



BANYAN TREE  
HOLDINGS

# Annual Report 2018

BANYAN TREE HOLDINGS LIMITED



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

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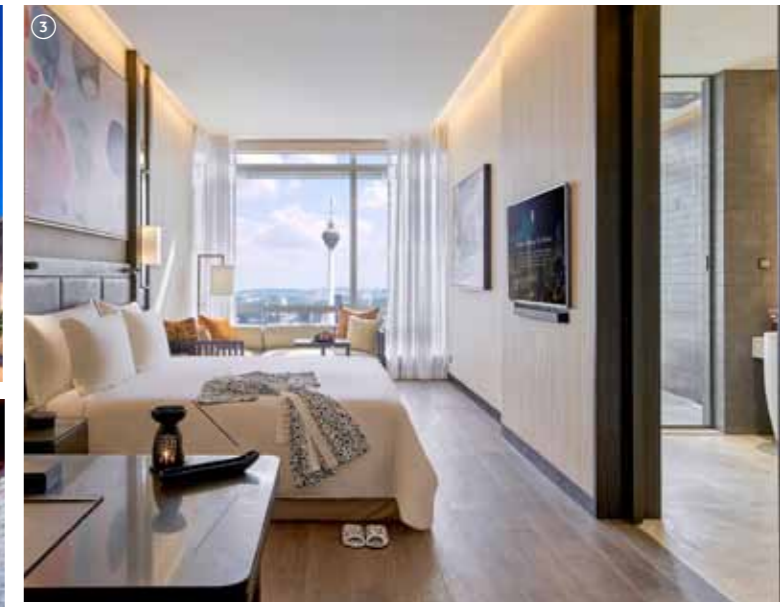
Notice of Annual General Meeting ..... 289

Proxy Form

# New Hotel Openings in 2018



- ① Banyan Tree Anji China
- ② Angsana Zhuhai Phoenix Bay China
- ③ Banyan Tree Kuala Lumpur Malaysia
- ④ Dhawa Jinshanling China
- ⑤ Angsana Cayo Santa Maria Cuba
- ⑥ Pavilion Hotel Kuala Lumpur Managed by Banyan Tree Malaysia



For the latest news and information about **BANYAN TREE HOLDINGS LIMITED** go to: [www.banyantree.com](http://www.banyantree.com)

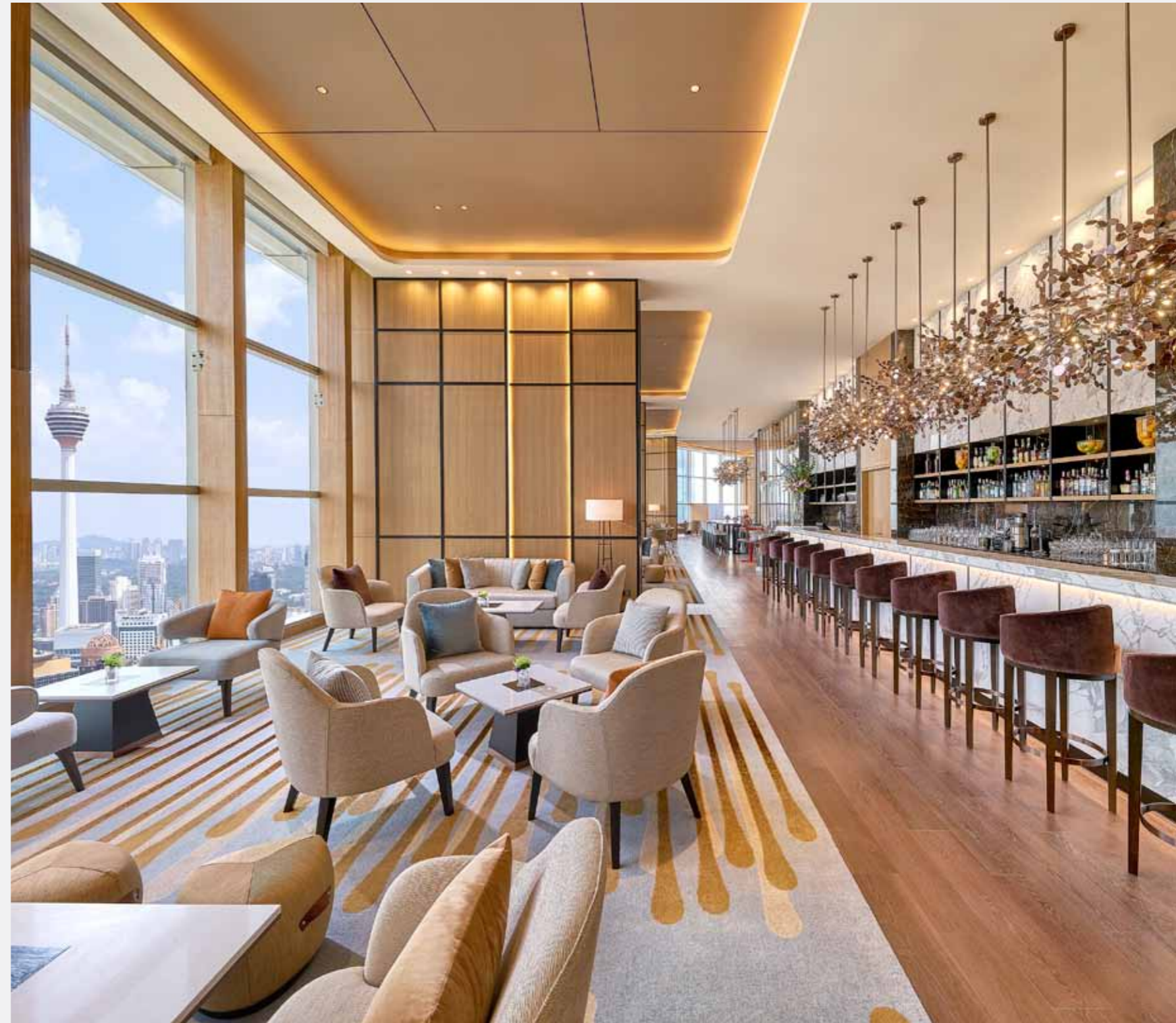
Cover image: Banyan Tree Kuala Lumpur Malaysia

# Generating Revenue Growth

We are steadily increasing our income from hotel management fees, through our pipeline of projects and our strategic partnerships with French hotel group Accor and Chinese property developer Vanke.

The Group signed 26 new hotel management agreements in 2018. In January 2019, we also secured our first agreement through Accor, to manage Banyan Tree Doha. We are actively negotiating another 41 agreements, of which about half were initiated through Accor and Vanke.

The partnerships with Accor and Vanke also give us valuable access and exposure to a larger clientele base. For example, bookings through the Accor website have generated about US\$1.4 million in revenue for the Group's hotels to date. Since 18 December 2018, we have been part of Le Club, Accor's loyalty programme. Our participation allows over 6.3 million active Le Club members to earn and redeem loyalty points for stays at our properties. We expect Group revenue from Accor website bookings to double in 2019.



↑ Pavilion Hotel Kuala Lumpur  
Managed by Banyan Tree  
Malaysia

↑ Banyan Tree Kuala Lumpur  
Malaysia



↑ Banyan Tree Seychelles  
Seychelles

## Leveraging Brand Equity

Strong branding has enabled us to rebalance the Group's assets and unlock value. In 2012, we acquired the remaining 70 percent interest in Banyan Tree Seychelles at a discount, and recognised gain on bargain purchase of S\$16.1 million. Our revamp of the resort and the resulting improvement in its performance turned it into an attractive asset that led to buyers approaching us. In 2018, we sold the resort and ancillary lands for a further profit of S\$12.5 million.

Acknowledging the value of our brand and our expertise in running resorts, the new owners have retained Banyan Tree as hotel manager. Banyan Tree Seychelles therefore continues to contribute to our income stream.



↑ Banyan Tree Seychelles  
Seychelles



↑ Cassia Bintan  
Indonesia

We continue to build on our strong track record of vacation home sales while adapting nimbly to changing markets. In 2007, we sold over 60 high-end vacation homes worth between US\$1.0 million and US\$2.5 million each. Since the global financial crisis in 2008, we have innovated to diversify our offerings beyond the luxury market. Mid-priced products such as our Cassia branded properties and Laguna Park townhouses have proven successful in appealing to different market segments. As at 31 December 2018, unrecognised revenue from various product sales was S\$189.9 million, up 14% from S\$166.2 million the previous year.

Our remaining land bank of 1.15 million square metres in Phuket will create an estimated S\$1.8 billion in additional revenue when developed. Historically most of our sales have been properties in Phuket sold through our subsidiary Laguna Resorts & Hotels Public Company Limited (LRH). By increasing our shareholding in LRH from 65.75% to 86.28% via a voluntary tender offer in April 2018, we are boosting our share of profit as sales are progressively recognised.



↓ Cassia Phuket  
Thailand

## Building on Experience

# Strengthening the Balance Sheet



Angsana Zhuhai Phoenix Bay  
China

We continue to rebalance the Group's portfolio to pursue an asset-light strategy and realise profits on matured properties. Aside from the sale of Banyan Tree Seychelles at a profit, we also divested most of our remaining China assets to Vanke in 2018. These transactions generated S\$169.2 million.

The funds freed up by these divestments have enabled us to pare our debts. Consequently, the Group's net gearing ratio has decreased, from 69% in 2016 to 52% in 2017 and 47% in 2018.



Banyan Tree Anji  
China

# Our Portfolio

Part of Banyan Tree's vision has always been to grow into a global business with a portfolio of strategically located properties around the world. From our maiden property in Phuket, our geographical footprint has steadily spread to 23 countries on four continents.

FOR DETAILED LISTING, SEE PORTFOLIO SECTION } P.54 - P.59

HOTELS & RESORTS SPAS

### AFRICA

MAURITIUS	1		1	
MOROCCO	2		2	
SEYCHELLES	1		1	
SOUTH AFRICA	1			

### EUROPE

IRELAND	2			
PORTUGAL	1			

### NORTH AMERICA

CUBA	2			
MEXICO	2		2	

### North America

**4** **2**  
HOTELS & RESORTS SPAS

### Europe

**3**  
SPAS

### Africa

**4** **5**  
HOTELS & RESORTS SPAS

### Asia

**39** **53**  
HOTELS & RESORTS SPAS

### ASIA

CHINA	18		23	
GUAM			1	
INDIA	1		2	
INDONESIA	4		3	
JAPAN			2	
KUWAIT			1	
LAOS	1		1	
MALAYSIA	2		3	
MALDIVES	3		3	
QATAR			1	
SINGAPORE			1	
SOUTH KOREA	1		1	
SRI LANKA			2	
THAILAND	7		7	
VIETNAM	2		2	

**4** BRANDS **23** COUNTRIES

**47** HOTELS **6,544** KEYS & ROOMS

**2,396** AWARDS WON TO DATE

**63** SPAS **75** GALLERIES

## Key Milestones

**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.

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

**2000**

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

**2006**

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

**2001**

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

**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 announces 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 will be Banyan Tree's first resort in Singapore.

**2018**

Following the completion of a voluntary tender offer, the Group's shareholding in Laguna Resorts & Hotels Public Company Limited increases from 65.75% to 86.28%.

Banyan Tree sells its entire portfolio of assets in Seychelles, but continues to manage Banyan Tree Seychelles under a hotel management agreement.

Banyan Tree's joint venture with Vanke, Banyan Tree Assets (China) Holdings Pte. Ltd. (BTAC), acquires all the assets and interests in Banyan Tree China Hospitality Fund, diluting Banyan Tree's interest in BTAC from 50% to 22.8%. Vanke subsequently exercises the option to purchase additional shares in BTAC, further reducing Banyan Tree's shareholding in BTAC to 4.2%.

