree Performance Share Plan and Banyan Tree Share Award Scheme 2016, subject to performance conditions being met. It also represents the number of shares required if participants are to be awarded at 100% of the grant, however, the shares to be awarded at the vesting date may range from 0% to 150% depending on the level of achievement of pre-set performance conditions over the performance period.

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

The number of contingent shares granted but not released as at 31 December 2017 were 690,000 and 592,750 (2016: 585,000 and 607,600) for PSP and RSP respectively. Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 1,380,000 and 857,125 (2016: 1,170,000 and 825,100) 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 reported a profit before tax and before provision of the expense for Founder's Grant of $23,851,955 (2016: profit before tax and before provision of the expense for Founder's Grant of $747,442) for the financial year ended 31 December 2017. Accordingly, the amount payable pursuant to the Founder's Grant is $1,192,598 (2016 Founder's Grant paid: $37,372).

44. 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	
	2017 $'000	2016 $'000
Capital commitments in respect of property, plant and equipment	**18,672**	18,612

(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	
	2017 $'000	2016 $'000
Payable:		
Within 1 year	**11,083**	14,241
Between 2 to 5 years	**40,884**	47,588
After 5 years	**50,223**	64,843
	91,107	112,431
	102,190	126,672

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2017 amounted to $14,389,000 (2016: $16,419,000).

Certain subsidiaries entered into agreements with villa owners whereby these villa owners will lease the villas back to the subsidiaries' hotels for operation. In consideration for such arrangement, the subsidiaries are committed to pay fees contingent upon revenue earned in accordance with the terms specified in the agreements.

Minimum contingent rent expenses recognised as an expense in profit or loss for the financial year ended 31 December 2017 amounted to $8,458,000 (2016: $6,254,000).

(c) Contingent liabilities

Guarantees

As at the end of the reporting period, the Company had issued the following outstanding guarantees:

	COMPANY	
	2017 $'000	2016 $'000
Guarantees issued for banking facilities to subsidiaries	**56,456**	28,295

At the end of the reporting period, the Company has provided financial support amounting to $120,907,000 (2016: $94,044,000) to its subsidiaries in net current liabilities or net liabilities position to enable these companies to continue their operations and meet their liabilities as and when they fall due.

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44. Commitments and contingencies (cont'd)

(c) Contingent liabilities (cont'd)

Litigation

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.

On 26 June 2015, the plaintiffs have submitted the answer statement to the Company's appeal and the petition for objection of stay of execution upon the judgment. On 15 October 2015, the Phuket Provincial Court read out the order of Appeal Court in relation to the objection. Appeal Court ordered the Company to place deposit for money damages that Court of First Instance has awarded the plaintiffs. Amount of deposit is Baht 36 million approximately. The Court set the next hearing on 18 December 2015 to consider details of the deposit such as value and location. On 18 December 2015, the Defendant offered 19 plots of land in Chiang Rai as deposit and the Court has accepted it.

On April 19, 2016, the Appeal Court issued its judgment ordering the defendants to transfer eight plots of land out of nine plots of land as awarded by the Phuket Provincial Court totaling 4 Rai 1 Ngan 90.9 Square Wah to be common property of Allamanda 1 Condominium. The Appeal Court also ruled that the defendants did not unlawfully use the land, so the defendants do not have to compensate the plaintiffs. Moreover, the Appeal Court dismissed the plaint against the fifth to fourteenth defendants as directors.

On 16 September 2016, the plaintiffs submitted the request of submitting the appeal to the Supreme Court and the appeal statement. On 4 October 2016, the defendants submitted the request of submitting the appeal to the Supreme Court and the appeal statement. On 25 October 2016, the defendants submitted the counter-statement to object to the plaintiff's request of submitting the appeal.

44. Commitments and contingencies (cont'd)

(c) Contingent liabilities (cont'd)

Litigation (cont'd)

On 13 February 2018, the plaintiffs and the defendants completely signed a settlement agreement to settle the outstanding disputes in relation to this case. On 20 February 2018, the litigators of both parties jointly submitted petitions to the Conciliation Centre of the Supreme Court with a request for the Supreme Court to render its judgement as per the settlement agreement.

As at 31 December 2017, the subsidiaries of LRH have set aside a provision of $1.7 million (Baht 41 million) for liabilities arising as a result of this case. This provision will be adjusted as per court order when the case is final.

45. 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	
	2017 $'000	2016 $'000
(a) Joint ventures:		
- Interest income	**254**	–
- Others	**7**	–
(b) Associates:		
- Management and service fee income	**990**	–
- Reservation fee income	**175**	–
- Spa gallery income	**8**	–
- Royalty income	**1,876**	–
- Others	**165**	–
- Interest income	**65**	–
- Interest expense	**(92)**	–
(c) Related parties:		
- Management and service fee income	**968**	923
- Rental income	**2,295**	2,283
- Reservation fee income	**189**	178
- Spa gallery income	**40**	75
- Royalty income	**571**	526
- Interest income	**47**	127
- Others	**59**	35

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45. Related party transactions (cont'd)

	GROUP	
	2017 $'000	2016 $'000
(d) Compensation of key management personnel:		
- Salaries and employee benefits	**4,304**	4,376
- Central Provident Fund contributions	**102**	124
- Share-based payment expenses	**18**	64
- Other short-term benefits[1]	**1,785**	754
Total compensation paid to key management personnel	**6,209**	5,318
Comprise amounts paid to:		
- Directors of the Company	**3,179**	1,954
- Other key management personnel	**3,030**	3,364
	6,209	5,318

[1] Other short-term benefits include amount payable to Ho KwonPing under the Founder's Grant of $1,192,598 (2016: $37,372).

46. 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 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, amounts due from associates and joint ventures. For other financial assets (including long-term investments, cash and short-term deposits), the Group and the Company minimise credit risk by dealing with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

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

– the carrying amount of each class of financial assets recognised in the balance sheets; and

– a nominal amount of $56,456,000 (2016: $28,295,000) relating to corporate guarantees provided by the Company for the bank loans taken by its subsidiaries.

46. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Excessive risk concentration

Concentrations 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, amounts due from associates and joint ventures on an ongoing basis. The credit risk concentration profile of the Group's trade receivables, amounts due from associates and joint ventures at the end of the reporting period is as follows:

		2017		2016	
GROUP	Note	$'000	% of total	$'000	% of total
By geographical regions:					
South East Asia		**22,348**	**16**	23,495	32
Indian Oceania		**288**	**–**	334	–
Middle East		**594**	**–**	1,412	2
North East Asia		**100,443**	**70**	24,282	34
Rest of the world		**20,871**	**14**	22,928	32
		144,544	**100**	72,451	100
By industry sectors:					
Hotel Investments		**16,969**	**12**	14,485	20
Property Sales		**38,039**	**26**	38,475	53
Fee-based Segment		**71,189**	**49**	19,288	27
Head Office		**18,347**	**13**	203	–
		144,544	**100**	72,451	100
Trade receivables					
Non-current	21	**24,058**		29,093	
Current	26	**37,122**		43,155	
		61,180		72,248	
Amounts due from associates					
Current	29	**64,963**		203	
Amounts due from joint ventures					
Non-current	17	**12,110**		–	
Current	30	**6,291**		–	
		18,401		–	

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46. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Credit risk concentration profile (cont'd)

Included in trade receivables are amounts due from a third party of $10,646,000 (2016: $14,034,000). The third party is in the business of selling club memberships. A subsidiary of the Group provides management services to manage the club operation on behalf of the third party.

The receivables from this third party of $10,107,000 (2016: $11,527,000) bears an interest rate of 6% per annum (2016: 6%), is unsecured and 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 are not expected to be repaid within the next 12 months.

Financial assets that are neither past due nor impaired

Trade and other receivables, and amounts due from associates and joint ventures that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and short-term deposits, and long-term investments that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 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 minimises liquidity risk by keeping committed stand-by credit facilities available.

At the end of the reporting period, approximately 33.6% (2016: 23.8%) of the Group's notes payable, interest-bearing loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements. 33.2% (2016: 20.5%) 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.

46. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

GROUP	Note	2017 Effective rate %	1 year $'000	2 to 5 years $'000	After 5 years $'000	Total $'000
2017						
Financial assets						
Loan to joint venture	17	COF + 2.50	478	14,024	–	14,502
Trade receivables	21/26	–	35,709	14,374	989	51,072
Trade receivables	21/26	6.00	1,988	7,727	2,484	12,199
Other receivables	22/27	–	7,646	–	3,489	11,135
Amounts due from associates	29	–	64,963	–	–	64,963
Amounts due from joint ventures	30	–	6,291	–	–	6,291
Amounts due from related parties	31	–	23,155	–	–	23,155
Cash and short-term deposits	32	–	158,988	–	–	158,988
Total undiscounted financial assets			299,218	36,125	6,962	342,305
Financial liabilities						
Trade payables		–	(25,311)	–	–	(25,311)
Other payables	37	–	(43,172)	–	–	(43,172)
Other payables		–	–	–	(654)	(654)
Amounts due to associates	29	–	(22,489)	–	–	(22,489)
Amounts due to joint ventures	30	–	(61,094)	–	–	(61,094)
Amounts due to related parties	31	–	(1,261)	–	–	(1,261)
Loans and borrowings						
- S$ floating rate loan	35	COF + 2.00	(2,869)	(12,194)	(12,764)	(27,827)
- S$ floating rate loan	35	SIBOR + 3.25	(4,870)	(8,448)	–	(13,318)
- US$ floating rate loan	35	6.19	(1,850)	(36,474)	–	(38,324)
- BHT floating rate loan	35	MLR – 1.00 to 1.50	(26,861)	(102,940)	(5,373)	(135,174)
- BHT floating rate loan	35	3.63	(21,669)	–	–	(21,669)
Fixed rate debentures	35	5.15	(21,469)	–	–	(21,469)
Notes payable	36	4.85 – 5.75	(135,744)	(234,410)	–	(370,154)
Total undiscounted financial liabilities			(368,659)	(394,466)	(18,791)	(781,916)
Total net undiscounted financial liabilities			(69,441)	(358,341)	(11,829)	(439,611)

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46. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

GROUP	Note	2016 Effective rate %	1 year $'000	2 to 5 years $'000	After 5 years $'000	Total $'000
2016						
Financial assets						
Trade receivables	21/26	–	41,815	17,640	1,266	60,721
Trade receivables	21/26	6.00	2,002	8,007	4,290	14,299
Other receivables	22/27	–	8,931	–	–	8,931
Other receivables	22	3.80 – 6.18	–	6,548	5,136	11,684
Amounts due from associates	29	–	203	–	–	203
Amounts due from related parties	31	–	21,999	–	–	21,999
Cash and short-term deposits	32	–	108,767	–	–	108,767
Total undiscounted financial assets			183,717	32,195	10,692	226,604
Financial liabilities						
Trade payables		–	(19,368)	–	–	(19,368)
Other payables	37	–	(37,958)	–	–	(37,958)
Other payables		–	–	–	(612)	(612)
Amounts due to associates	29	–	(5)	–	–	(5)
Amounts due to related parties	31	–	(864)	–	–	(864)
Loans and borrowings						
- S$ floating rate loan	35	COF + 1.75	(12,020)	–	–	(12,020)
- S$ floating rate loan	35	COF + 2.00	(6,923)	(7,196)	(1,160)	(15,279)
- S$ floating rate loan	35	6 mths SIBOR + 3.25	(20,855)	–	–	(20,855)
- S$ floating rate loan	35	SIBOR + 2.00	(5,024)	–	–	(5,024)
- S$ floating rate loan	35	SIBOR + 3.25	(3,077)	–	–	(3,077)
- S$ floating rate loan	35	3.96	(3,001)	–	–	(3,001)
- BHT floating rate loan	35	MLR – 1.00 to MLR – 1.50	(29,658)	(104,794)	(14,164)	(148,616)
- BHT floating rate loan	35	3.63	(19,068)	–	–	(19,068)
- BHT floating rate loan	35	3.65	(2,073)	–	–	(2,073)
- BHT floating rate loan	35	5.00	(210)	–	–	(210)
- RMB floating rate loan	35	4.90	(4,308)	–	–	(4,308)
Fixed rate debentures	35	5.15	(1,012)	(20,848)	–	(21,860)
Notes payable	36	4.85 – 6.25	(68,946)	(370,154)	–	(439,100)
Total undiscounted financial liabilities			(234,370)	(502,992)	(15,936)	(753,298)
Total net undiscounted financial liabilities			(50,653)	(470,797)	(5,244)	(526,694)

46. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

COMPANY	Note	2017 Effective rate %	1 year $'000	2 to 5 years $'000	After 5 years $'000	Total $'000
2017						
Financial assets						
Other receivables	27	–	593	–	–	593
Amounts due from subsidiaries	28	–	213,206	–	–	213,206
Amounts due from associates	29	–	1,393	–	–	1,393
Amounts due from joint ventures	30	–	3,156	–	–	3,156
Amounts due from related parties	31	–	3	–	–	3
Cash and short-term deposits	32	–	72,869	–	–	72,869
Total undiscounted financial assets			291,220	–	–	291,220
Financial liabilities						
Other payables	37	–	(9,049)	–	–	(9,049)
Amounts due to subsidiaries	28	–	(57,317)	–	–	(57,317)
Amounts due to associates	29	–	(18,009)	–	–	(18,009)
Amounts due to joint ventures	30	–	(60,298)	–	–	(60,298)
Loans and borrowings						
- S$ floating rate loan	35	COF + 2.00	(2,869)	(12,194)	(12,764)	(27,827)
Notes payable	36	4.85 – 5.75	(135,744)	(234,410)	–	(370,154)
Total undiscounted financial liabilities			(283,286)	(246,604)	(12,764)	(542,654)
Total net undiscounted financial assets/(liabilities)			7,934	(246,604)	(12,764)	(251,434)

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46. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

COMPANY	Note	2016 Effective rate %	1 year $'000	2 to 5 years $'000	After 5 years $'000	Total $'000
2016						
Financial assets						
Other receivables	27	–	70	–	–	70
Amounts due from subsidiaries	28	–	207,538	–	–	207,538
Cash and short-term deposits	32	–	28,052	–	–	28,052
Total undiscounted financial assets			235,660	–	–	235,660
Financial liabilities						
Other payables	37	–	(5,199)	–	–	(5,199)
Amounts due to subsidiaries	28	–	(46,699)	–	–	(46,699)
Loans and borrowings						
- S$ floating rate loan	35	COF + 1.75	(12,020)	–	–	(12,020)
- S$ floating rate loan	35	COF + 2.00	(6,923)	(7,196)	(1,160)	(15,279)
- S$ floating rate loan	35	6 mths SIBOR + 3.25	(20,855)	–	–	(20,855)
- S$ floating rate loan	35	3.96	(3,001)	–	–	(3,001)
Notes payable	36	4.85 – 6.25	(68,946)	(370,154)	–	(439,100)
Total undiscounted financial liabilities			(163,643)	(377,350)	(1,160)	(542,153)
Total net undiscounted financial assets/(liabilities)			72,017	(377,350)	(1,160)	(306,493)

BHT : Thai Baht
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
2017				
Financial guarantees	**56,456**	**–**	**–**	**56,456**
2016				
Financial guarantees	28,295	–	–	28,295

46. Financial risk management objectives and policies (cont'd)

(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 64% (2016: 67%) of the Group's interest-bearing financial liabilities are at fixed rates of interest. The table in Note 46 (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 (2016: 75) basis points lower/higher with all other variables held constant, the Group's profit before taxation would have been $1,512,000 (2016: $1,529,000) 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 2017, approximately 19% (2016: 20%) 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	
		2017 $'000	2016 $'000
USD/Baht	- strengthened 5% (2016: 5%)	**119**	63
	- weakened 5% (2016: 5%)	**(119)**	(63)
USD/SGD	- strengthened 5% (2016: 5%)	**2,184**	1,871
	- weakened 5% (2016: 5%)	**(2,184)**	(1,871)
RMB/SGD	- strengthened 5% (2016: 5%)	**(17)**	10
	- weakened 5% (2016: 5%)	**17**	(10)

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47. 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 dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2017 and 2016.

As disclosed in Note 42(c), subsidiaries 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. The imposed capital requirement has been complied with by the subsidiaries for the financial years ended 31 December 2017 and 2016.

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	
	2017 $'000	**2016 $'000**
Interest-bearing loans and borrowings (Note 35)	**222,060**	223,668
Notes payable (Note 36)	**343,886**	392,917
Less: Cash and short-term deposits (Note 32)	**(158,988)**	(108,767)
Net debt	**406,958**	507,818
Total capital	**777,536**	732,846
Gearing ratio	**52%**	69%

48. 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.

48. Fair value of assets and liabilities (cont'd)

(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			
		2017			
		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
Assets measured at fair value					
Financial assets:					
Available-for-sale financial assets					
- Equity shares (quoted)	19	2	–	–	2
Total available-for-sale financial assets		2	–	–	2
Financial assets as at 31 December 2017		2	–	–	2
Non-financial assets:					
Investment properties					
Freehold land					
- Thailand, Phuket		–	–	10,015	10,015
- Northern Thailand		–	–	7,822	7,822
- Seychelles		–	–	22,865	22,865
Freehold buildings					
- Thailand, Phuket		–	–	1,080	1,080
- Thailand, Bangkok		–	–	28,862	28,862
Total investment properties	13	–	–	70,644	70,644

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48. Fair value of assets and liabilities (cont'd)

(b) Assets and liabilities measured at fair value (cont'd)

		GROUP			
		2017			
		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
Assets measured at fair value (cont'd)					
Non-financial assets: (cont'd)					
Property, plant and equipment					
Freehold land					
- Singapore		–	–	45,153	45,153
- Thailand, Phuket		–	–	237,836	237,836
- Thailand, Bangkok		–	–	40,323	40,323
- Morocco		–	–	6,814	6,814
- Sri Lanka		–	–	6,262	6,262
- Seychelles		–	–	13,141	13,141
Freehold buildings					
- Singapore		–	–	5,287	5,287
- Thailand, Phuket		–	–	106,432	106,432
- Thailand, Bangkok		–	–	48,098	48,098
- Morocco		–	–	9,725	9,725
- Sri Lanka		–	–	394	394
- Seychelles		–	–	48,405	48,405
Total property, plant and equipment	12	–	–	567,870	567,870
Non-financial assets as at 31 December 2017		–	–	638,514	638,514
Liabilities measured at fair value					
Financial liabilities:					
Derivatives	37	–	(368)	–	(368)
Financial liabilities as at 31 December 2017		–	(368)	–	(368)

48. Fair value of assets and liabilities (cont'd)

(b) Assets and liabilities measured at fair value (cont'd)