# Key Figures

REVENUE  
**S\$329.0M**

↑ **4%** year-on-year from:  
S\$317.5M

OPERATING PROFIT<sup>1</sup>  
**S\$83.1M**

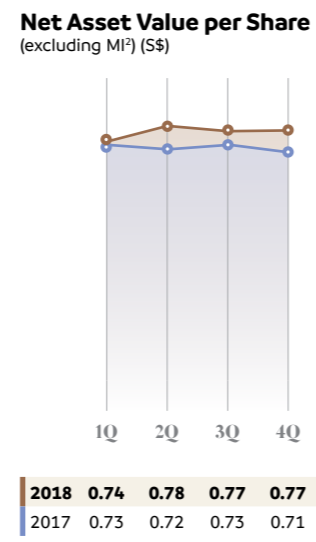
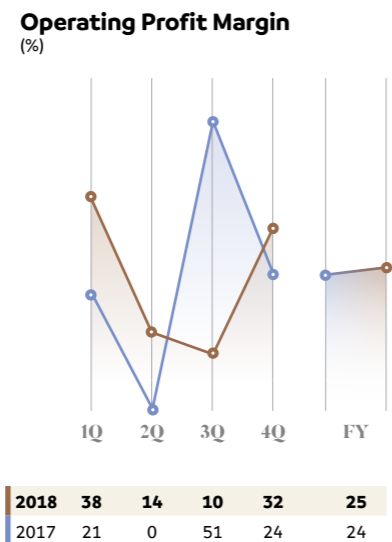
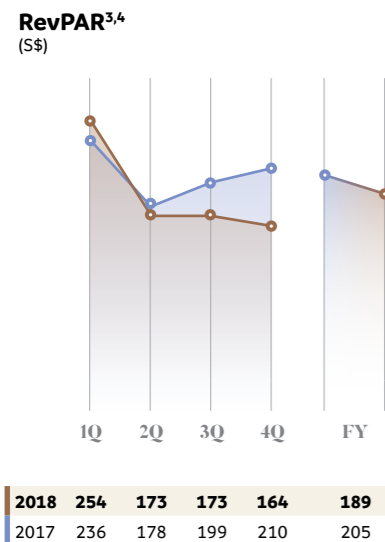
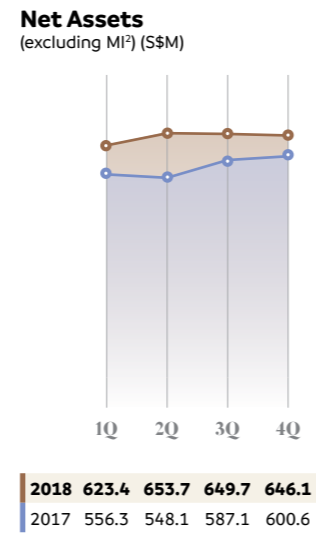
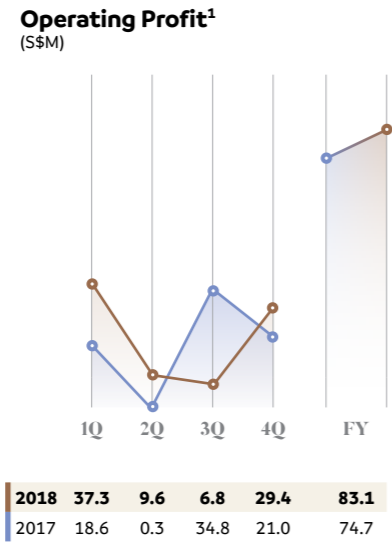
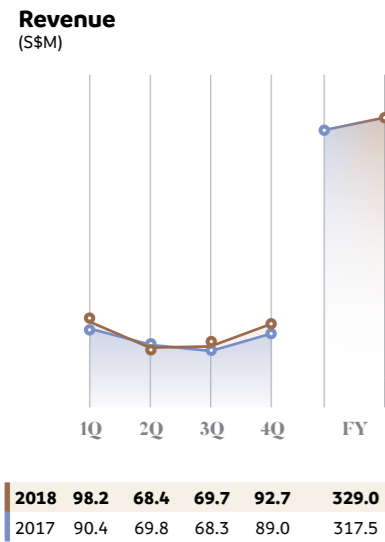
↑ **11%** year-on-year from:  
S\$74.7M

CASH & CASH EQUIVALENTS  
**S\$206.2M**

↑ **30%** year-on-year from:  
S\$159.0M

# Five-year Financial Highlights

## QUARTERLY FIGURES



	2014 S\$M	2015 S\$M	2016 S\$M	2017 S\$M	2018 S\$M
Revenue	327.4	370.7	309.6	317.5	<b>329.0</b>
Operating Profit <sup>1</sup>	51.1	31.0	51.7	74.7	<b>83.1</b>
Profit before tax (PBT)	7.2	-19.5	0.7	22.7	<b>25.0</b>
Profit after tax (PAT)	0.6	-26.0	-7.0	14.9	<b>14.4</b>
Profit after tax & minority interests (PATMI)	1.0	-27.5	-16.2	12.9	<b>13.5</b>
Operating Profit Margin	16%	8%	17%	24%	<b>25%</b>
Per share (S\$)					
- Basic earnings	0.001	-0.036	-0.021	0.017	<b>0.016</b>
- Diluted earnings	0.001	-0.036	-0.021	0.016	<b>0.015</b>
- Net assets (excluding MI <sup>2</sup> )	0.753	0.721	0.742	0.714	<b>0.770</b>
Net debt equity ratio	0.48	0.70	0.69	0.52	<b>0.47</b>
Net Assets (excluding MI <sup>2</sup> )	572.6	548.8	564.5	600.6	<b>646.1</b>

<sup>1</sup> Refers to Earnings before interest, tax, depreciation and amortisation (EBITDA).  
<sup>2</sup> Refers to minority interests.  
<sup>3</sup> RevPAR denotes revenue per available room.  
<sup>4</sup> RevPAR for 2017 has been computed to exclude 10% service charge from room revenue for comparative purpose.





# Executive Chairman's Statement

All three core segments – hotel investments, property sales and fee-based business – contributed positively to Operating Profit, mainly through higher revenue recognition from property sales and lower operating expenses.



The first half of 2018 saw a continuation of the global economic upswing that had started in 2016. Two of our key source markets, Europe and China, were among the beneficiaries of strong, broad-based growth. Led by arrivals from China, tourism in Thailand set new records. By the second half of the year, however, growth in China and Europe slowed, and the impact began to be felt in the hospitality industry.

#### OUR OPERATING PERFORMANCE

Despite the emergence of these headwinds, 2018 was a good year for Banyan Tree. Group revenue grew by 4% to S\$329.0 million. Operating Profit increased by 11% to S\$83.1 million, while PATMI rose by 4%. All three core segments – hotel investments, property sales and fee-based business – contributed positively to Operating Profit, mainly through higher revenue recognition from property sales and lower operating expenses. We also stopped consolidating the losses of China entities following the Group's joint venture with China Vanke Co., Ltd. in August last year.

Given the positive cash earnings for 2018, the Board is recommending a first and final one-tier tax exempt cash dividend of 1.05 cents per ordinary share, subject to shareholders' approval at the Annual General Meeting.

#### THE YEAR IN REVIEW

Property sales enjoyed strong momentum in 2018. As at 31 December 2018, unrecognised revenue was S\$189.9 million, an increase of 14% as compared to S\$166.2 million a year earlier. Approximately 40% of this will be recognised in 2019.

#### REVENUE

**S\$329.0M**

↑ 4% year-on-year from: S\$317.5M

#### OPERATING PROFIT\*

**S\$83.1M**

↑ 11% year-on-year from: S\$74.7M

A voluntary tender offer in April 2018 enlarged our stake in Group subsidiary LRH from 65.75% to 86.28%. Since the majority of our property sales are vacation homes in Phuket, sold through LRH, this move will translate to a higher share of profit from property sales.

Hotel management fees contributed S\$22.2 million to Group revenue, up by 5% year on year. Operating Profit from this division increased by 52% to S\$10.3 million. Several uniquely attractive properties were opened under the Group's umbrella in China: Banyan Tree Anji, set in dramatic bamboo forests, the beachfront Angsana Zhuhai Phoenix Bay, and Dhawa Jinshanling at the Great Wall of China.

In Cuba, we opened our second property, Angsana Cayo Santa Maria. We also launched our first two hotels in Malaysia: Banyan Tree Kuala Lumpur, an urban resort with our signature Vertigo rooftop bar, and the Pavilion Hotel Kuala Lumpur Managed by Banyan Tree.

By signing another 26 hotel management agreements during the year, we succeeded in filling the pipeline. Significantly, we also secured a contract through our partnership with Accor, to manage Banyan Tree Doha. We are now in the process of negotiating 41 more agreements, about half of which were introduced by our strategic partners Accor and Vanke.



Banyan Tree  
Lăng Cô,  
Central Vietnam  
Vietnam

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

## Executive Chairman's Statement

In 2018, we continued our path of rebalancing assets by taking profit on our matured properties. Our sale of Banyan Tree Seychelles and the ancillary lands yielded a profit of S\$12.5 million. The resort continues to generate income for us, as the purchasers have retained Banyan Tree as their hotel manager. This is an acknowledgment of our strong track record and valuable branding.

We also divested most of our remaining China assets, further reducing our shareholding in Banyan Tree Assets (China) Holdings Pte. Ltd. to a small minority stake. Given the global slowdown and rising interest rates, we are deploying the sales proceeds conservatively.

The S\$169.2 million freed up by these transactions are being deployed to decrease debt. We have already cut the Group's net gearing ratio to 47% in 2018, a sharp drop from 69% in 2016.

### THE YEAR AHEAD

Indications are that 2019 will be more challenging. The International Monetary Fund is forecasting a global economic slowdown amid rising world trade tensions and weakness in Europe.

China, an important source market for us, is wrestling with a decline in investments and

exports. This is a concern for property sales in particular, as the negative wealth effect is strongest on luxury goods, of which vacation homes are among the most expensive. We are responding to this by redoubling our outreach efforts and making our products and pricing alike more appealing.

Meanwhile, with elections scheduled to take place in Thailand during the coming year, political uncertainty may impact tourism there as it has in the past.

Following the Marriott-Starwood merger, further consolidation is expected to take place in the hospitality sector. By collaborating with strong partners, we are better prepared for this. Bookings through Accor's website have generated about US\$1.4 million in revenue for Banyan Tree's hotels, a figure that we expect to double in 2019. In December 2018, we also became part of Accor's loyalty programme, Le Club. Over 6.3 million active Le Club members are now able to earn and redeem points for stays at our hotels.

With the hotel management pipeline healthy and growing, we will face inevitable challenges to brand value, product definition and pre-opening resources. The strength of our brands has played a big part in our resilience when



Banyan Tree  
Bangkok  
Thailand

Over 18,000 trees and 4,800 corals were planted, 20,000 meals handed out, 84 tonnes of trash cleaned from local environments, and the equivalent of more than 443 years of training delivered to young persons.



Banyan Tree  
Vabbinfaru  
Maldives

weathering previous storms. We have therefore decided to adopt brand management as a business strategy. In the past year, the Group has restructured internally to be more brand-centric. Championing our brands will permeate every level of operations at every property worldwide. As part of brand management, we will also be identifying nascent travel trends and developing new hospitality products in anticipation. Examples include sustainable tourism, transformative travel and well-being, all of which are opportunities the Group is well-positioned to capitalise on.

### PROTECTING OUR FUTURE

In 2018, Singapore declared a year of climate action. As a business founded on sustainable development, climate change is a core consideration in our sustainability efforts and business decisions. Always seeking to do more than the bare minimum, we are taking steps to tackle the pervasive threat of single-use plastics, beginning with the elimination of plastic bags, bottles and straws wherever possible.

We continue to promote the conservation of resources, embrace the environment and empower people. In 2018, more than 145,000 guests, associates and members of local communities participated in our sustainability programmes. Over 18,000 trees and 4,800 corals were planted, 20,000 meals handed

out, 84 tonnes of trash cleaned from local environments, and the equivalent of more than 443 years of training delivered to young persons. We will continue to engage and support our internal and external communities, and to conserve, enhance and promote the resilience of natural and cultural heritage.

### ACKNOWLEDGMENTS

Our ability to do good is made possible by a good Management team and associates, as well as supportive shareholders and guests. I am also grateful for the advice of the Board including its newest member, Mr Chew Van Hoong Jason, who joined us as a non-executive and non-independent director in June 2018.

Banyan Tree's 25th anniversary in 2019 is a time to reflect on past lessons and celebrate our achievements, including the 2,396 awards we have won to date. What began as a dream has grown into a family of friends and fellow-travellers who share in that dream. I invite you to join us as we dream for the future.

HO KWONPING  
EXECUTIVE CHAIRMAN



1



3



2



4

# 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.





- 1 Banyan Tree Spa Sanctuary Phuket Thailand
- 2 Banyan Tree Yangshuo China
- 3 Banyan Tree Vabbinfaru Maldives
- 4 Banyan Tree Tamouda Bay Morocco

# Board of Directors

## PROFILES OF DIRECTORS


The names of the directors holding office at the date of this report are set out here together with details of their academic and professional qualifications, date of first appointment as Director, date of last re-election as Director, as well as other directorships and principal commitments.

## BOARD COMMITTEES

-  — NOMINATING & REMUNERATION COMMITTEE
-  — AUDIT & RISK COMMITTEE

## BOARD COMPOSITION

	NRC	ARC
HO KWONPING	-	-
ARIEL P VERA	-	-
CHIA CHEE MING TIMOTHY		-
FANG AI LIAN	-	
CHAN HENG WING		-
THAM KUI SENG	-	
LIM TSE GHOW OLIVIER	-	
ZHANG XU	-	-
GAURAV BHUSHAN	-	-
CHEW VAN HOONG JASON (ALTERNATE DIRECTOR: MOHAMED AL-HASHMI)	-	-

-  COMMITTEE CHAIRMAN
-  COMMITTEE MEMBER

### 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 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.



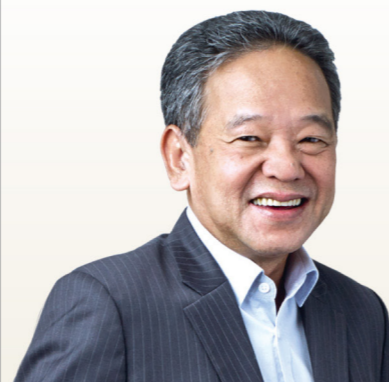
### ARIEL P VERA NON-EXECUTIVE AND NON-INDEPENDENT DIRECTOR

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 26 April 2018.