		GROUP			
		2016			
		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
Assets measured at fair value (cont'd)					
Financial assets:					
Available-for-sale financial assets					
- Equity shares (quoted)	19	2	–	–	2
Total available-for-sale financial assets		2	–	–	2
Financial assets as at 31 December 2016		2	–	–	2
Non-financial assets:					
Investment properties					
Freehold land					
- Thailand, Phuket		–	–	9,771	9,771
- Northern Thailand		–	–	7,620	7,620
- Seychelles		–	–	24,616	24,616
Freehold buildings					
- Thailand, Phuket		–	–	1,066	1,066
- Thailand, Bangkok		–	–	27,523	27,523
Total investment properties	13	–	–	70,596	70,596
Property, plant and equipment					
Freehold land					
- Singapore		–	–	44,843	44,843
- Thailand, Phuket		–	–	241,578	241,578
- Thailand, Bangkok		–	–	39,338	39,338
- Morocco		–	–	6,806	6,806
- Sri Lanka		–	–	6,874	6,874
- Seychelles		–	–	14,147	14,147
Freehold buildings					
- Singapore		–	–	5,402	5,402
- Thailand, Phuket		–	–	107,348	107,348
- Thailand, Bangkok		–	–	48,720	48,720
- Morocco		–	–	13,144	13,144
- Sri Lanka		–	–	441	441
- Seychelles		–	–	53,747	53,747
Total property, plant and equipment	12	–	–	582,388	582,388
Non-financial assets as at 31 December 2016		–	–	652,984	652,984

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48. Fair value of assets and liabilities (cont'd)

(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:

Derivatives

The valuation of derivatives are based on a variety of commonly used valuation methods and makes assumptions based on market conditions existing at each reporting date. The valuation models incorporate various market observable inputs including the risk free rate, volatility of quoted equity instruments and quoted price of equity instruments.

(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 2017 $'000	Valuation techniques	Unobservable inputs	Range (weighted average)
Recurring fair value measurements				
Investment properties:				
Freehold land				
Thailand, Phuket	**10,015**	Market value approach	Yield adjustments*	28.8%
Northern Thailand	**7,822**	Market value approach	Yield adjustments*	32.2% to 42.1%
Seychelles	**22,865**	Residual approach	Yield adjustments*	10.1% to 14.7%
Freehold buildings				
Thailand, Phuket	**1,080**	Discounted cash flow	Growth rate	11.0%
			Discount rate	9.0%
			10 years operating cash flow	Baht 16.6 million to Baht 21.5 million (Baht 19.1 million)
Thailand, Bangkok	**28,862**	Discounted cash flow	Growth rate	3.0% to 10.0%
			Discount rate	11.0%
			10 years operating cash flow	Baht 20.4 million to Baht 48.4 million (Baht 35.9 million)

48. Fair value of assets and liabilities (cont'd)

(d) Level 3 fair value measurements (cont'd)

(i) Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3): (cont'd)

Description	Fair value at 31 December 2017 $'000	Valuation techniques	Unobservable inputs	Range (weighted average)
Recurring fair value Measurements (cont'd)				
Property, plant and equipment:				
Freehold land				
Singapore	**45,153**	Market value approach	Yield adjustments*	15.0% to 24.0%
Thailand, Phuket	**237,836**	Market value approach	Yield adjustments*	2.8% to 87.1% (32.4%)
Thailand, Bangkok	**40,323**	Market value approach	Yield adjustments*	23.1%
Morocco	**6,814**	Market value approach	Yield adjustments*	11.0% to 12.0%
Seychelles	**12,509**	Discounted cash flow	10 years operating cash flow	USD1.6 million to USD5.1 million (USD4.0 million)
			Discount rate	8.8% to 11.8% (10.3%)
			Terminal yield	6.8% to 9.3% (7.8%)
Seychelles	**632**	Market value approach	Yield adjustments*	10.9% to 13.6%
Sri Lanka	**6,262**	Market value approach	Yield adjustments*	Rs 550,000 perch to Rs 1,250,000 perch (Rs 908,000 perch)
Freehold buildings				
Singapore	**5,287**	Market value approach	Yield adjustments*	15.0% to 24.0%
Thailand, Phuket	**106,432**	Fair value approach	Standard construction cost per Sq meter	Baht 600 to Baht 75,000 per Sq meter (Baht 11,448)
Thailand, Bangkok	**48,098**	Fair value approach	Standard construction cost per Sq meter	Baht 1,000 to Baht 47,000 per Sq meter (Baht 23,346)
Morocco	**9,725**	Market value approach	Yield adjustments*	11.0% to 12.0%

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48. Fair value of assets and liabilities (cont'd)

(d) Level 3 fair value measurements (cont'd)

(i) **Information about significant unobservable inputs used in Level 3 fair value measurements** (cont'd)

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3): (cont'd)

Description	Fair value at 31 December 2017 $'000	Valuation techniques	Unobservable inputs	Range (weighted average)
Recurring fair value Measurements (cont'd)				
Property, plant and equipment: (cont'd)				
Freehold buildings (cont'd)				
Seychelles	**46,487**	Discounted cash flow	10 years operating cash flow	USD1.6 million to USD5.1 million (USD4.0 million)
			Discount rate	8.8% to 11.8% (10.3%)
			Terminal yield	6.8% to 9.3% (7.8%)
Seychelles	**1,918**	Market value approach	Yield adjustments*	10.9% to 13.6%
Sri Lanka	**394**	Replacement cost approach	Standard construction cost per Sq feet	Rs 2,000 psf to Rs 6,000 psf (Rs 5,076 psf)

48. **Fair value of assets and liabilities** (cont'd)

(d) **Level 3 fair value measurements** (cont'd)

(i) Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3): (cont'd)

Description	Fair value at 31 December 2016 $'000	Valuation techniques	Unobservable inputs	Range (weighted average)
Recurring fair value measurements				
Investment properties:				
Freehold land				
Thailand, Phuket	9,771	Market value approach	Yield adjustments*	21.4%
Northern Thailand	7,620	Market value approach	Yield adjustments*	30.9% to 50.2%
Seychelles	24,616	Residual approach	Yield adjustments*	10.1% to 14.7%
			10 years operating cash flow	-USD1.7 million to USD48.8 million (USD43.5 million)
			Discount rate	10.8%
			Inflation	3.0%
Freehold buildings				
Thailand, Phuket	1,066	Discounted cash flow	Growth rate	3.0%
			Discount rate	13.0%
			10 years net cash flow	Baht 18.9 million to Baht 37.2 million (Baht 29.8 million)
Thailand, Bangkok	27,523	Discounted cash flow	Growth rate	3.0% to 10.0%
			Discount rate	11.0%
			10 years operating cash flow	Baht 20.5 million to Baht 46.4 million (Baht 35.1 million)

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48. Fair value of assets and liabilities (cont'd)

(d) Level 3 fair value measurements (cont'd)

(i) Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3): (cont'd)

Description	Fair value at 31 December 2016 $'000	Valuation techniques	Unobservable inputs	Range (weighted average)
Recurring fair value Measurements (cont'd)				
Property, plant and equipment:				
Freehold land				
Singapore	44,843	Market value approach	Yield adjustments*	15.0% to 24.0%
Thailand, Phuket	241,578	Market value approach	Yield adjustments*	2.8% to 87.1% (32.4%)
Thailand, Bangkok	39,338	Market value approach	Yield adjustments*	23.1%
Morocco	6,806	Market value approach	Yield adjustments*	11.0% to 12.0%
Seychelles	13,466	Discounted cash flow	10 years operating cash flow	USD1.6 million to USD5.1 million (USD4.0 million)
			Discount rate	8.8% to 11.8% (10.3%)
			Terminal yield	6.8% to 9.3% (7.8%)
Seychelles	681	Market value approach	Yield adjustments*	10.9% to 13.6%
Sri Lanka	6,874	Market value approach	Yield adjustments*	Rs 550,000 perch to Rs 1,250,000 perch (Rs 908,000 perch)

48. Fair value of assets and liabilities (cont'd)

(d) Level 3 fair value measurements (cont'd)

(i) Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3): (cont'd)

Description	Fair value at 31 December 2016 $'000	Valuation techniques	Unobservable inputs	Range (weighted average)
Recurring fair value Measurements (cont'd)				
Property, plant and equipment: (cont'd)				
Freehold buildings				
Singapore	5,402	Market value approach	Yield adjustments*	15.0% to 24.0%
Thailand, Phuket	107,348	Fair value approach	Standard construction cost per Sq meter	Baht 600 to Baht 75,000 per Sq meter (Baht 11,448)
Thailand, Bangkok	48,720	Fair value approach	Standard construction cost per Sq meter	Baht 1,000 to Baht 47,000 per Sq meter (Baht 23,346)
Morocco	13,144	Market value approach	Yield adjustments*	11.0% to 12.0%
Seychelles	51,618	Discounted cash flow	10 years operating cash flow	USD1.6 million to USD5.1 million (USD4.0 million)
			Discount rate	8.8% to 11.8% (10.3%)
			Terminal yield	6.8% to 9.3% (7.8%)
Seychelles	2,129	Market value approach	Yield adjustments*	10.9% to 13.6%
Sri Lanka	441	Replacement cost approach	Standard construction cost per Sq feet	Rs 2,000 psf to Rs 6,000 psf (Rs 5,076 psf)

* 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 and standard construction cost and yield adjustments in isolation would result in a significantly higher/(lower) fair value measurement.

Significant increases/(decreases) in discount rate in isolation would result in a significantly lower/(higher) fair value measurement.