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 26 April 2018.

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 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 a member of the Board of Trustees of the Singapore Management University.

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.

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

Mrs Fang 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, MediaCorp Pte. Ltd. and QBE Asia Pacific (Advisory) Board.

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.

Mr Chan is the Non-Resident Ambassador of Singapore to the Republic of Austria. He is a Director of Frasers Property 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 Press Secretary to Prime Minister Goh Chok Tong 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.



# Board of Directors

## 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 Sembcorp Industries Ltd and Avanda Investment Management 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 Director of GLP Pte. Ltd. and The Straits Trading Company and as a Corporate Advisor for Temasek International Advisors Pte. Ltd.

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

## LIMTSE 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.

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

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

## ZHANG XU NON-EXECUTIVE AND NON-INDEPENDENT DIRECTOR

Mr Zhang was appointed Director on 27 September 2017 and was last re-elected on 26 April 2018.

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

He 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.

Mr Zhang 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 and was last re-elected on 26 April 2018.

Mr Bhushan 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 the Global Chief Development Officer role in July 2015 and joined AccorHotels executive committee on January 1st, 2017.

Mr Bhushan 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.

## CHEW VAN HOONG JASON NON-EXECUTIVE AND NON-INDEPENDENT DIRECTOR

Mr Chew was appointed Director on 5 June 2018.

Mr Chew is the Co-Head of Real Estate at the Qatar Investment Authority.

From 2007 to 2013, he was the Chief Investment Officer for Asia and Managing Director for Greater China with Prudential Real Estate Investors. From 1999 to 2006, Mr Chew worked at CapitaLand as the Country Director for Japan.

Mr Chew is a Chartered Financial Analyst and holds a Bachelor of Engineering (First Class Honours) from the National Defense Academy, Japan.

## MOHAMED AL-HASHMI ALTERNATE DIRECTOR TO CHEW VAN HOONG JASON

Mr Mohamed was appointed Alternate Director to Mr Chew on 5 June 2018.

Mr Mohamed is a Senior Associate at Qatar Investment Authority, focusing primarily on direct and co-investments in the real estate sector in Europe and America.

He graduated from Qatar University with a major degree in Finance and minor degree in Marketing. He is a Chartered Financial Analyst Level 3 candidate.



# Management Team



1

**CLAIRE CHIANG**  
SENIOR VICE PRESIDENT  
BANYAN TREE HOLDINGS

CHAIRPERSON  
CHINA BUSINESS DEVELOPMENT

CHAIRPERSON  
BANYAN TREE GLOBAL FOUNDATION

Ms Chiang co-founded Banyan Tree Hotels & Resorts and pioneered the Group's retail business. As Chairperson for China Business Development, she focuses on the acquisition of new management contracts. She also oversees key strategic issues in organisational and human capital capability, and chairs Banyan Tree Global Foundation Ltd, where she is responsible for guiding the Group in its corporate social responsibility commitments.

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. In addition, she is a director of the Wildlife Reserves Singapore Conservation Fund, Mandai Park Holdings, Denmark-based ISS A/S and Switzerland-based Dufry AG.

She sits on the Advisory Board of the Academy of Chinese Medicine, Singapore, and is a Member of the Singapore Biennale 2019 Steering Committee. In 2018, she was appointed to the Advisory Committees of both Guilin Tourism University and the School of Hotel and Tourism Management at The Hong Kong Polytechnic University.

For her advocacy in social issues, Ms Chiang has won numerous awards, including the Public Service Star BBM. She was the winner of the Supernova Category at the inaugural Women Entrepreneur Awards in 2017. In 2018, she was inducted into the Singapore Women's Hall of Fame by the Singapore Council of Women's Organisations. Most recently, she received the Asia's Top Sustainability Superwomen Award 2018, for impactful leadership in the sustainability field.

Ms Chiang graduated from the National 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 the 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 was also the Group Chief Financial Officer until November 2018, a position he had 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.

# Management Team

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.

5

## DHARMALI KUSUMADI

SENIOR VICE PRESIDENT

MANAGING DIRECTOR  
ARCHITRAVE

Mr Kusumadi oversees the architectural, projects and business development functions within the Banyan Tree Group, where he is solely responsible for the design and technical advisory services, project development and non-China business development activities. Having been with the Group since 1991, he has helped to create numerous iconic and award-winning architectural and interior designs which are hallmarks of Banyan Tree and Angsana hotels and resorts.

Mr Kusumadi holds a Master of Architecture from Parahyangan Catholic University, Bandung, Indonesia.

6

## 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, Australia.

7

## 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 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

## CINDY LEE

SENIOR VICE PRESIDENT

MANAGING DIRECTOR  
GROUP PROJECT SERVICES

Ms Lee joined Banyan Tree in 2001 as a cost manager and was promoted to Senior Vice President in 2018. 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.

9

## KUAN CHIET

VICE PRESIDENT  
GROUP CHIEF FINANCIAL OFFICER

Mr Kuan was appointed Group Chief Financial Officer in November 2018. He oversees corporate finance, legal, human resources, corporate secretariat, strategic planning and investment, risk and internal audit and corporate communications.

Prior to this, Mr Kuan had been the Head of Finance and Administration of LRH since 2013. 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.

10

## SHELLY YEO

VICE PRESIDENT  
CORPORATE FINANCE

COMPANY SECRETARY

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.

Ms Yeo was appointed as Company Secretary of Banyan Tree Holdings Limited in February 2019.

Prior to joining the Group in 2001, Ms Yeo 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.

11

## 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.

# Management Team

12

**PHILIP LIM**  
VICE PRESIDENT AND REGIONAL HEAD  
HOTEL OPERATIONS

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

He now heads our Hotel Operations for all managed properties worldwide except for China. He was previously General Manager with the Marco Polo Hotel Group in Hong Kong and has more than 25 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.

13

**HO REN YUNG**  
VICE PRESIDENT  
BRAND HQ

Ms Ho is Vice President, Brand HQ, a cross-functional unit responsible for defining and aligning all brand standards within the Group. These encompass customer experience, talent development, marketing, communications and brand assurance. She first started with the Group in 2009, working across corporate Hotel Operations spanning pre-opening, project management, business development and operational standards. She began to oversee the Spa and Gallery business units in 2017.

Ms Ho holds a Bachelor of Science in Sociology and Economic Development from the London School of Economics, and a Certificate in Accounting and Finance from the National University of Singapore. She is the daughter of the Executive Chairman, Mr Ho KwonPing.

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 25 years of top-flight sales and marketing experience in the hospitality business, he has led hotel sales and marketing teams with Ritz-Carlton, Pan Pacific and InterContinental.

15

**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.

16

**GAVIN HERHOLDT**  
VICE PRESIDENT

MANAGING DIRECTOR  
LAGUNA LĂNG CỎ, VIETNAM (LLC)

Mr Herholdt is responsible for the overall performance of Laguna Lăng Cỏ, 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.

17

**CAROLYN ZHANG**  
VICE PRESIDENT  
CORPORATE (CHINA)

Ms Zhang plays a key role in managing hotel finance and purchasing in mainland China, including providing hotel pre-opening support, business performance analysis, budgeting and planning, internal control and cost management.

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.

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 the Hong Kong Institute of Certified Public Accountants.

20

**ANTHONY LOH**  
VICE PRESIDENT  
RESORT SERVICES  
LAGUNA RESORTS & HOTELS PLC

Mr Loh is responsible for corporate legal, government liaison, human resources and central services in driving the expansion of Laguna Phuket's hotels and residences.

In his 27 years with the Group, he has served in various capacities to develop Laguna Phuket into a luxurious lifestyle community. He was involved in the pre-opening for Sheraton Grande (now Angsana Laguna Phuket), Laguna Golf Phuket, Allamanda, Canal Village and Banyan Tree Phuket, as well as Banyan Tree Bangkok. His experience covers a wide range of operations, from transportation to beach maintenance, sustainability and destination marketing.



# 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. In addition to our triple bottom line of economic, social and environmental success, we believe that the recognition by our valued guests, global travel publications and authoritative industry partners is another indicator of achievement. In 2018, we were pleased to receive 250 awards, bringing the total to 2,396 since the Group began operations.

Travel + Leisure US  
World's Best Awards 2018  
Top 20 Hotel Brands  
in the World  
(16th with score of 90.64)  
**BANYAN TREE  
HOTELS & RESORTS**

13th DestinAsian Readers'  
Choice Awards 2018  
Best Hotel Brands  
for Leisure (2nd)  
**BANYAN TREE  
HOTELS & RESORTS**

Beijing News  
The Best Hotel Brand 2017  
**BANYAN TREE  
HOTELS & RESORTS**

Voyage Travel  
Awards 2018  
Best Hotel Brand 2018  
**BANYAN TREE  
HOTELS & RESORTS**

Forbes Travel Guide  
2018 Star Award  
2018 World's Most  
Luxurious Hotels  
**BANYAN TREE UNGASAN**

AAA Five Diamond  
Rating  
**BANYAN TREE MAYAKOBA**

Travel + Leisure  
China Awards 2018  
2018 China's Best  
Boutique Hotels  
**BANYAN TREE RINGHA**

Travel + Leisure  
China Awards 2018  
2018 China's Best  
New Hotels  
**BANYAN TREE ANJI**

Travel + Leisure US  
World's Best Awards 2018  
Top 100 Hotels in the World  
(61st with score of 95.20)  
Top 10 Resort Hotels  
in Mexico  
**BANYAN TREE  
CABO MARQUÉS**

Travel + Leisure US  
World's Best Awards 2018  
Top 10 Resort Hotels  
in Southeast Asia  
**BANYAN TREE PHUKET**

Travel + Leisure US  
World's Best Awards 2018  
Top 5 Bangkok Hotels  
**BANYAN TREE BANGKOK**

13th DestinAsian Readers'  
Choice Awards 2018  
Best Hotel in Macau  
**BANYAN TREE MACAU**

# Travel

Banyan Tree Mayakoba  
Mexico

Condé Nast Traveler  
Readers' Choice  
Awards 2018  
Top Asia Resorts  
(21st) **BANYAN TREE SAMUI**

Condé Nast Traveler  
Readers' Choice  
Awards 2018  
Top China Hotels  
(8th) **BANYAN TREE  
SHANGHAI ON THE BUND**  
(10th) **BANYAN TREE  
TIANJIN RIVERSIDE**

Condé Nast Traveler  
Readers' Choice  
Awards 2018  
Top Mexico – Eastern Resorts  
(9th) **BANYAN TREE MAYAKOBA**

# Spa

Banyan Tree Spa Phuket  
Thailand

28th TTG  
Travel Awards 2018  
TTG Travel Hall of Fame –  
Best Spa Operator  
(4th year since induction)  
**BANYAN TREE SPA**

13th China Hotel  
Starlight Awards 2017  
Best Spa Operator of China  
(10th consecutive year)  
**BANYAN TREE SPA**

Shanghai Morning Post  
Tourism Awards 2017  
Best Spa Brand  
(6th consecutive year)  
**BANYAN TREE SPA**

Condé Nast Traveller  
Readers' Travel  
Awards 2018  
Best Overseas  
Hotel Spas  
(10th) **BANYAN TREE SPA  
SANCTUARY PHUKET**

World Spa Awards 2018  
Singapore's Best  
Hotel Spa 2018  
**BANYAN TREE SPA  
MARINA BAY SANDS**

2018 World Luxury  
Spa Awards  
Luxury Wellness Spa –  
Country Winner Portugal  
**BANYAN TREE SPA ESTORIL**

World Spa Awards 2018  
Macau's Best  
Resort Spa 2018  
**BANYAN TREE SPA MACAU**

TTG China  
Travel Awards 2018  
Best Spa Resort  
**BANYAN TREE SANYA**

Spa & Wellness Magazine  
Mexico's Most Luxurious Spa  
**BANYAN TREE SPA  
MAYAKOBA**

Singapore Corporate  
Awards 2018  
2018 Best Annual Report –  
Gold  
**BANYAN TREE  
HOTELS & RESORTS**

Shanghai Morning Post  
Tourism Awards 2017  
Best Social  
Responsibility Brand  
**BANYAN TREE  
HOTELS & RESORTS**

The American Chamber  
of Commerce in Thailand  
AMCHAM 2018 CSR  
Excellence Award (ACE) –  
Silver Award  
**LAGUNA PHUKET**

HOTELN Awards  
2018 China's Best Luxury  
Hotel Resort Brand  
**BANYAN TREE  
HOTELS & RESORTS**

# Corporate

Banyan Tree Huangshan  
China



1



3



2



4

# Angsana

Angsana brings adventure back into travel. 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.



- 1 Angsana Lăng Cô, Central Vietnam Vietnam
- 2 Angsana Xian Lintong China
- 3 Angsana Ihuru Maldives
- 4 Angsana Bintan Indonesia

# Our Business in Brief

Banyan Tree Vabbinfaru Maldives

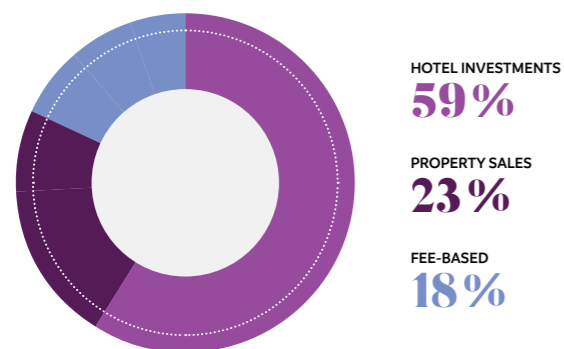


## Banyan Tree

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

The Group's primary business is centred on four brands: the award-winning Banyan Tree and Angsana, and the more recently established Cassia and Dhawa. Banyan Tree also operates the premier integrated resort in Thailand – Laguna Phuket – through the Group's subsidiary, LRH. Two other integrated resorts – Laguna Bintan in Indonesia and Laguna Lăng Cô in Central Vietnam – complete the status of the Group as a major operator of integrated resorts in Asia.

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



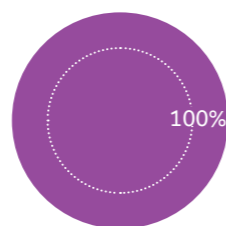
**GROUP REVENUE**  
**S\$329.0M**

2017: S\$317.5M

## Hotel Investments

We own and manage hotels under our Banyan Tree, Angsana and Cassia brands.

We hold equity interest in 19 hotels, comprising over 2,000 keys. As at 31 December 2018, revenue from our Hotel Investments was contributed by Thailand (69%), Indian Ocean (29%) and Others (2%).



**REVENUE**  
**S\$192.5M**

2017: S\$201.5M



Angsana Villas Resort Phuket Thailand

Banyan Tree Gallery



## Property Sales

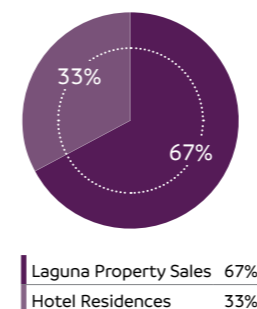
This segment consists of sales of hotel residences and Laguna properties.

### HOTEL RESIDENCES

Our hotel residence business comprises 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, Thailand and Vietnam. We have also expanded our offering of luxury residences by launching Banyan Tree branded apartments in 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 China, Indonesia and Thailand.



**REVENUE**  
**S\$77.0M**

2017: S\$51.4M

## Fee-based

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

We manage 28 resorts and hotels, and operate 63 spas, 75 gallery outlets and three golf courses.

### HOTEL/FUND/CLUB MANAGEMENT

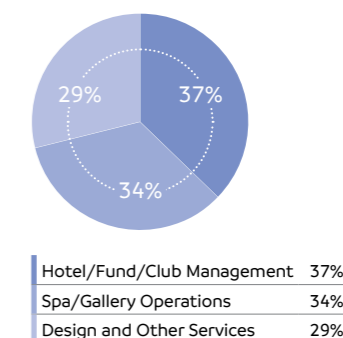
Besides managing hotels for other owners, we manage an asset-backed destination club and a private equity fund. In addition, the Group derives royalties from the sale of properties in which we hold a minority or no interest.

### SPA/GALLERY OPERATIONS

We pioneered the tropical garden spa concept and manage spas within our own resorts as well as 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 AND OTHER SERVICES

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



**REVENUE**  
**S\$59.6M**

2017: S\$64.6M

# Business Review

# Hotel Investments

← Banyan Tree Bangkok  
Thailand

Revenue from Group-owned hotels decreased by 4% from S\$201.5 million in 2017 to S\$192.5 million in 2018. The dip in revenue was mainly from Maldives, Thailand and Seychelles, partially cushioned by higher revenue from Indonesia and Morocco. In addition, we stopped consolidating revenue of the China hotels in 2018, as they were divested in 2017 as part of the Group's joint venture with Vanke.

Notwithstanding lower revenue, Operating Profit increased by S\$2.1 million to S\$33.1 million, largely due to the absence of asset write-offs, the occurrence of foreign exchange gains versus the previous year's losses, and because we stopped consolidating the results of the China hotels which, on the whole, were in a loss position in 2017.

## Thailand

Overall, Thailand continued to see a rise in tourist arrivals, with a record number of 38.3 million visitors, up 8% from the 35.4 million in 2017. Almost all major source markets showed improvement including China, India and Russia. Despite being slightly affected by a tour boat accident in July 2018, arrivals from China still recorded strong growth.

Our hotels in Thailand posted combined revenue of S\$132.4 million, a decrease of 1% from S\$133.2 million the previous year. Banyan Tree Phuket and Angsana Laguna Phuket recorded a drop of about S\$3.6 million over the previous year, which was partially offset by a combined increase in revenue of S\$2.6 million from Banyan Tree Bangkok and Cassia Phuket. Banyan Tree Phuket's weaker performance was partly because of an inventory shortage caused by renovations in the fourth quarter, while Angsana Laguna Phuket saw a decline in MICE group business in 2018.

## Maldives

Our Maldives resorts recorded revenue of S\$37.1 million, 7% lower than last year. All three resorts recorded lower arrivals from Germany and Great Britain, which impacted their performance. In addition, due to increased competition from several new resorts, the wholesale segment recorded lower production as compared to 2017.

## Indonesia

Our hotels in Indonesia recorded revenue of S\$4.5 million, up by a healthy 62% from the previous year. This was mostly due to higher room inventory at Cassia Bintan.

## Highlights

Operating Profit increased by S\$2.1 million to S\$33.1 million, largely due to the absence of asset write-offs, the occurrence of foreign exchange gains versus the previous year's losses, and because we stopped consolidating losses of the China hotels.

REVENUE  
**S\$192.5M**  
↓ 4% Year-on-year-from  
S\$201.5M

## Business Review Hotel Investments

### Seychelles

Room revenue for Banyan Tree Seychelles rose by 17%, mainly contributed by the 16% gain in average room rate and 1% growth in occupancy. A higher number of arrivals from Great Britain, Germany and United Arab Emirates drove the performance of the property. Following its sale, we stopped including revenue from Banyan Tree Seychelles under Hotel Investments segment with effect from November 2018.

### Morocco

As overall market sentiment in Morocco improved in 2018, Angsana Riads Collection Morocco posted revenue growth of 46% to S\$1.6 million. In terms of rooms sold, Germany, France and Switzerland topped the list of source markets.

### ENGAGING OUR YOUNG GUESTS

To meet the needs of our guests who have young families, we launched the Rangers' Club for children aged four to 11. Through activities drawing on all five senses, participants explore the outdoors, learn about the environment

and develop respect for nature. The club has been well-received, and we are in the process of rolling it out to all the Group's hotels worldwide.

### SALES AND MARKETING\*

Our strategic partnership with AccorHotels delivered over 2,500 bookings totalling 6,183 room nights or US\$1.4 million in its first year. In 2019, we expect to double such bookings following our participation in the Le Club AccorHotels Guest Loyalty programme, which boasts an active membership base of over 6.3 million, and AccorPlus, a paid travel, dining and lifestyle privileges programme with over 380,000 members in Asia Pacific.

During the year, we sought to enhance our e-commerce capabilities. The first half of 2018 saw us elevating our content marketing by becoming more precise in audience targeting as well as richer media planning and buying.

\*For both owned and managed hotels

As overall market sentiment in Morocco improved in 2018, Angsana Riads Collection Morocco posted revenue growth of 46% to S\$1.6 million.



Angsana Riads Collection Morocco Morocco

We also identified niche opportunities to create growth, resulting in increased room nights and revenue. Our International Women's Day campaign, for example, leveraged a relevant occasion to drive brand value and direct bookings. The campaign targeted both women who would like to reward themselves with a holiday as well as others who would like to recognise and reward the women in their lives. The two-week campaign across owned, earned and paid media generated 2,000 room nights and revenue in excess of S\$1 million.

We continued to promote direct bookings, which not only are more profitable but also allow us to gather valuable data. To encourage direct bookings, we deployed a tool to improve rate parity across all channels. Building on our success with Search Engine Optimisation (SEO) on Google, we extended SEO to Baidu and Naver. Search Engine Marketing (SEM) also grew to increase awareness in our primary markets via Google and Baidu.

On the public relations front, we continued to work with our 14 appointed agencies around the globe to develop stories and highlight the Group's brand pillars as well as our sustainability ethos of "Embracing the environment, Empowering people". We also established and renewed strategic partnerships with American Express, MasterCard, Standard Chartered, HSBC, Citibank and SilkAir, among others.

Meanwhile, our garnering of 250 awards in 2018 across key markets worldwide resulted in greater brand recognition, bringing the total number to 2,396 awards won since our inception.



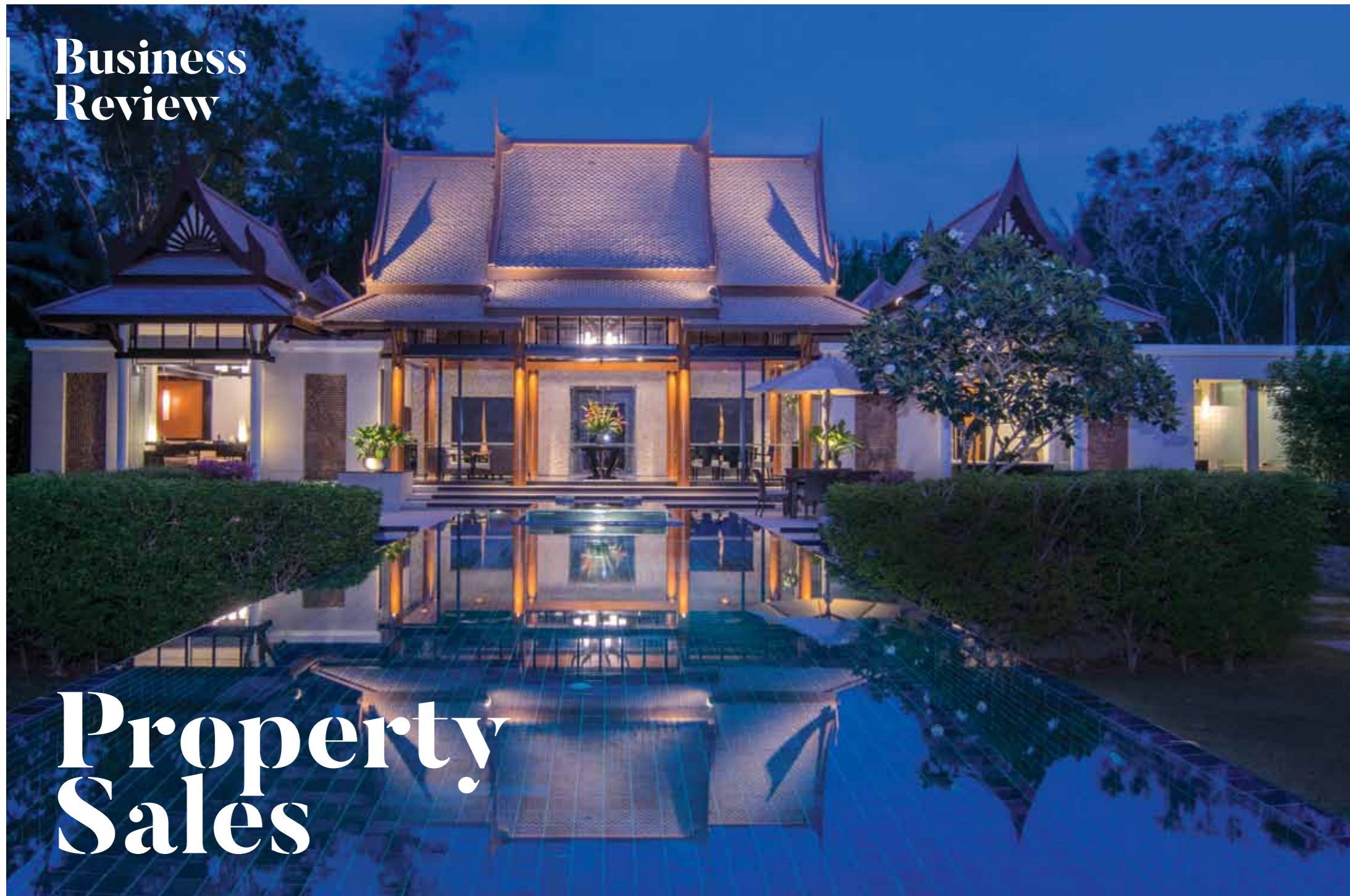
Angsana Laguna Phuket Thailand

### BRAND MANAGEMENT

As the Group's portfolio expands, it is vital for our brand architecture to be well-defined and aligned to both business objectives as well as near and long-term market developments. We have therefore adopted brand management as a key business strategy, cutting across operations, marketing and talent development.

This involves allocating resources effectively among brands and creating the tools for operations to express a distinct, end-to-end value proposition. We are creating an internal brand talent network across all clusters to strengthen brand experience, from developing new standards to conducting brand audits.

To ensure continual progression, the Group is also innovating new hospitality products catering to emerging growth markets such as sustainable tourism, transformative travel and well-being.