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48. Fair value of assets and liabilities (cont'd)

(d) Level 3 fair value measurements (cont'd)

(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):

	Fair value measurements using significant unobservable inputs (Level 3)						Fair value measurements using significant unobservable inputs (Level 3)												
	Property, plant and equipment						Property, plant and equipment						Investment properties						
	Freehold land						Freehold buildings						Freehold land			Freehold buildings			
GROUP 2017	Singapore $'000	Morocco $'000	Seychelles $'000	Thailand, Phuket $'000	Thailand, Bangkok $'000	Sri Lanka $'000	Singapore $'000	Morocco $'000	Seychelles $'000	Thailand, Phuket $'000	Thailand, Bangkok $'000	Sri Lanka $'000	Seychelles $'000	Thailand, Phuket $'000	Northern Thailand $'000	Thailand, Phuket $'000	Thailand, Bangkok $'000	Total $'000
Opening balance	44,843	6,806	14,147	241,578	39,338	6,874	5,402	13,144	53,747	107,348	48,720	441	24,616	9,771	7,620	1,066	27,523	652,984
Total gains or losses for the period																		
- Included in profit or loss	–	–	–	–	–	–	–	(3,078)	–	–	–	–	–	–	11	(13)	214	(2,866)
- Included in other comprehensive income	310	–	–	–	–	–	69	–	–	–	–	–	–	–	–	–	–	379
Purchases, issues, sales and settlements																		
- Purchases	–	–	–	–	–	–	–	17	12	722	380	–	–	–	–	–	431	1,562
- Sales	–	–	–	–	–	–	–	–	–	(134)	–	–	–	–	–	–	–	(134)
- Transferred to property development costs	–	–	–	(9,682)	–	–	–	–	–	(1,049)	–	–	–	–	–	–	–	(10,731)
- Transferred from construction-in-progress	–	–	–	–	–	–	–	–	–	1,160	–	–	–	–	–	–	–	1,160
Depreciation	–	–	–	–	–	–	(184)	(345)	(1,551)	(3,804)	(2,200)	(7)	–	–	–	–	–	(8,091)
Exchange differences	–	8	(1,006)	5,940	985	(612)	–	(13)	(3,803)	2,189	1,198	(40)	(1,751)	244	191	27	694	4,251
Closing balance	45,153	6,814	13,141	237,836	40,323	6,262	5,287	9,725	48,405	106,432	48,098	394	22,865	10,015	7,822	1,080	28,862	638,514

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

48. Fair value of assets and liabilities (cont'd)

(d) Level 3 fair value measurements (cont'd)

(ii) Movements in Level 3 assets and liabilities measured at fair value (cont'd)

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)						Fair value measurements using significant unobservable inputs (Level 3)												
	Property, plant and equipment						Property, plant and equipment						Investment properties					Available-for-sale	
	Freehold land						Freehold buildings						Freehold land			Freehold buildings		Equity shares (unquoted)	
GROUP 2016	Singapore $'000	Morocco $'000	Seychelles $'000	Thailand, Phuket $'000	Thailand, Bangkok $'000	Sri Lanka $'000	Singapore $'000	Morocco $'000	Seychelles $'000	Thailand, Phuket $'000	Thailand, Bangkok $'000	Sri Lanka $'000	Seychelles $'000	Thailand, Phuket $'000	Northern Thailand $'000	Thailand, Phuket $'000	Thailand, Bangkok $'000	Vietnam $'000	Total $'000
Opening balance	44,454	12,961	13,737	202,383	29,016	–	5,243	7,559	53,386	99,326	46,794	–	23,902	8,513	6,186	2,202	26,809	50,290	632,761
Transferred in from Level 2	–	–	–	–	–	3,135	–	–	–	–	–	–	–	–	–	–	–	–	3,135
Total gains or losses for the period																			
- Included in profit or loss	–	–	–	–	–	–	–	(193)	–	223	–	–	–	1,020	1,251	(1,170)	(360)	(2,985)	(2,214)
- Included in other comprehensive income	389	(6,185)	–	33,584	9,398	3,699	338	5,920	–	(373)	1,399	(534)	–	–	–	–	–	6,188	53,823
Purchases, issues, sales and settlements																			
- Purchases	–	–	–	–	–	–	–	23	21	322	293	–	–	–	–	–	387	–	1,046
- Sales	–	–	–	–	–	–	–	–	–	(36)	–	–	–	–	–	–	–	–	(36)
- Transferred to property development costs	–	–	–	(215)	–	–	–	–	–	(775)	–	–	–	–	–	–	–	–	(990)
- Transferred from construction-in-progress	–	–	–	–	–	–	–	–	351	9,326	1,073	969	–	–	–	–	–	–	11,719
- Transferred to investment in associates	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(55,080)	(55,080)
Depreciation	–	–	–	–	–	–	(179)	(180)	(1,559)	(2,890)	(2,053)	(3)	–	–	–	–	–	–	(6,864)
Exchange differences	–	30	410	5,826	924	40	–	15	1,548	2,225	1,214	9	714	238	183	34	687	1,587	15,684
Closing balance	44,843	6,806	14,147	241,578	39,338	6,874	5,402	13,144	53,747	107,348	48,720	441	24,616	9,771	7,620	1,066	27,523	–	652,984

Transfers between fair value hierarchy

Transfers into Level 3

During the financial year ended 31 December 2016, the Group transferred property, plant and equipment in Sri Lanka from Level 2 to Level 3 of the fair value hierarchy. The carrying amount of the assets transferred was $3,135,000.

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

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for the financial year ended 31 December 2017

48. Fair value of assets and liabilities (cont'd)

(d) Level 3 fair value measurements (cont'd)

(ii) **Movements in Level 3 assets and liabilities measured at fair value** (cont'd)

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

	Fair value measurements using significant unobservable inputs (Level 3)					Fair value measurements using significant unobservable inputs (Level 3)									
	Property, plant and equipment					Property, plant and equipment					Investment properties				
	Freehold land					Freehold buildings					Freehold land		Freehold buildings		
GROUP 2017	Singapore $'000	Morocco $'000	Thailand, Phuket $'000	Thailand, Bangkok $'000	Sri Lanka $'000	Singapore $'000	Morocco $'000	Thailand, Phuket $'000	Thailand, Bangkok $'000	Sri Lanka $'000	Thailand, Phuket $'000	Northern Thailand $'000	Thailand, Phuket $'000	Thailand, Bangkok $'000	Total $'000
Total gains or losses for the period included in profit or loss:															
- Other income															
Net gain/(loss) from fair value adjustment of investment properties	–	–	–	–	–	–	–	–	–	–	–	11	(13)	214	212
- Write offs	–	–	–	–	–	–	(3,078)	–	–	–	–	–	–	–	(3,078)
	–	–	–	–	–	–	(3,078)	–	–	–	–	11	(13)	214	(2,866)
Other comprehensive income:															
- Net change in fair value adjustment reserve of available-for-sale financial assets	310	–	–	–	–	69	–	–	–	–	–	–	–	–	379
	310	–	–	–	–	69	–	–	–	–	–	–	–	–	379

	Fair value measurements using significant unobservable inputs (Level 3)					Fair value measurements using significant unobservable inputs (Level 3)										
	Property, plant and equipment					Property, plant and equipment					Investment properties				Available for-sale	
	Freehold land					Freehold buildings					Freehold land		Freehold buildings		Equity shares (unquoted)	
GROUP 2016	Singapore $'000	Morocco $'000	Thailand, Phuket $'000	Thailand, Bangkok $'000	Sri Lanka $'000	Singapore $'000	Morocco $'000	Thailand, Phuket $'000	Thailand, Bangkok $'000	Sri Lanka $'000	Thailand, Phuket $'000	Northern Thailand $'000	Thailand, Phuket $'000	Thailand, Bangkok $'000	Vietnam $'000	Total $'000
Total gains or losses for the period included in profit or loss:																
- Other income																
Net gain/(loss) from fair value adjustment of investment properties	–	–	–	–	–	–	–	–	–	–	1,020	1,251	(1,170)	(360)	–	741
Net loss on fair value adjustment of available-for-sale financial assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(2,985)	(2,985)
	–	–	–	–	–	–	–	–	–	–	1,020	1,251	(1,170)	(360)	(2,985)	(2,244)
Other comprehensive income:																
- Net surplus/(deficit) on revaluation of land and buildings	389	(6,185)	33,584	9,398	3,699	338	5,920	(373)	1,399	(534)	–	–	–	–	–	47,635
- Net change in fair value adjustment reserve of available-for-sale financial assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	6,188	6,188
	389	(6,185)	33,584	9,398	3,699	338	5,920	(373)	1,399	(534)	–	–	–	–	6,188	53,823

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

48. Fair value of assets and liabilities (cont'd)

(d) Level 3 fair value measurements (cont'd)

(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

		Fair value measurements at the end of the reporting period using			
		GROUP		COMPANY	
	Note	Quoted prices in active markets for identical assets (Level 1) $'000	Carrying amount $'000	Quoted prices in active markets for identical assets (Level 1) $'000	Carrying amount $'000
2017					
Assets					
Subsidiaries	16	**–**	**–**	**89,420**	**71,619**
Associates	18	**33,868**	**33,099**	**–**	**–**
2016					
Assets					
Subsidiaries	16	–	–	91,323	71,619
Associates	18	33,042	31,098	–	–

48. Fair value of assets and liabilities (cont'd)

(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 subsidiaries, associates, joint ventures and related parties, and current trade and other payables, based on their notional amounts, reasonably approximate their fair values because these are short-term in nature or are repriced frequently.

Long-term trade receivables, notes payable, interest-bearing loans and borrowings and deferred cash settlement classified within other 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 subsidiaries, associates, joint ventures 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.