# Business Review

# Property Sales

- ← Banyan Tree Phuket DoublePool Villa Thailand
- ↓ Angsana Oceanview Residences Thailand

The property sales segment comprises sales of hotel residences, Laguna properties and Angsana Vacation Club memberships. Total revenue for 2018 was S\$77.0 million, 50% higher than the previous year's S\$51.4 million, although the number of units recognised in 2018 decreased by 8%. This was because more high-value properties, including a Banyan Tree Grand Residence and a Banyan Tree Phuket DoublePool Villa, were recognised in 2018.

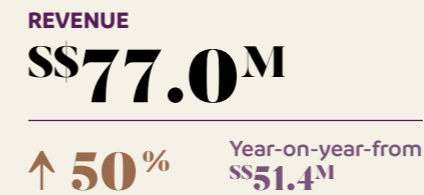
### MARKET OVERVIEW

Property sales saw strong momentum throughout 2018. This was on the back of more offsite activities such as establishing a dedicated sales development network in China to tap our channel partners for potential buyers, along with more regular offsite events to promote our products. As a result, the Chinese were the single largest market for our properties for the first time. Russian demand was stable and shifted to more affordable products as the weak rouble constrained spending power. Sales channel development and online and digital marketing activities will be an area of focus for China and other key markets as we diversify our base and increase awareness among potential buyers.

We continue to offer a complete range of products catering to all market segments, from affordably priced apartments and landed properties for the emerging middle class in Asia to high-end branded residential offerings. As part of our strategy to unlock value from our land banks, we are actively planning new projects to replace those which have sold out and to meet ongoing demand. We launched the following new projects in 2018: Dhawa Phuket, Laguna Park Phase 2, Angsana Oceanview and Dusit Laguna Villas.

## Highlights

Total revenue for 2018 was S\$77.0 million, 50% higher than the previous year's S\$51.4 million because more high-value properties were recognised in 2018.



Artist's Impression

## Business Review Property Sales

The most active segment for our Phuket and Bintan operations remains entry-level resort condominiums and apartments which are mainly investor-driven, as well as mid-range landed properties which appeal to investors and lifestyle buyers. We have also seen strong demand at the high end for well-positioned branded residences. The market in Brisbane has remained subdued due to lending constraints imposed by banks and the increase in stamp duty for foreign buyers. However, sales momentum continued in 2018 after we reconfigured our Banyan Tree development to feature more affordable one- and two-bedroom offerings.

Potential headwinds in 2019 include US-China trade tensions, stock market volatility and higher interest rates. These could weaken investor confidence and soften demand for property.

### HOTEL RESIDENCES

Revenue recognised from hotel residences in 2018 was S\$25.3 million, mostly from Cassia Phuket and Cassia Bintan apartments, a Banyan Tree Phuket DoublePool Villa and a Banyan Tree Grand Residence. In the prior year, revenue recognised was S\$14.0 million, mainly attributable to Cassia Phuket and Cassia Bintan.

We have a healthy pipeline of sales revenue amounting to S\$178.9 million, comprising Angsana Beachfront/Oceanview Residences Phuket, Banyan Tree Phuket Villas, Banyan Tree Residences Brisbane, Cassia Phuket, Cassia Bintan and Dhawa Phuket. This revenue will be recognised upon completion in 2019-2021.

**Strong sales persisted throughout 2018 for Cassia Phuket, with 97 apartments sold totalling S\$34.9 million.**



Cassia Phuket  
Thailand



Artist's Impression

Banyan Tree Grand  
Residences  
Thailand

Overall, 159 units were sold in 2018 for a total of S\$90.3 million, a decrease of 7% (in value terms) compared to the prior year. Units sold consisted of:

- Two Angsana Beachfront Residences totalling S\$4.1 million (2017: 35 apartments totalling S\$56.8 million).
- Three Angsana Oceanview Residences totalling S\$3.8 million following the launch in January 2018.
- 16 Banyan Tree Residences Brisbane apartments totalling S\$18.1 million (2017: seven apartments totalling S\$13.0 million).
- 10 Banyan Tree Phuket villas totalling S\$22.0 million (2017: no sales). These included eight of the three-bedroom pool villas launched in January 2018, one DoublePool Villa and one Banyan Tree Grand Residence.

- 97 Cassia Phuket apartments totalling S\$34.9 million (2017: 59 apartments totalling S\$20.6 million).
- Four Cassia Bintan apartments totalling S\$1.4 million (2017: 17 apartments totalling S\$6.9 million).
- 27 Dhawa Phuket apartments totalling S\$6.0 million following their launch in March 2018.

#### In Thailand:

- Strong sales persisted throughout 2018 for Cassia Phuket, with construction of Phase 2 completed and Phase 3 on track to be completed in 2019.
- We successfully launched Dhawa Phuket with over 20% sold in Phase 1. Construction is set to commence in 2019.

## Business Review

### Property Sales



Banyan Tree  
Residences Brisbane  
Australia

#### In Australia:

- A reconfiguration of Banyan Tree Residences Brisbane provided a more attractive product mix. As a result, sales began to pick up despite unfavourable market conditions.
- We are in discussions with potential investment partners to develop our Gold Coast beachfront site, consisting of two or three multi-storey towers, as a mixed-use hotel and branded residences project.

#### In Indonesia:

- Steady sales of Cassia Bintan apartments continued in 2018.

#### LAGUNA PROPERTY SALES

Revenue recognised from Laguna property sales in 2018 was S\$45.5 million versus S\$30.3 million in 2017, and came from the completion of units at Laguna Park Phuket and Laguna Village.

These two developments are also responsible for sales revenue in the pipeline, amounting to an estimated S\$11.0 million, to be recognised upon completion.

Overall, 52 units were sold in 2018 totalling S\$35.3 million, a decrease of 13% (in value terms) year on year.

#### Units sold were:

- 47 Laguna Park Phuket townhomes and bungalows totalling S\$27.5 million (2017: 55 Laguna Park townhomes and bungalows totalling S\$29.6 million).
- Five Laguna Village Phuket bungalows totalling S\$7.8 million (2017: seven Laguna Village Phuket bungalows totalling S\$9.7 million).

Following the success of Laguna Park Phuket (Phase 1), we successfully launched Laguna Park Phuket (Phase 2) in September 2018. We have sold 20% of the units, and construction will commence in 2019.

Revenue recognised from Laguna property sales in 2018 was S\$45.5 million versus S\$30.3 million in 2017, and came from the completion of units at Laguna Park Phuket and Laguna Village.

#### ANGSANA VACATION CLUB

Angsana Vacation Club (ANVC), a points-based membership club, is now in its fourth year of operations. In 2018, ANVC sold 172 memberships, generating approximately S\$3.5 million in revenue.

The popularity of the club can be attributed to its flexible point system. This 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 markets to Laguna Phuket visitors and reaches out to credit card holders of various banks through joint direct mail marketing campaigns. Members of the legacy Laguna Holiday Club, which was rebranded in 2017 as Angsana Vacation Club Heritage, continue to have the opportunity to upgrade to the new ANVC membership.



Laguna Park Phuket  
Thailand





# Business Review

# Fee-Based

← Banyan Tree Anji  
China

↓ Angsana Lăng Cô,  
Central Vietnam  
Vietnam

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\$59.6 million in 2018. The decrease of S\$5.0 million or 8% over the previous year was mainly due to lower revenue from China, where we have stopped consolidating operations but receive licence fees from the joint venture with Vanke, and lower architectural and design fees earned based on project milestones. This was however partially cushioned by higher hotel management fees from other markets.

### HOTEL MANAGEMENT

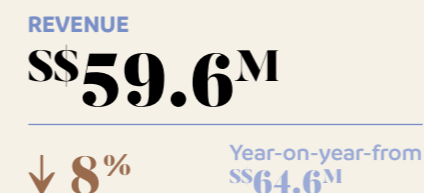
Group revenue from hotel management contracts was S\$22.2 million in 2018, 5% or S\$1.1 million higher than the previous year. This was due mainly to higher management fees from several resorts and higher royalty fees from our residential projects in Dubai and Bangkok. Operating Profit increased by S\$3.5 million from S\$6.8 million to S\$10.3 million, largely because of higher hotel management fees and royalty fees, lower provision for doubtful debts, foreign exchange gains rather than losses, and lower staff costs.

### China

Group-managed hotels in China fared better in 2018, with room revenue growing by about 4% over 2017. The increase came from new hotel openings in 2018 including Angsana Zhuhai and Banyan Tree Anji, but was offset by weaker performances by a number of hotels. The shortfalls at Banyan Tree Huangshan and Banyan Tree Hangzhou were due to hotel renovations, while Banyan Tree Sanya was affected by the announcement of new development plans by the Chinese Government in April 2018. Meanwhile, Banyan Tree Shanghai On The Bund faced even more intense competition with the opening of several new luxury hotels in 2018.

## Highlights

This segment recorded total revenue of S\$59.6 million in 2018. The decrease of S\$5.0 million or 8% over the previous year was mainly due to lower revenue from China, where we have stopped consolidating operations but receive licence fees from the joint venture with Vanke, and lower architectural and design fees earned based on project milestones.



## Business Review

### Fee-Based

#### Asia Pacific

Overall room revenue for managed hotels in the Asia Pacific region was about 1% higher than 2017. Contributing to the improvement were stronger performances by Banyan Tree Club & Spa Seoul and Banyan Tree Lăng Cô, as well as the opening of Banyan Tree Kuala Lumpur in July 2018. Banyan Tree Club & Spa Seoul achieved room revenue growth of 4% thanks to increased demand from local arrivals who now account for 89% of total rooms sold. As for Banyan Tree Lăng Cô, room revenue grew by 24% on higher arrivals from Australia, Germany, China and Great Britain.

On the negative side, Banyan Tree Ungasan was impacted by the eruption of Mount Agung, especially in early 2018. The property recorded lower room revenue of 8% as a result. Angsana Lăng Cô also recorded a 2% dip in room revenue because of fewer arrivals from China and South Korea.

#### Europe, Middle East and Africa


Local arrivals continue to be the main source of business for Banyan Tree Tamouda Bay, contributing 47% of room revenue in 2018. In its second full year of operation, the property saw a strong uptick in business during the mid-year period, and posted 5% growth in room revenue for 2018. Angsana Balaclava recorded room revenue growth of 13% year on year, driven by an increase in arrivals from Saudi Arabia, France and India.

#### Americas

Room revenue improved in 2018, with both Banyan Tree Mayakoba and Banyan Tree Cabo Marqués delivering stronger results. The 6% increase for Banyan Tree Mayakoba was driven by a higher average rate, while Banyan Tree Cabo Marqués saw a 20% increase on both a higher average rate and occupancy. The 252-key Angsana Cayo Santa Maria opened in November 2018, and is the second Group-managed property in Cuba following Dhawa Cayo Santa Maria.



Banyan Tree Club & Spa Seoul achieved room revenue growth of 4% thanks to increased demand from local arrivals who now account for 89% of total rooms sold.

 Banyan Tree Club & Spa Seoul  
South Korea

#### In the pipeline

2019 will mark several significant openings for the Group. Situated in the scenic countryside of Benitses, Corfu Island, Greece, the 199-key Angsana Corfu represents a milestone in the Group's foray into Europe. Penang will also welcome the introduction of the first Angsana property in Malaysia, when the 250-key Angsana Teluk Bahang opens. Another first will be Angsana Siem Reap, heralding our entry into Cambodia. The location of the 158-key property close to Siem Reap International Airport and Angkor Wat is expected to be a major draw. Further strengthening the Group's presence in Thailand, the 72-key Banyan Tree Krabi will feature the allure of pristine beaches and nearby unspoiled islands.

The Group continues to expand in China, with several new openings slated for 2019. The 423-key\* Angsana Xishuangbanna is situated in the Horon Monbala Royal Southeast Asian Botanical Garden Resort Zone in Menghai County. Angsana Leishan, with 139 keys, is located in the southeast of Guizhou, neighbouring the abundant sightseeing opportunities of Kaili, Taijiang, Rongjiang and

Danzhai counties. Angsana Tengchong, with 274 keys, is in an area of Yunnan province that is well-known for its hot springs and intriguing volcanic landscape.

#### FUND MANAGEMENT

The China Fund was acquired by our joint venture entity, Banyan Tree Assets (China) Holdings Pte. Ltd., during the year and ceased to be a fund.

In mid-2018, the Banyan Tree Indochina Hospitality Fund officially obtained a casino licence for Laguna Lăng Cô. The next phase of planning will involve inviting world-class casino operators and investment partners to participate in developing the integrated resort in Central Vietnam.

#### SPA OPERATIONS

As at 31 December 2018, the Group's Spa footprint spanned 22 countries across four continents. Seven new outlets in Malaysia, Sri Lanka and Greater China opened in 2018, with eight in the pipeline for 2019 in Greater China, Greece, Kenya, Qatar, Malaysia, Cambodia and Thailand. With these, the Group's portfolio will grow to 71 spas.

\*220 keys available in 2019 with the opening of Phase 1.



 Banyan Tree  
Tamouda Bay  
Morocco

## Business Review

### Fee-Based



Topline revenue for our spas in Bintan and Cabo Marqués increased by 4% and 11% respectively.