Fair value information has not been disclosed for the Group's investment in unquoted equity shares that are carried at cost because fair value cannot be measured reliably. These 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. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant.

(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	Non-financial assets $'000	Total $'000
Year ended 31 December 2017					
Non-current assets					
Property, plant and equipment	12	–	–	642,013	642,013
Investment properties	13	–	–	70,644	70,644
Intangible assets	14	–	–	33,208	33,208
Land use rights	15	–	–	2,445	2,445
Associates	18	–	–	107,249	107,249
Joint ventures	17	12,110	–	120,140	132,250
Long-term investments	19	–	14,862	–	14,862
Deferred tax assets	39	–	–	16,378	16,378
Prepaid island rental	20	–	–	20,432	20,432
Prepayments		–	–	2,723	2,723
Long-term trade receivables	21	24,058	–	–	24,058
Other receivables	22	3,489	–	–	3,489
		39,657	14,862	1,015,232	1,069,751

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for the financial year ended 31 December 2017

48. Fair value of assets and liabilities (cont'd)

(h) Classification of financial instruments (cont'd)

GROUP	Note	Loans and receivables $'000	Available-for-sale $'000	Non-financial assets $'000	Total $'000
Year ended 31 December 2017					
Current assets					
Property development costs	23	–	–	**283,342**	**283,342**
Inventories	24	–	–	**7,634**	**7,634**
Prepayments and other non-financial assets	25	–	–	**13,919**	**13,919**
Trade receivables	26	**37,122**	–	–	**37,122**
Other receivables	27	**7,646**	–	–	**7,646**
Amounts due from associates	29	**64,963**	–	–	**64,963**
Amounts due from joint ventures	30	**6,291**	–	–	**6,291**
Amounts due from related parties	31	**23,155**	–	–	**23,155**
Cash and short-term deposits	32	**158,988**	–	–	**158,988**
		298,165	–	**304,895**	**603,060**
Assets of disposal group classified as held for sale	33	**6,936**	–	–	**6,936**
		305,101	–	**304,895**	**609,996**
Total assets		**344,758**	**14,862**	**1,320,127**	**1,679,747**

48. Fair value of assets and liabilities (cont'd)

(h) Classification of financial instruments (cont'd)

GROUP	Note	Liabilities at amortised cost $'000	Non-financial liabilities $'000	Fair value through Profit or Loss S$'000	Total $'000
Year ended 31 December 2017					
Current liabilities					
Tax payable		–	7,106	–	7,106
Unearned income		–	5,784	–	5,784
Other non-financial liabilities	34	–	50,727	–	50,727
Interest-bearing loans and borrowings	35	71,371	–	–	71,371
Notes payable	36	119,270	–	–	119,270
Trade payables		25,311	–	–	25,311
Other payables	37	42,804	–	368	43,172
Amounts due to associates	29	22,489	–	–	22,489
Amounts due to joint ventures	30	61,094	–	–	61,094
Amounts due to related parties	31	1,261	–	–	1,261
		343,600	63,617	368	407,585
Non-current liabilities					
Deferred tax liabilities	39	–	109,989	–	109,989
Defined and other long-term employee benefits	40	–	2,820	–	2,820
Deposits received		–	1,976	–	1,976
Other non-financial liabilities		–	3,882	–	3,882
Interest-bearing loans and borrowings	35	150,689	–	–	150,689
Notes payable	36	224,616	–	–	224,616
Other payables		654	–	–	654
		375,959	118,667	–	494,626
Total liabilities		719,559	182,284	368	902,211

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

48. Fair value of assets and liabilities (cont'd)

(h) Classification of financial instruments (cont'd)

GROUP	Note	Loans and receivables $'000	Available-for-sale $'000	Non-financial assets $'000	Total $'000
Year ended 31 December 2016					
Non-current assets					
Property, plant and equipment	12	–	–	657,746	657,746
Investment properties	13	–	–	70,596	70,596
Intangible assets	14	–	–	33,202	33,202
Land use rights	15	–	–	2,982	2,982
Associates	18	–	–	93,884	93,884
Long-term investments	19	–	14,887	–	14,887
Deferred tax assets	39	–	–	16,072	16,072
Prepaid island rental	20	–	–	22,839	22,839
Prepayments		–	–	3,555	3,555
Long-term trade receivables	21	29,093	–	–	29,093
Other receivables	22	11,168	–	–	11,168
		40,261	14,887	900,876	956,024
Current assets					
Property development costs	23	–	–	251,795	251,795
Inventories	24	–	–	9,398	9,398
Prepayments and other non-financial assets	25	–	–	18,683	18,683
Trade receivables	26	43,155	–	–	43,155
Other receivables	27	8,931	–	–	8,931
Amounts due from associates	29	203	–	–	203
Amounts due from related parties	31	21,999	–	–	21,999
Cash and short-term deposits	32	108,767	–	–	108,767
		183,055	–	279,876	462,931
Assets of disposal group classified as held for sale	33	5,143	11,856	172,268	189,267
		188,198	11,856	452,144	652,198
Total assets		228,459	26,743	1,353,020	1,608,222

48. Fair value of assets and liabilities (cont'd)

(h) Classification of financial instruments (cont'd)

GROUP	Note	Liabilities at amortised cost $'000	Non-financial liabilities $'000	Total $'000
Year ended 31 December 2016				
Current liabilities				
Tax payable		–	7,039	7,039
Unearned income		–	10,589	10,589
Other non-financial liabilities	34	–	32,801	32,801
Interest-bearing loans and borrowings	35	97,981	–	97,981
Notes payable	36	49,031	–	49,031
Trade payables		19,368	–	19,368
Other payables	37	37,958	–	37,958
Amounts due to associates	29	5	–	5
Amounts due to related parties	31	864	–	864
		205,207	50,429	255,636
Liabilities of disposal group classified as held for sale	33	20,155	5,402	25,557
		225,362	55,831	281,193
Non-current liabilities				
Deferred income	38	–	8,041	8,041
Deferred tax liabilities	39	–	107,116	107,116
Defined and other long-term employee benefits	40	–	2,927	2,927
Deposits received		–	1,814	1,814
Other non-financial liabilities		–	4,100	4,100
Interest-bearing loans and borrowings	35	125,687	–	125,687
Notes payable	36	343,886	–	343,886
Other payables		612	–	612
		470,185	123,998	594,183
Total liabilities		695,547	179,829	875,376

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

48. Fair value of assets and liabilities (cont'd)

(h) Classification of financial instruments (cont'd)

COMPANY	Note	Loans and receivables $'000	Non-financial assets $'000	Total $'000
Year ended 31 December 2017				
Non-current assets				
Intangible assets	14	–	2,890	2,890
Subsidiaries	16	223,626	315,492	539,118
Associates	18	–	869	869
Joint ventures	17	12,110	–	12,110
		235,736	319,251	554,987
Current assets				
Prepayments and other non-financial assets	25	–	120	120
Other receivables	27	593	–	593
Amounts due from subsidiaries	28	213,206	–	213,206
Amounts due from associates	29	1,393	–	1,393
Amounts due from joint ventures	30	3,156	–	3,156
Amounts due from related parties	31	3	–	3
Cash and short-term deposits	32	72,869	–	72,869
		291,220	120	291,340
Total assets		526,956	319,371	846,327

COMPANY	Note	Liabilities at amortised cost $'000	Non-financial liabilities $'000	Total $'000
Year ended 31 December 2017				
Current liabilities				
Other non-financial liabilities	34	–	534	534
Interest-bearing loans and borrowings	35	2,600	–	2,600
Notes payable	36	119,270	–	119,270
Other payables	37	9,049	–	9,049
Amounts due to subsidiaries	28	57,317	–	57,317
Amounts due to associates	29	18,009	–	18,009
Amounts due to joint ventures	30	60,298	–	60,298
		266,543	534	267,077
Non-current liabilities				
Interest-bearing loans and borrowings	35	21,233	–	21,233
Notes payable	36	224,616	–	224,616
		245,849	–	245,849
Total liabilities		512,392	534	512,926

48. Fair value of assets and liabilities (cont'd)

(h) Classification of financial instruments (cont'd)

COMPANY	Note	Loans and receivables $'000	Non-financial assets $'000	Total $'000
Year ended 31 December 2016				
Non-current assets				
Property, plant and equipment	12	–	1	1
Intangible assets	14	–	2,471	2,471
Subsidiaries	16	329,785	183,769	513,554
Associates	18	–	869	869
		329,785	187,110	516,895
Current assets				
Prepayments and other non-financial assets	25	–	134	134
Other receivables	27	70	–	70
Amounts due from subsidiaries	28	207,538	–	207,538
Amounts due from related parties	31	1	–	1
Cash and short-term deposits	32	28,052	–	28,052
		235,661	134	235,795
Total assets		565,446	187,244	752,690

COMPANY	Note	Liabilities at amortised cost $'000	Non-financial liabilities $'000	Total $'000
Year ended 31 December 2016				
Current liabilities				
Other non-financial liabilities	34	–	514	514
Interest-bearing loans and borrowings	35	41,608	–	41,608
Notes payable	36	49,031	–	49,031
Other payables	37	5,199	–	5,199
Amounts due to subsidiaries	28	46,699	–	46,699
		142,537	514	143,051
Non-current liabilities				
Interest-bearing loans and borrowings	35	7,572	–	7,572
Notes payable	36	343,886	–	343,886
		351,458	–	351,458
Total liabilities		493,995	514	494,509

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49. 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 mainly 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

Revenue derived from management of hotels and resorts, and provision of architectural and design services are reported based on the geographical location of the Group's customers while all other revenue streams are based on the geographical location of the Group's assets. Non-current assets are 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 and Egypt.