Banyan Tree Spa  
Cabo Marqués  
Mexico

In 2018, Banyan Tree Spa attained an overall Operating Profit margin of 17%, a 4% increase compared to 2017. Topline revenue for Bintan and Cabo Marqués increased by 4% and 11% respectively. This was largely due to higher capture rates on property resulting from several dynamic tactics rolled out during the year.

Within Thailand, strategic partnerships with wholesalers in Hong Kong and South Korea generated healthy growth in the first half of the year. However, negative external factors in Thailand and Indonesia affected traveller confidence. Coupled with necessary outlet closures, this caused revenue to decrease by 24% from the previous year's S\$16.4 million to S\$12.5 million.

With a strong history of profitability, we decided in 2017 to invest in research and development to broaden our spa offerings. Subsequently, we launched a new programme, Sanctuary Wellbeing, at Banyan Tree Spa Sanctuary Phuket in 2018. The launch signified the start of a transformational path for

Banyan Tree Spa, to becoming an all-round wellbeing service provider as we cement our position as a premier spa operator. Sanctuary Wellbeing has been well-received with an average score of more than 97% from guests, and will be rolled out progressively through next year.

To develop capabilities for the future and maintain industry leadership, the Spa Academy will be elevating its training curriculum with specialties like physiotherapy, fitness and naturopathy. We will also explore strategic partnerships with external institutions that will help to invigorate our existing wellbeing offerings.

Through efficient cost management, consistent operational efficiency and the delivery of excellent service and innovations, we are committed to maintaining our competitive advantage in the spa and wellness industry. As a testament to our quality, Banyan Tree Spa won 27 awards in 2018, bringing the total to 635 since inception.

#### GALLERY OPERATIONS

Banyan Tree Gallery opened seven new outlets in 2018 – four in Greater China and three in Malaysia, with another eight due to open in Greater China, Greece, Kenya, Qatar, Malaysia, Cambodia and Thailand in 2019. With these additions, the Group's portfolio will include 83 outlets in 23 countries.

Total revenue for the Gallery in 2018 was S\$7.5 million. The 14% growth versus last year was mainly due to the increasing number of revenue channels through all segments except for physical retail sales in Thailand.

In 2018, online, corporate gift and wholesale constituted 18% of total Gallery revenue, up from 4% in 2015. In response to the shift to online purchasing, we have been growing the Gallery's eCommerce channel. The number of repeat purchases from online platforms rose from 18% to 42% year on year, signalling strong potential for extending customer lifetime value.

To increase corporate sales, we continued to enlarge the Gallery's market presence through inbound marketing and strategic collaborations. In 2018, we established 21 new corporate partnerships in five major segments. The Gallery participated in TFWA (a well-known travel retailer trade exhibition) in Singapore for the first time, where we developed new partnerships with global duty-free operators such as Shilla Duty Free and Hyundai Duty Free, and airlines such as Cathay Pacific and T'Way Air. Additionally, we established long-term partnerships with UOB, K Bank, AXA Insurance and Yamaha. Revenue aside, TFWA provided excellent brand exposure targeting new segments with high spending power.

Product design and merchandising played a significant role in supporting growth. During the year, Banyan Tree Gallery garnered a few awards for bath and body care product packaging. These were made possible with the timely revamp of the brand, new look and product offerings launched in late 2017, continuing with 75 new products launched in 2018. These efforts reaped good results, with top-performing outlets in Thailand and Macau gaining a 66% share of retail revenue driven by aromatherapy and personal care products.

The returns per square metre of this product category also increased by 6% compared to 2016 prior to the revamp. Retail Inventory levels in 2018 were at their lowest, dropping from S\$2.9 million in 2012 to S\$1.35 million in 2018.

Aside from ethical sourcing of products, we replaced all gift packaging with sustainable materials, including specially designed fabric wraps woven from used plastic bottles and gift boxes handmade with mulberry paper. We reused 32,320 plastic bottles to produce 13,989 pieces of fabric wrap in 2018. This aligns with the Group's pledge against single-use plastic.

#### DESIGN AND OTHER SERVICES

Design and other services registered total revenue of S\$17.3 million for the year, down by 16% from S\$20.6 million the previous year. The decrease was largely due to the non-consolidation of China operations versus licence fees received in 2018 and lower architectural and design fees earned based on project milestones as more work was completed for residential projects in Dubai and Bangkok in 2017.

Design and other services posted an Operating Profit of S\$1.9 million, up by 35% from S\$1.4 million in 2017. This was because of lower provision for doubtful debts, lower staff costs, higher revenue from Golf and Canal operations and lower exchange loss.

Banyan Tree  
Essentials Collection





## 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.



- ① Cassia Phuket Thailand
- ② Cassia Bintan Indonesia

## Dhawa

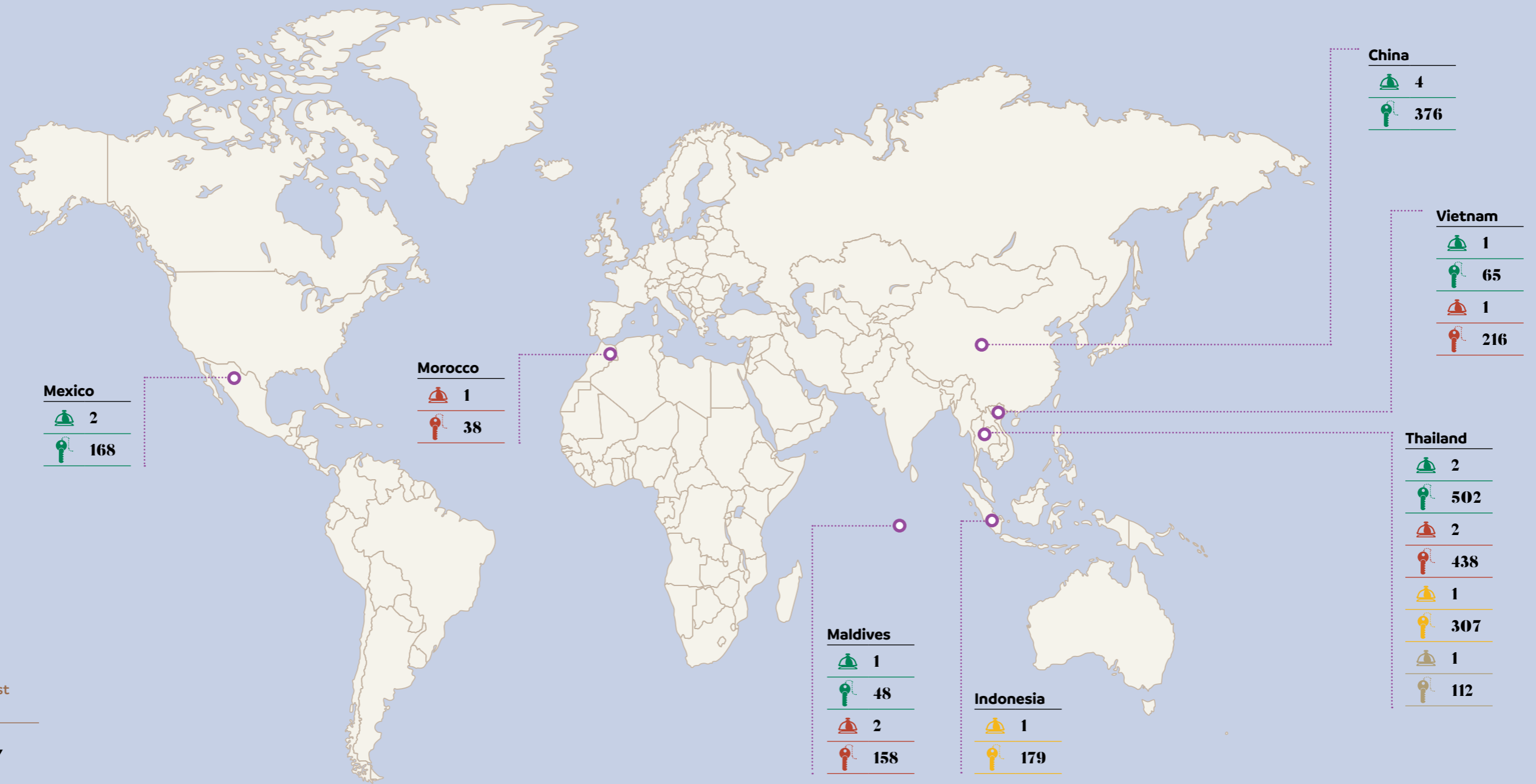
Dhawa is a casual and contemporary full-service hotel that fuses imaginative design, absolute comfort and seamless technology into a single stay experience. It curates a plethora of choices to achieve a truly customised stay. It caters to an emerging group of design-savvy travellers who seek distinctive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