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, 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 2017 and 2016.

49. Segment information (cont'd)

(a) Operating segments

The following tables present revenue and results information regarding the Group's reportable operating segments for the financial years ended 31 December 2017 and 2016:

	Hotel investments $'000	Property sales $'000	Fee-based segment $'000	Head Office $'000	Total $'000
Year ended 31 December 2017					
Revenue:					
Segment revenue					
Sales	**201,927**	**51,395**	**99,812**	**–**	**353,134**
Inter-segment sales	**(427)**	**–**	**(35,196)**	**–**	**(35,623)**
Sales to external customers	**201,500**	**51,395**	**64,616**	**–**	**317,511**
Results:					
Segment results	**9,423**	**2,332**	**4,965**	**(18,093)**	**(1,373)**
Unallocated income					**50,928**
Profit from operations and other gains					**49,555**
Finance income	**113**	**1,357**	**195**	**906**	**2,571**
Finance costs	**(6,350)**	**(2,482)**	**(861)**	**(18,488)**	**(28,181)**
Share of results of associates	**–**	**–**	**46**	**300**	**346**
Share of results of joint ventures	**–**	**–**	**–**	**(1,632)**	**(1,632)**
Profit before taxation					**22,659**
Income tax expense					**(7,802)**
Profit for the financial year					**14,857**
Year ended 31 December 2016					
Revenue:					
Segment revenue					
Sales	197,783	51,305	93,832	–	342,920
Inter-segment sales	(372)	–	(32,983)	–	(33,355)
Sales to external customers	197,411	51,305	60,849	–	309,565
Results:					
Segment results	7,503	3,144	(2,687)	(10,979)	(3,019)
Unallocated income					29,652
Profit from operations and other gains					26,633
Finance income	141	1,562	905	1,066	3,674
Finance costs	(5,305)	(3,633)	(300)	(20,392)	(29,630)
Share of results of associates	–	–	33	–	33
Profit before taxation					710
Income tax expense					(7,660)
Loss for the financial year					(6,950)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

49. Segment information (cont'd)

(a) Operating segments (cont'd)

The following tables present certain assets, liabilities and other information regarding the Group's reportable operating segments for the financial years ended 31 December 2017 and 2016:

	Hotel investments $'000	Property sales $'000	Fee-based segment $'000	Head Office $'000	Total $'000
Year ended 31 December 2017					
Assets and liabilities:					
Segment assets	**605,936**	**381,619**	**229,982**	**206,333**	**1,423,870**
Associates	**–**	**–**	**209**	**107,040**	**107,249**
Joint ventures	**–**	**–**	**–**	**132,250**	**132,250**
Deferred tax assets	**9,413**	**6,016**	**878**	**71**	**16,378**
Total assets					**1,679,747**
Segment liabilities	**48,675**	**49,982**	**27,543**	**92,970**	**219,170**
Interest-bearing loans and borrowings	**127,145**	**58,093**	**3,280**	**33,542**	**222,060**
Notes payable	**–**	**–**	**–**	**343,886**	**343,886**
Current and deferred tax liabilities	**68,873**	**40,515**	**5,736**	**1,971**	**117,095**
Total liabilities					**902,211**
Other segment information:					
Capital expenditure	**11,738**	**187**	**436**	**248**	**12,609**
Depreciation of property, plant and equipment	**19,250**	**513**	**2,204**	**548**	**22,515**
Amortisation expense	**2,387**	**–**	**–**	**212**	**2,599**
Other non-cash items	**131**	**(414)**	**(795)**	**2,453**	**1,375**
Year ended 31 December 2016					
Assets and liabilities:					
Segment assets	676,310	456,131	260,972	104,853	1,498,266
Associates	–	–	168	93,716	93,884
Deferred tax assets	6,600	6,769	2,315	388	16,072
Total assets					1,608,222
Segment liabilities	55,775	55,464	26,446	6,951	144,636
Interest-bearing loans and borrowings	110,815	59,674	4,000	49,179	223,668
Notes payable	–	–	–	392,917	392,917
Current and deferred tax liabilities	72,105	38,251	3,367	432	114,155
Total liabilities					875,376
Other segment information:					
Capital expenditure	15,065	187	550	86	15,888
Depreciation of property, plant and equipment	18,812	511	2,718	300	22,341
Amortisation expense	2,511	–	–	211	2,722
Other non-cash items	293	–	(1,141)	3,216	2,368

49. Segment information (cont'd)

(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	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Singapore	**714**	760	**78,579**	77,405
South East Asia	**218,725**	210,194	**633,984**	632,867
Indian Oceania	**61,652**	64,548	**128,316**	141,023
Middle East	**3,310**	899	**–**	–
North East Asia	**25,928**	26,125	**150,485**	10,756
Rest of the world	**7,182**	7,039	**19,600**	22,753
	317,511	309,565	**1,010,964**	884,804

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

50. Dividends

	COMPANY	
	2017 $'000	2016 $'000
Proposed but not recognised as a liability as at 31 December		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final exempt (one-tier) dividend for 2017: 1 cent (2016: Nil cent) per share	**8,412**	–

51. Events occurring after the reporting period

On 26 February 2018, the Group announced that it intends to acquire all the remaining ordinary shares which it does not already own in its subsidiary, LRH (the "Acquisition"). LRH is listed on the SET and the Group has a total aggregate interest of 65.75% in LRH as at 31 December 2017 as disclosed in Note 16 of the financial statements. The Acquisition will be effected by way of a voluntary tender offer ("Tender Offer") made by the Group for the LRH shares. The Tender Offer price is Baht 40 in cash for each LRH share, aggregating approximately Baht 2.3 billion (or $95.5 million) for the acquisition. The Tender Offer period will be from 5 March 2018 to 9 April 2018. Based on the assumption that the Tender Offer is fully accepted and had been effected on 31 December 2017, Equity Attributable to Owners of the Company is estimated to increase by $76.9 million.

The financial statements for the year ended 31 December 2017 have not been adjusted for the financial effects of this acquisition.

52. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 9 March 2018.

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Zhang Xu
Gaurav Bhushan

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

MANAGEMENT TEAM

Claire Chiang
Ho KwonCjan
Eddy See Hock Lye
Shankar Chandran
Dharmali Kusumadi
Des Pugson
Stuart Reading
Alan Chin
Shelly Yeo
Hokan Limin
Cindy Lee
Sachiko Shiina
Philip Lim
Kenneth Law
Gavin Herholdt
Carolyn Zhang
Kuan Chiet
Peter Wang
Henry Ngai

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 2016)
Simon Yeo

SOLICITORS

WongPartnership LLP

BANKERS

Hong Kong & Shanghai Banking Corporation Ltd
Malayan Banking Berhad
Qatar National Bank SAQ
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

Gabriel Gn
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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 7 March 2018

SHARE CAPITAL

Issued and Paid-up Capital	$247,972,514
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	0.54	635	0.00
100 – 1,000	415	12.47	378,485	0.04
1,001 – 10,000	1,861	55.94	10,198,213	1.21
10,001 – 1,000,000	1,014	30.48	49,248,392	5.86
1,000,001 AND ABOVE	19	0.57	781,331,255	92.89
Total	**3,327**	**100**	**841,156,980***	**100**

* The total number of issued shares excludes the 208,000 treasury shares. Percentage of 208,000 treasury shares against total number of issued shares (excluding treasury shares) is 0.02%.

SUBSTANTIAL SHAREHOLDERS[1]

	Direct interests No. of shares	%[2]	Deemed interests No. of shares	%[2]
Ho KwonPing[3]	–	–	301,948,882	35.90
Claire Chiang[4]	–	–	293,319,882	34.87
Ho KwonCjan[5]	16,000,000	1.90	49,629,000	5.90
Bibace Investments Ltd[6]	–	–	286,519,882	34.06
Bibace Management Company Limited (acting as trustee of The Bibace Trust)[7]	–	–	286,519,882	34.06
Bibace Management Company Limited (acting as trustee of Merit Trust)[7]	–	–	286,519,882	34.06
Bibace Management Company Limited (acting as trustee of Ho Ren Hua Family Line Trust)[7]	–	–	286,519,882	34.06
Bibace Management Company Limited (acting as trustee of Ho Ren Yung Family Line Trust)[7]	–	–	286,519,882	34.06
Bibace Management Company Limited (acting as trustee of Ho Ren Chun Family Line Trust)[7]	–	–	286,519,882	34.06
Banyan Tree Global Foundation Limited[8]	–	–	286,519,882	34.06
Qatar Holding LLC[9]	–	–	205,870,443	24.47
Qatar Investment Authority[10]	–	–	205,870,443	24.47