- ③ Dhawa Cayo Santa Maria Cuba
- ④ Dhawa Jinshanling China

# Portfolio Existing Resorts

## with Equity Interest



# 19

Total No. of Resorts/Hotels with Equity Interest

# 2,607

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

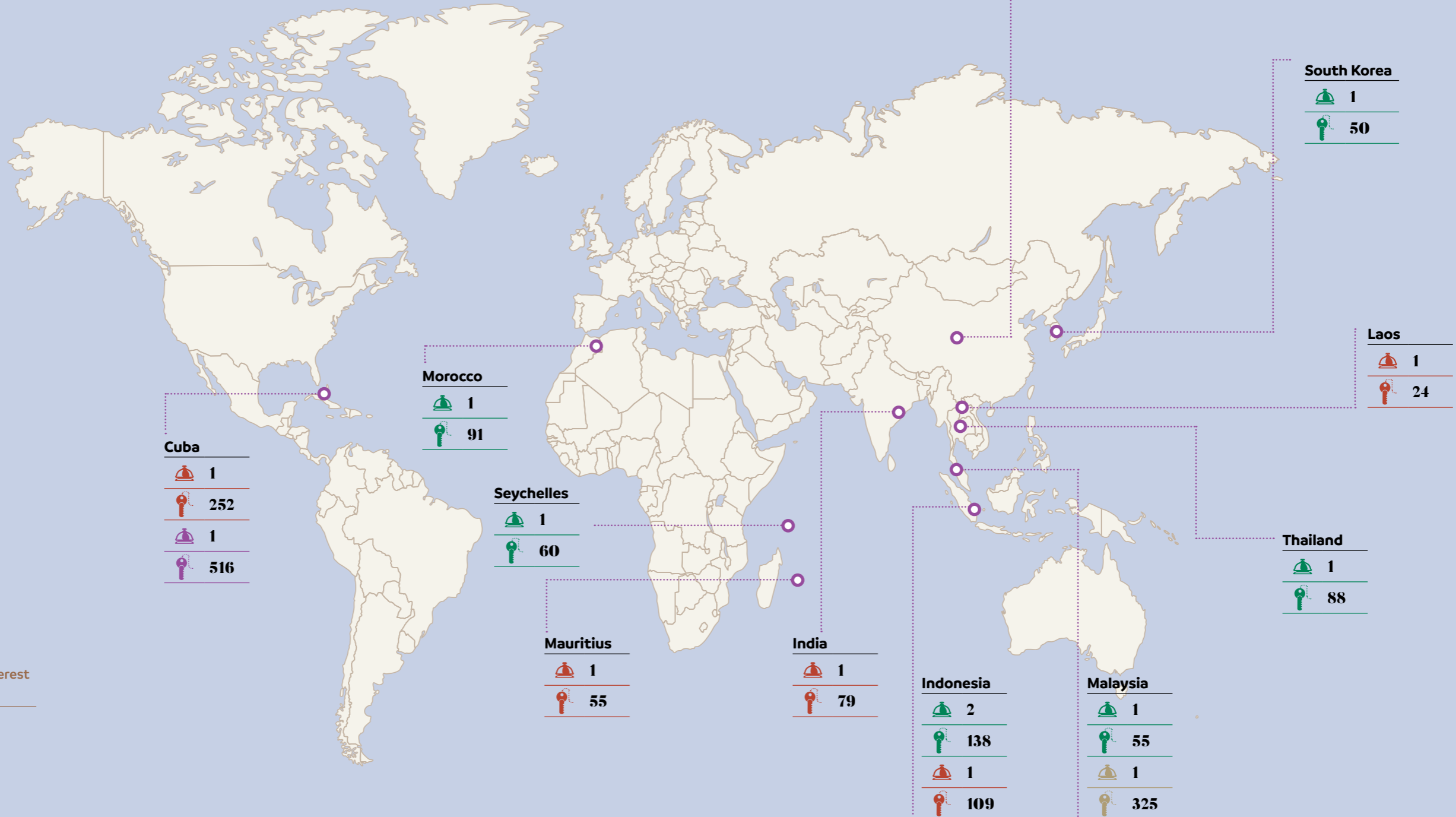
**10**  
**1,159**

**6**  
**850**

**2**  
**486**

OTHERS **1**  
**112**

# Portfolio Existing Resorts without Equity Interest



**28**  
 Total No. of Resorts/Hotels without Equity Interest

**3,937**  
 Total No. of Keys for Resorts/Hotels without Equity Interest

**16**  
**1,635**

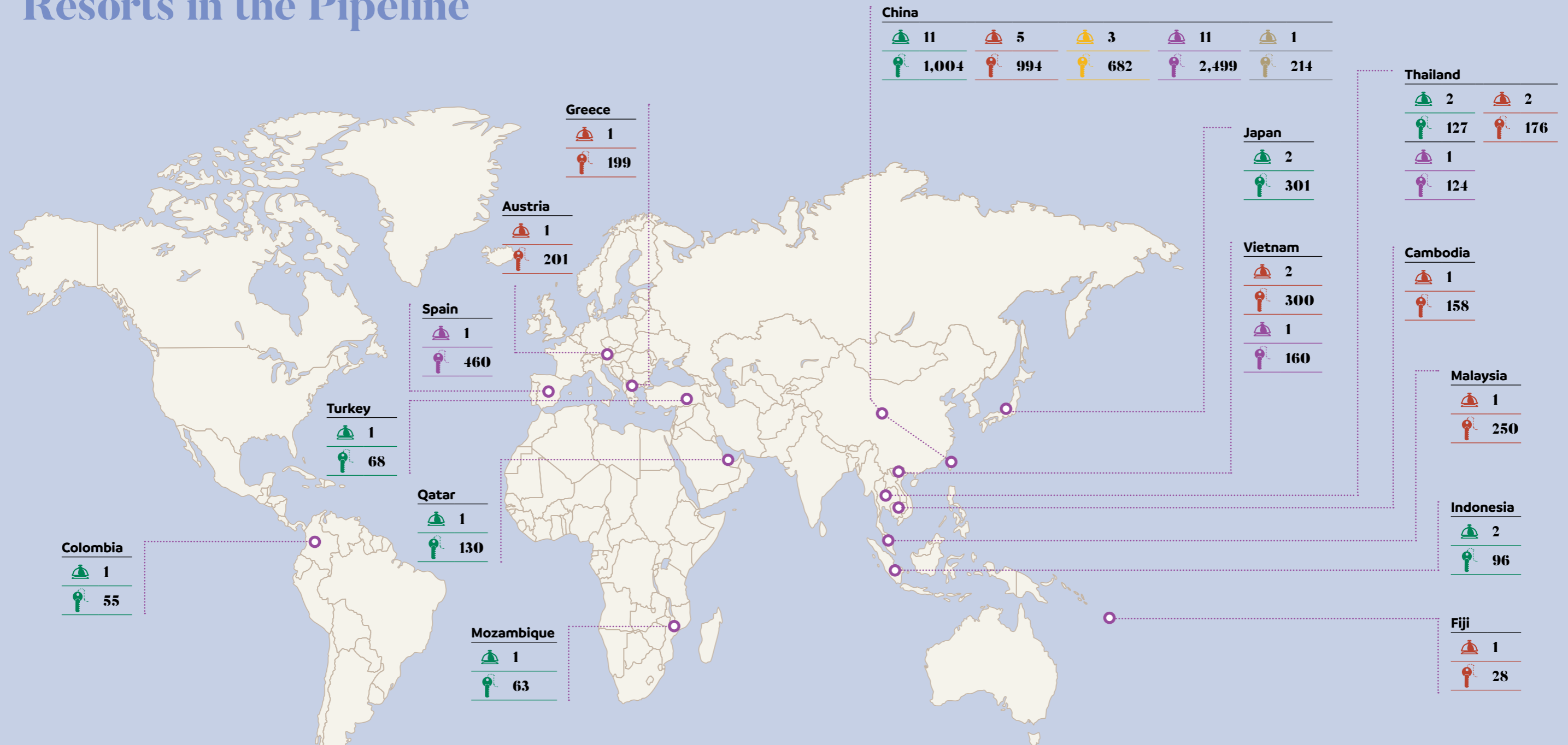
**9**  
**1,263**

**2**  
**714**

**OTHERS** **1**  
**325**



# Portfolio Resorts in the Pipeline\*



**No. of Resorts/Hotels and Keys with Equity Interest**

2	1
71	124
2	176

**No. of Resorts/Hotels and Keys without Equity Interest**

19	12
1,773	2,130
3	13
682	3,119
1	
214	

**5**  
Total No. of Resorts/Hotels with Equity Interest

**371**  
Total No. of Keys for Resorts/Hotels with Equity Interest

**48**  
Total No. of Resorts/Hotels without Equity Interest

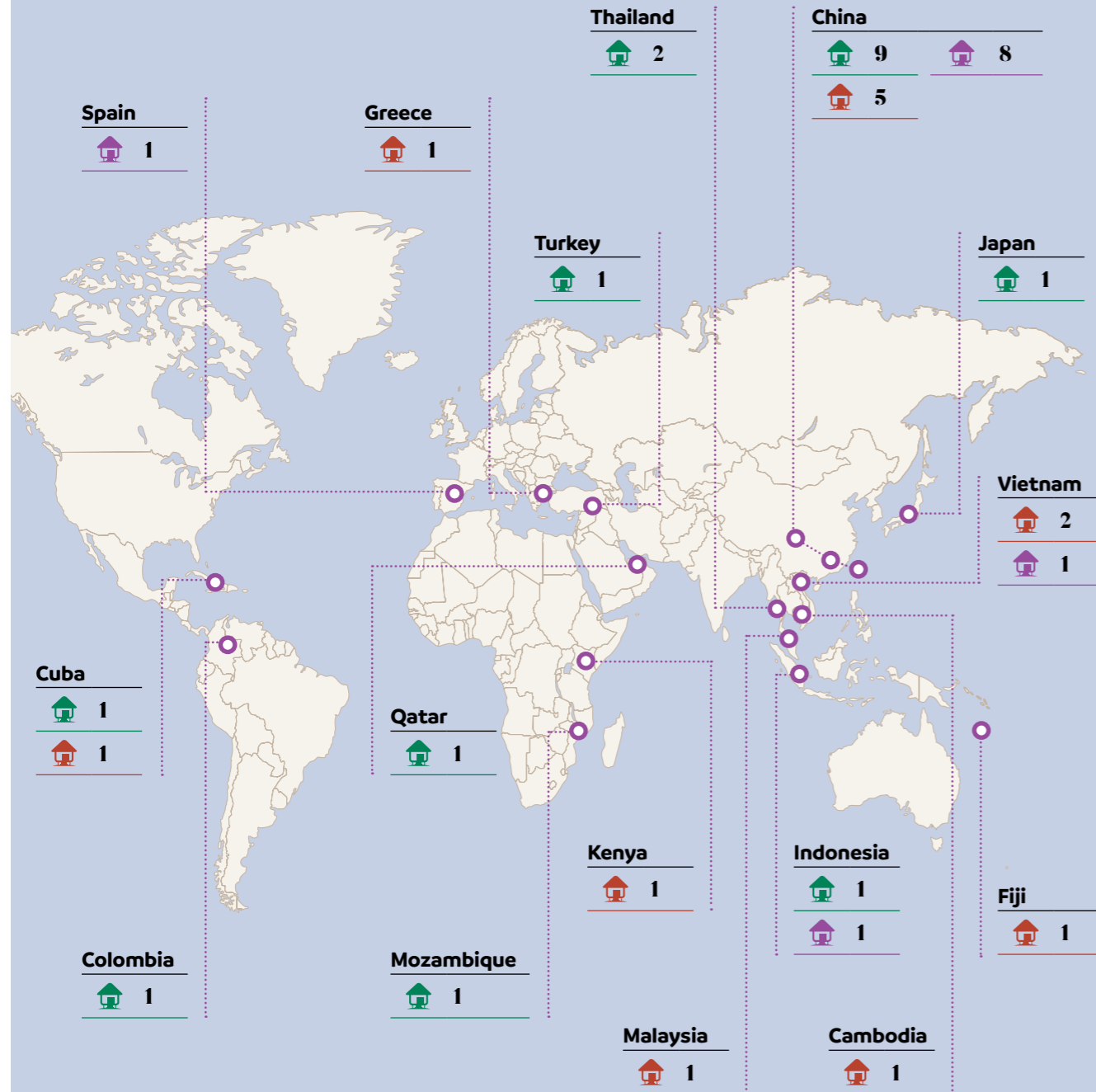
**7,918**  
Total No. of Keys for Resorts/Hotels without Equity Interest

\* As at 31 December 2018.

\*\* Includes expansion with new keys.



# Portfolio Spas in the Pipeline\*



42

Total No. of Spas



BANYAN TREE

18



ANGSANA

13



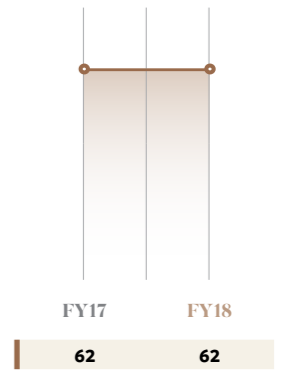
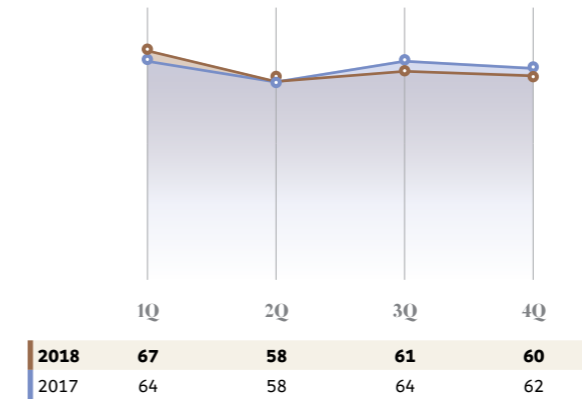
DHAWA

11

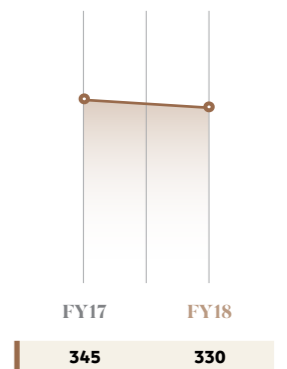
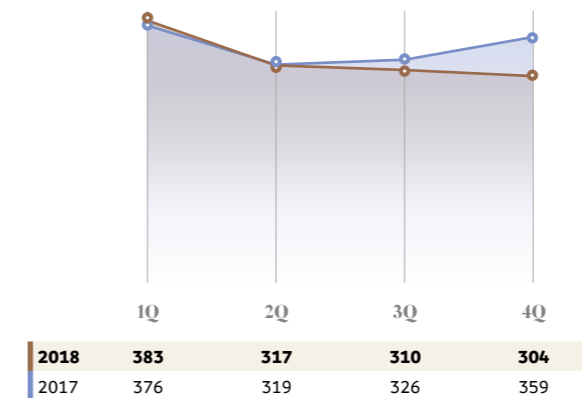
\* As at 31 December 2018.

# Key Statistics All Hotels

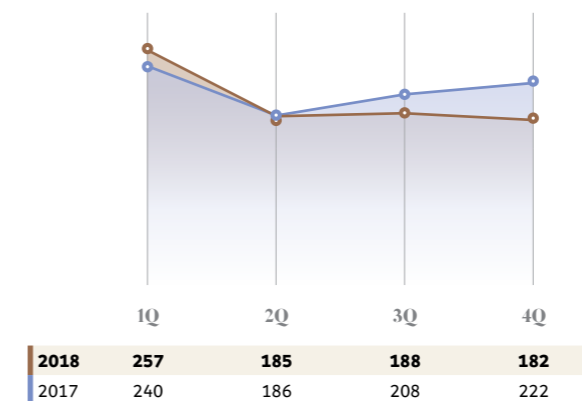
AVERAGE OCCUPANCY (%)



AVERAGE ROOM RATE<sup>1</sup> (\$)



REVPAR<sup>1,2</sup> (\$)



**Notes:**

<sup>1</sup> Average room rate and RevPAR for 2017 have been computed to exclude 10% service charge from room revenue for comparative purpose.

<sup>2</sup> RevPAR denotes revenue per available room.

<sup>3</sup> Same Store concept excludes all new resorts opened in the past two years (Angsana Zhuhai, Angsana Cayo Santa Maria, Banyan Tree Jiuzhaigou, Banyan Tree Kuala Lumpur, Banyan Tree Anji, Pavilion Hotel Kuala Lumpur Managed by Banyan Tree, Cassia Bintan and Dhawa Jinshanling), as they take on average two years to stabilise. Comparatives for Same Store concept for prior periods have been adjusted to include Banyan Tree Tamouda Bay and Angsana Villas Resort Phuket.