1. As shown in the Register of Substantial Shareholders and based on the notifications and information received by the Company.
2. Percentage shareholding is based on issued share capital as at 7 March 2018 (excluding treasury shares).
3. Ho KwonPing, a named beneficiary of The Bibace Trust, is deemed to have an interest in the shares held by HSBC (Singapore) Nominees Pte Ltd and Raffles Nominees (Pte.) Limited (acting as nominees for Bibace Investments Ltd ("**Bibace**")) as a result of The Bibace Trust's shareholding interest in Bibace. He is also deemed to have an interest in the shares held by Recourse Investments Ltd. and Raffles Nominees (Pte.) Limited (acting as nominee for KAP Holdings Ltd.) as well as the Shares held by Raffles Nominees (Pte.) Limited (acting as nominee for Li-Ho Holdings (Private) Limited).
4. Claire Chiang, a named beneficiary of The Bibace Trust, is deemed to have an interest in the shares held by HSBC (Singapore) Nominees Pte Ltd and Raffles Nominees (Pte.) Limited (acting as nominees for Bibace) as a result of The Bibace Trust's shareholding interest in Bibace. She is also deemed to have an interest in the shares held by Recourse Investments Ltd. and Raffles Nominees (Pte.) Limited (acting as nominee for KAP Holdings Ltd.).
5. Ho KwonCjan is deemed to have an interest in the shares held by ICD (HK) Limited, Freesia Investments Ltd and Raffles Nominees (Pte.) Limited (acting as nominee for Li-Ho Holdings (Private) Limited).
6. Bibace is deemed to have an interest in the shares held by its nominees, HSBC (Singapore) Nominees Pte Ltd and Raffles Nominees (Pte.) Limited.
7. Bibace Management Company Limited (acting as trustee of The Bibace Trust) is deemed to have an interest in the shares in which Bibace has an interest as a result of The Bibace Trust's shareholding interest in Bibace. Bibace Management Company Limited (acting as trustee of each of the Merit Trust, the Ho Ren Hua Family Line Trust, the Ho Ren Yung Family Line Trust and the Ho Ren Chun Family Line Trust) is deemed to have an interest in the same shares as it is a named beneficiary of The Bibace Trust in these capacities.
8. Banyan Tree Global Foundation Limited, a named beneficiary of The Bibace Trust, is deemed to have an interest in the shares held by HSBC (Singapore) Nominees Pte Ltd and Raffles Nominees (Pte.) Limited (acting as nominees for Bibace) as a result of The Bibace Trust's shareholding interest in Bibace.
9. Qatar Holding LLC ("**QH**") is deemed to have an interest in the shares held through third party nominees.
10. Qatar Investment Authority is deemed to have an interest in the shares held by its wholly-owned subsidiary, QH.

STATISTICS OF SHAREHOLDINGS

as at 7 March 2018

TWENTY LARGEST SHAREHOLDERS

(As shown in the Register of Members and Depository Register)

No.	Name	No. of Shares	%
1.	HSBC (Singapore) Nominees Pte Ltd	325,300,982	38.67
2.	DBSN Services Pte. Ltd.	205,987,243	24.49
3.	Citibank Nominees Singapore Pte Ltd	55,681,794	6.62
4.	UOB Kay Hian Private Limited	40,607,000	4.83
5.	BNP Paribas Nominees Singapore Pte Ltd	37,566,000	4.47
6.	ICD (HK) Limited	31,000,000	3.69
7.	Raffles Nominees (Pte) Limited	22,648,135	2.69
8.	Ho KwonCjan	16,000,000	1.90
9.	DBS Nominees (Private) Limited	13,480,336	1.60
10.	Freesia Investments Ltd	10,000,000	1.19
11.	Recourse Investments Ltd.	6,000,000	0.71
12.	United Overseas Bank Nominees (Private) Limited	4,438,100	0.53
13.	BPSS Nominees Singapore (Pte.) Ltd.	3,120,450	0.37
14.	Phillip Securities Pte Ltd	3,004,300	0.36
15.	Maybank Kim Eng Securities Pte. Ltd.	1,751,666	0.21
16.	Ang Koon San Sunny	1,434,000	0.17
17.	CGS-CIMB Securities (S) PL	1,182,749	0.14
18.	Ariel P Vera	1,120,500	0.13
19.	Pang Shun Pen	1,008,000	0.12
20.	Leong Hong Cheong	800,000	0.10
	Total	**782,131,255**	**92.99**

As at 7 March 2018, approximately 32.47% 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 Eighteenth Annual General Meeting ("**AGM**") of the Company will be held at Ballroom 1 Lower Lobby, The Fullerton Hotel, 1 Fullerton Square, Singapore 049178, on Thursday, 26 April 2018 at 2.30 p.m. to transact the following business:

Ordinary Business

1 To receive and adopt the Directors' Statement and Audited Accounts for the financial year ended 31 December 2017 and the Auditor's Report thereon.

2 To declare a first and final tax exempt (one-tier) dividend of 1.0 cent per ordinary share for the financial year ended 31 December 2017 (FY2016: NIL).

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 comprising part of the Constitution of the Company (the "**Constitution**") and who, being eligible, offer themselves for re-election:
i. Mr Timothy Chia
ii. Mr Ariel Vera

(Mrs Elizabeth Sam is also due to retire by rotation at the AGM but has decided not to seek re-election thereat.)

4 To re-elect the following directors who will cease to hold office in accordance with Article 99 of the Company's Constitution and who, being eligible, offer themselves for re-election:
i. Mr Zhang Xu
ii. Mr Gaurav Bhushan.

5 To approve payment of Directors' Fees of S$573,455 for the financial year ended 31 December 2017 (FY2016: S$446,628).

6 To re-appoint Ernst & Young LLP as the Auditor of the Company to hold office until the next AGM and to authorise the directors of the Company ("**Directors**") to fix their remuneration.

Special Business

7 To consider and, if thought fit, to pass, with or without modifications, the following resolutions, of which Resolutions 7.1 to 7.5 will be proposed as Ordinary Resolutions and Resolutions 7.6 and 7.7 will be proposed as Special Resolutions:

7.1 That authority be and is hereby given to the Directors, pursuant to Section 161 of the Companies Act (Chapter 50 of Singapore) (the "**Companies Act**"), to:

(a) (i) issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution 7.1 may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution 7.1 was in force,

NOTICE OF ANNUAL GENERAL MEETING

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution 7.1 (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 7.1) shall not exceed 50 per cent. (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 7.1) shall not exceed 20 per cent. (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (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 and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution 7.1 is passed, after adjusting for:

(i) any new Shares arising from the conversion or exercise of any convertible securities or Share options or vesting of Share awards which are outstanding or subsisting at the time this Resolution 7.1 is passed; and

(ii) any subsequent bonus issue, consolidation or sub-division of Shares;

(3) in exercising the authority conferred by this Resolution 7.1, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Listing Manual of the SGX-ST ("**Listing Manual**") for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution 7.1 shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

7.2 That the Directors be and are hereby authorised to:

(a) grant awards in accordance with the provisions of the Banyan Tree Share Award Scheme 2016; and

(b) allot and issue from time to time such number of fully paid-up Shares as may be required to be issued pursuant to the vesting of awards under the Banyan Tree Share Award Scheme 2016,

provided that the total number of Shares which may be issued and/or transferred pursuant to awards granted under the Banyan Tree Share Award Scheme 2016, when added to the total number of Shares issued and issuable and/or existing Shares transferred and transferrable in respect of all awards granted under the Banyan Tree Share Award Scheme 2016 and all Shares, options and awards granted under any share scheme of the Company then in force, shall not exceed five per cent. (5%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) on the day preceding the relevant date of the award, and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM or the date by which the next AGM is required by law to be held, whichever is the earlier.

7.3 That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual, for the Company, its subsidiaries and its associated companies which are entities at risk as defined under Chapter 9 of the Listing Manual, to enter into any of the transactions falling within the types of interested person transactions described in Appendix 1 to the Letter to Shareholders dated 3 April 2018 (the "**Letter**"), with any person who falls within the classes of interested persons described in Appendix 1 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 Appendix 1 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 be and are hereby authorised to complete and do all such acts and things (including, without limitation, executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

7.4 That:

(a) for the purposes of the Companies Act, the authority conferred on the Directors to exercise all the powers of the Company to purchase or otherwise acquire 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;

(c) in this Resolution:

"**Maximum Limit**" means that number of Shares representing not more than one per cent. (1%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) 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 subsidiary holdings); 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. (105%) of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120 per cent. (120%) of the Highest Last Dealt Price,

where:

NOTICE OF ANNUAL GENERAL MEETING

"**Relevant Period**" means the period commencing from 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.

7.5 That the Directors be and are hereby authorised, pursuant to section 161 of the Companies Act, to:

(a) allot and issue to Alps Investments Limited, pursuant to the share placement agreement (the "**Share Placement Agreement**") dated 10 August 2017 entered into between the Company and Alps Investments Limited (the "**Vanke SPV**"), such number of new Shares (the "**Additional Issuance Shares**") at the Exercise Price (as defined below) to bring China Vanke Co., Ltd.'s aggregate interest (direct and deemed) in the Company to such shareholding percentage as may be notified by the Vanke SPV to the Company (the "**Resultant Shareholding Percentage**"), provided that the aggregate interest (direct and deemed) of China Vanke Co., Ltd. in the Company immediately after the allotment and issue of such Shares is not more than 10 per cent. (10%) of the enlarged issued share capital of the Company (excluding treasury shares); and

(b) grant an option (the "**Additional Option**") to Vanke SPV exercisable (in whole and not in part only) in accordance with the Share Placement Agreement for such number of new Shares (the "**Additional Option Shares**") at the Additional Option Exercise Price (as defined below) that would result in China Vanke Co., Ltd. having an aggregate interest (direct and deemed) that is equal to the Resultant Shareholding Percentage immediately after the allotment and issue of such Shares,

provided that the aggregate number of Additional Issuance Shares and Additional Option Shares to be issued and allotted to Vanke SPV does not exceed 38,628,158 new Shares.

The Exercise Price will be the higher of:

(a) 115 per cent. (115%) of the volume weighted average price for trades done on the Shares on the Main Board of the SGX-ST for the 90 consecutive trading days immediately preceding the date of the exercise of the option granted by the Company to Vanke SPV to subscribe for an initial 16,842,649 new Shares pursuant to the Share Placement Agreement (the "**Initial Option**"); or

(b) such price being a 10 per cent. (10%) discount to the volume weighted average price for trades done on the Shares on the Main Board of the SGX-ST for the full trading day on which the Initial Option is exercised.

The Additional Option Exercise Price will be the higher of:

(a) 115 per cent. (115%) of the volume weighted average price for trades done on the Shares on the Main Board of the SGX-ST for the 90 consecutive trading days immediately preceding the date of the exercise of the Additional Option; or

(b) such price being a 10 per cent. (10%) discount to the volume weighted average price for trades done on the Shares on the Main Board of the SGX-ST for the full trading day on which the Additional Option is exercised.

7.6 That the new constitution of the Company (the "**New Constitution**") submitted to this meeting and, for the purpose of identification, subscribed to by the Company Secretary, be and is hereby approved and adopted as the Constitution in substitution for, and to the exclusion of, the existing memorandum and articles of association of the Company.

7.7 Subject to and conditional upon Resolution 7.6 above being passed, that the objects of the Company, which are incorporated from the existing memorandum and articles of association of the Company and contained in Regulation 4 of the New Constitution, be altered in the manner and to the extent as set out in Appendix 3 to the Letter.

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

By Order of the Board

Jane Teah
Company Secretary
Singapore, 3 April 2018

NOTICE OF ANNUAL GENERAL MEETING

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. Mr Chia is considered an Independent Director and is the Lead Independent Director.

In relation to Ordinary Resolution 3(ii), Mr Ariel P Vera will, upon re-election as Director, continue to serve as a Non-Executive and Non-Independent Director.

In relation to Ordinary Resolution 4(i), Mr Zhang Xu will, upon re-election as Director, continue to serve as a Non-Executive and Non-Independent Director.

In relation to Ordinary Resolution 4(ii), Mr Gaurav Bhushan will, upon re-election as Director, continue to serve as a Non-Executive and Non-Independent Director.

Ordinary Resolution 5, if passed, relates to the payment of Directors' fees for the financial year ended 31 December 2017. 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 can be found under the "Board of Directors" and "Corporate Governance Report" in the Company's Annual Report 2017.

Statement pursuant to Article 56 of the Company's Constitution

Ordinary Resolution 7.1, if passed, will empower the Directors, from the date of the passing of Ordinary Resolution 7.1 to the date of the next AGM, to issue Shares and to make or grant Instruments (such as warrants or debentures) convertible into Shares, and to issue Shares in pursuance of such Instruments, up to an amount not exceeding in total 50 per cent. (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings), with a sub-limit of 20 per cent. (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) 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 and subsidiary holdings) at the time that Ordinary Resolution 7.1 is passed, after adjusting for (a) new Shares arising from the conversion or exercise of any convertible securities or Share options or vesting of Share awards which are outstanding or subsisting at the time that Ordinary Resolution 7.1 is passed; and (b) any subsequent bonus issue, consolidation or sub-division of Shares.

Ordinary Resolution 7.2, if passed, will empower the Directors, from the date of this AGM until the next AGM, or the date by which the next AGM is required by law to be held or when varied or revoked by the Company in a general meeting, whichever is the earlier, to grant awards, and to allot and issue new Shares, pursuant to the Banyan Tree Share Award Scheme 2016, provided that the total number of Shares which may be issued and/or transferred pursuant to awards granted under the Banyan Tree Share Award Scheme 2016, when added to the total number of Shares issued and issuable and/or existing Shares transferred and transferrable in respect of all awards granted under the Banyan Tree Share Award Scheme 2016 and all Shares, options and awards granted under any share scheme of the Company then in force, shall not exceed five per cent. (5%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) on the day preceding the relevant date of the award.

Ordinary Resolution 7.3, if passed, will authorise the Interested Person Transactions as described in the Letter and recurring in the year, and will empower the Directors 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 is held or is required by law to be held, whichever is the earlier.

Ordinary Resolution 7.4, if passed, will empower the Directors to exercise all powers of the Company to purchase or otherwise acquire (whether by way of Market Purchases or Off-Market Purchases) Shares 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 is held or is required by law to be held, whichever is the earlier.

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 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 2017 is set out in the Letter.

Ordinary Resolution 7.5, if passed, will empower the Directors, from the date of this AGM until the next AGM, to allot and issue the Additional Shares and the Additional Option Shares, up to an aggregate of 38,628,158 new Shares, provided that the aggregate interest (direct and deemed) of China Vanke Co., Ltd. in the Company immediately after the allotment and issue of such Shares is not more than 10 per cent. (10%) of the enlarged issued share capital of the Company (excluding treasury shares).

Special Resolution 7.6, if passed, will allow for the adoption of a new Constitution following the wide-ranging changes to the Companies Act, introduced pursuant to the Companies (Amendment) Act 2014 and the Companies (Amendment) Act 2017 (the "**Amendment Acts**"). The New Constitution will consist of the existing memorandum and articles of association of the Company, and incorporate various amendments to primarily take into account the changes to the Companies Act introduced pursuant to the Amendment Acts. Please refer to paragraph 5 of the Letter for more details.

Special Resolution 7.7, if passed, will allow for the alteration of the objects of the company, which are incorporated from the existing memorandum and articles of association and contained in Regulation 4 of the New Constitution, if Shareholders of the Company vote in favour of Special Resolution 7.6 above for the proposed adoption of the New Constitution. Regulation 4, as amended, will provide that the Company has full capacity, rights, powers and privileges to carry on or undertake any business or activity, do any act or enter into any transaction, subject to the Companies Act, any other written law and the New Constitution. Please refer to paragraph 6 of the Letter for more details.

Notes

1. A member of the Company entitled to attend and vote at the AGM, and who is not a Relevant Intermediary, is entitled to appoint not more than two (2) proxies to attend and vote instead of him. A member of the Company who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend and vote at a meeting of the Company, but each proxy must be appointed to exercise the rights attached to a different class of Share or Shares held by such member. Such proxy need not be a member of the Company.

   "**Relevant Intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act.

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. In the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

PROXY FORM

BANYAN TREE HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 200003108H)

IMPORTANT:
1. For investors who have used their CPF monies to buy ordinary shares in the capital of Banyan Tree Holdings Limited ("**Shares**"), this Annual Report is forwarded to them at the request of their CPF Agent Banks and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ______________________________ (Name)

of ______________________________ (Address)

being a member/members of Banyan Tree Holdings Limited (the "**Company**"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares (Ordinary Shares)	%

and/or (please delete as appropriate)

			No. of Shares (Ordinary Shares)	%

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting (the "**AGM**") of the Shareholders of the Company to be held on Thursday, 26 April 2018 at Ballroom 1 Lower Lobby, The Fullerton Hotel, 1 Fullerton Square, Singapore 049178, at 2.30 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 at the AGM and at any adjournment thereof.

Resolution No.	Resolution relating to:		No. of Votes For*	No. of Votes Against*
As Ordinary Business				
1	Directors' Statement and Audited Accounts for the financial year ended 31 December 2017			
2	Payment of first and final tax exempt (one-tier) dividend			
3	Re-election of Directors pursuant to Articles 93 and 94	(i) Mr Timothy Chia		
		(ii) Mr Ariel Vera		
4	Re-election of Directors pursuant to Article 99	(i) Mr Zhang Xu		
		(ii) Mr Gaurav Bhushan		
5	Approval of Directors' Fees			
6	Re-appointment of Ernst & Young LLP as Auditor			
As Special Business				
7.1	Authority to issue new Shares			
7.2	Authority to grant awards and allot and issue Shares pursuant to vesting of awards under the Banyan Tree Share Award Scheme 2016			
7.3	The Proposed Renewal of the Shareholders' Mandate for Interested Person Transactions			
7.4	The Proposed Renewal of the Share Buyback Mandate			
7.5	Authority to grant and allot and issue new Shares to Alps Investments Limited, a wholly-owned subsidiary of China Vanke Co., Ltd.			
7.6	To approve the adoption of the New Constitution of the Company			
7.7	To approve the alteration of objects in the New Constitution of the Company			

* 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 ____________ 2018

Total number of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

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

Important: Please read notes on the reverse carefully before completing this form.

1st fold along line

Affix
postage
stamp

Banyan Tree Holdings Limited
211 Upper Bukit Timah Road
Singapore 588182
Attention: Company Secretary

2nd fold along line

Notes:

1. Please insert the total number of Shares held by you. If you only have Shares entered against your name in the Depository Register (as defined in Part IIIAA of the Securities and Futures Act, Chapter 289 of Singapore), 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 (in both the Register of Members and the Depository Register).

2. (a) A member of the Company entitled to attend and vote at a meeting of the Company, and who is not a Relevant Intermediary, 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. (100%) of the shareholding and the second named proxy shall be deemed as an alternate to the first named proxy.

   (b) A member of the Company who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend and vote at a meeting of the Company, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where more than one (1) proxy is appointed, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies. In relation to a Relevant Intermediary who wishes to appoint more than two (2) proxies, it should annex to the instrument appointing a proxy or proxies the list of proxies, setting out, in respect of each proxy, the name, address, NRIC/Passport Number and proportion of shareholding (number of Shares and percentage) in relation to which the proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank who intends to appoint CPF investors as its proxies shall comply with this Note.

   (c) "**Relevant Intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**").

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 72 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.**

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Designed & Produced by **C2 Design Studio**

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HOLDINGS

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