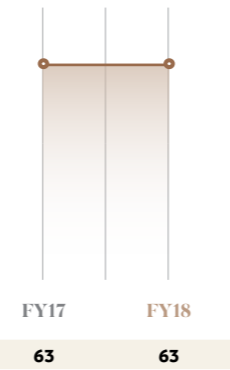
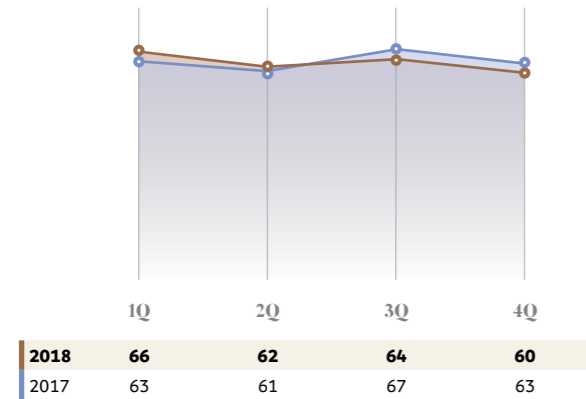
Same Store<sup>3</sup>

○ 2018

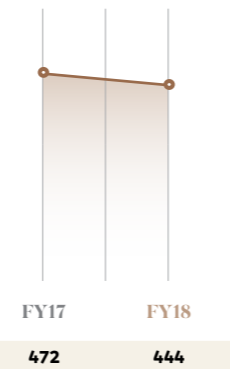
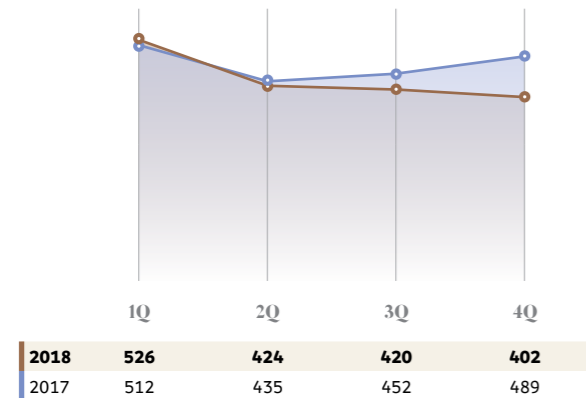
○ 2017

# Key Statistics Banyan Tree Resorts

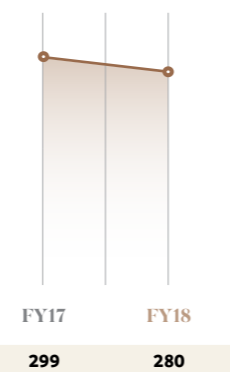
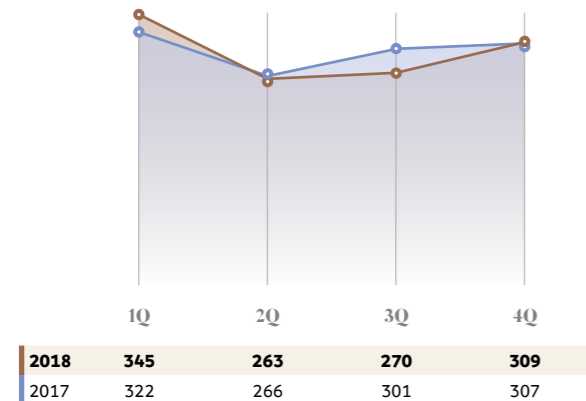
AVERAGE OCCUPANCY (%)



AVERAGE ROOM RATE<sup>1</sup> (\$)



REVPAR<sup>1,2</sup> (\$)



**Notes:**

- <sup>1</sup> Average room rate and RevPAR for 2017 have been computed to exclude 10% service charge from room revenue for comparative purpose.
- <sup>2</sup> RevPAR denotes revenue per available room.
- <sup>3</sup> Same Store concept excludes all new resorts opened in the past two years (Banyan Tree Jiuzhaigou, Banyan Tree Kuala Lumpur and Banyan Tree Anji), as they take on average two years to stabilise. Comparatives for Same Store concept for prior periods have been adjusted to include Banyan Tree Tamouda Bay.

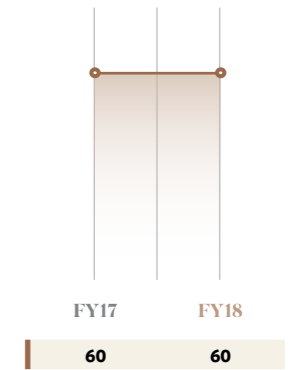
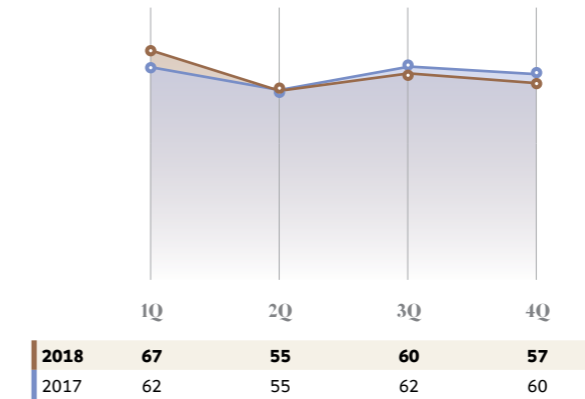
Same Store<sup>3</sup>

○ 2018

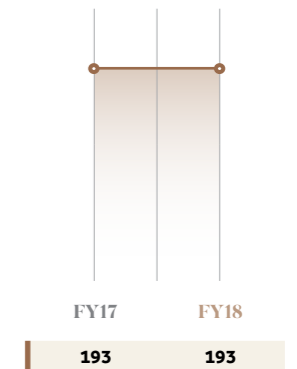
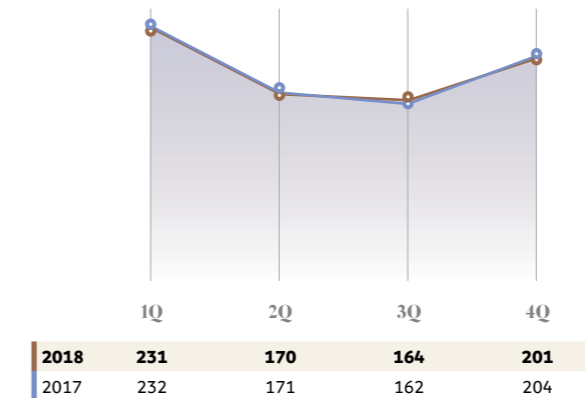
○ 2017

# Key Statistics Angsana Resorts

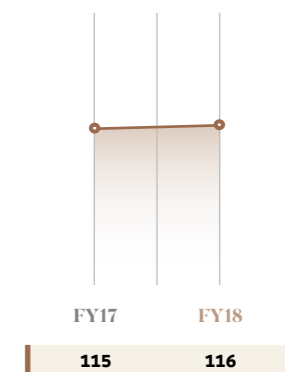
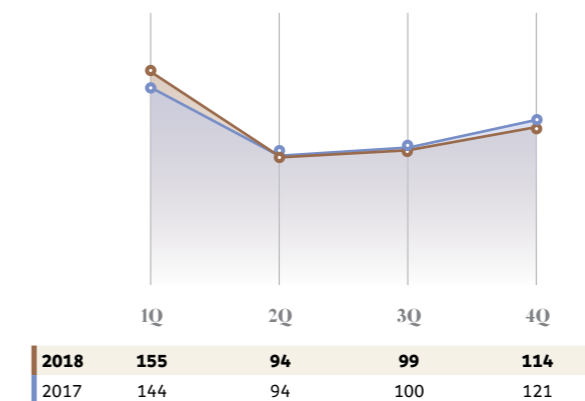
AVERAGE OCCUPANCY (%)



AVERAGE ROOM RATE<sup>1</sup> (\$)



REVPAR<sup>1,2</sup> (\$)



**Notes:**

- <sup>1</sup> Average room rate and RevPAR for 2017 have been computed to exclude 10% service charge from room revenue for comparative purpose.
- <sup>2</sup> RevPAR denotes revenue per available room.
- <sup>3</sup> Same Store concept excludes all new resorts opened in the past two years (Angsana Zhuhai and Angsana Cayo Santa Maria), as they take on average two years to stabilise. Comparatives for Same Store concept for prior periods have been adjusted to include Angsana Villas Resort Phuket.

Same Store<sup>3</sup>

○ 2018

○ 2017

# Analytical Review

## TRANSACTIONS WITH VANKE

As announced on 10 August 2017, the Group has 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 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.

The results of the joint ventures/associates were equity accounted for by the Group from August 2017. Please refer to the Group's SGX-Net announcement dated 10 August 2017 for more details on the execution and completion of the definitive agreements with Vanke.

As announced on 2 April 2018, Vanke and the Group have funded and acquired stakes of 93.3% and 6.7%

respectively in the Banyan Tree China Hospitality Fund ("China Fund"). The China Fund was subsequently injected into BTAC at the end of March 2018. In recognition of the respective contributions from Vanke and the Group for the acquisition of the China Fund, the Group's interest in BTAC has been diluted from 50% to 22.8%. In addition, BTAC has been reclassified from joint venture to associate following the dilution.

As announced on 21 November 2018, the Group entered into a share purchase agreement to sell 18.6% of shares in BTAC to Vanke. The Group's interest in BTAC was reduced to 4.2% after the sale and BTAC ceased to be an associate of the Group.

## REVENUE

	2018 S\$'000	2017 S\$'000	Incr/(Decr) S\$'000	%
<b>Hotel Investments</b>	<b>192,524</b>	<b>201,500</b>	<b>(8,976)</b>	<b>-4%</b>
<b>Property Sales</b>	<b>76,959</b>	<b>51,395</b>	<b>25,564</b>	<b>50%</b>
– Hotel Residences	25,313	14,043	11,270	80%
– Laguna Property Sales	51,646	37,352	14,294	38%
<b>Fee-based Segment</b>	<b>59,563</b>	<b>64,616</b>	<b>(5,053)</b>	<b>-8%</b>
– Hotel/Fund/Club Management	22,172	21,056	1,116	5%
– Spa/Gallery Operations	20,064	22,987	(2,923)	-13%
– Design and Others	17,327	20,573	(3,246)	-16%
<b>Total</b>	<b>329,046</b>	<b>317,511</b>	<b>11,535</b>	<b>4%</b>

Revenue increased by S\$11.5 million or 4% from S\$317.5 million to S\$329.0 million for the year ended 31 December 2018, mainly due to higher revenue from the Property Sales segment, partially offset by lower revenue from the Hotel Investments and Fee-based segments.

Revenue from the Property Sales segment increased by S\$25.6 million or 50% from S\$51.4 million to S\$77.0 million in 2018. We recognised 128 units in 2018 as compared to 139 units in 2017. Despite the lower

number of units recognised in 2018, the higher value of units recognised resulted in higher revenue as compared to last year. Overall, unrecognised revenue as at 31 December 2018 was S\$189.9 million as compared to S\$166.2 million a year earlier. Approximately 40% will be recognised in 2019.

The Hotel Investments segment recorded revenue of S\$192.5 million in 2018, a decrease of S\$9.0 million compared to S\$201.5 million in 2017. The decrease in revenue was largely due to our resorts in China, Maldives

and Seychelles, partially cushioned by higher revenue from our resorts in Indonesia due to increased room inventory during the year. For Maldives, the revenue decrease was largely due to a decline in arrivals from certain source markets and competition from new resorts. The Group stopped recognising revenue from our China hotels following the Vanke transaction mentioned above, and stopped consolidating results for Seychelles after we disposed of our entire portfolio of assets there in November 2018.

Revenue from the Fee-based segment decreased by S\$5.0 million or 8% from S\$64.6 million to S\$59.6 million in 2018. This was mostly due to lower revenue from China as we have stopped consolidating our China operations but receive license fees following the execution of the Vanke transactions mentioned above. This was partially cushioned by higher hotel management fees from other markets.

## OTHER INCOME

	2018 S\$'000	2017 S\$'000	Incr/(Decr) S\$'000	%
<b>Total</b>	<b>43,168</b>	<b>50,928</b>	<b>(7,760)</b>	<b>-15%</b>

Other income decreased by S\$7.7 million from S\$50.9 million in 2017 to S\$43.2 million in 2018. This was mainly due to lower gains from the divestment of China entities under the Vanke transactions mentioned above and the absence of a one-off fair value gain on debentures. These were partially cushioned by the gain on disposal of assets in Seychelles.

## COSTS AND EXPENSES

	2018 S\$'000	2017 S\$'000	Incr/(Decr) S\$'000	%
Cost of operating supplies	25,056	25,338	(282)	-1%
Cost of properties sold	46,470	28,888	17,582	61%
Salaries and related expenses	89,455	101,387	(11,932)	-12%
Administrative expenses	46,720	60,097	(13,377)	-22%
Sales and marketing expenses	19,779	16,208	3,571	22%
Other operating expenses	63,728	60,477	3,251	5%
Impairment (gain)/losses on financial assets	(2,127)	1,375	(3,502)	nm
<b>Total</b>	<b>289,081</b>	<b>293,770</b>	<b>(4,689)</b>	<b>-2%</b>

### Cost of Operating Supplies

Cost of operating supplies decreased by S\$0.2 million or 1% from S\$25.3 million to S\$25.1 million for the year ended 31 December 2018, in line with lower revenue from Spa/Gallery operations.

### Cost of Properties Sold

Cost of properties sold increased by S\$17.6 million or 61% from S\$28.9 million to S\$46.5 million for the year ended 31 December 2018, in line with higher property sales revenue recognised during the year.

### Salaries and Related Expenses

Salaries and related expenses decreased by S\$11.9 million or 12% from S\$101.4 million to S\$89.5 million for the year ended 31 December 2018,

mainly due to lower headcounts following the Vanke transactions mentioned above and lower provision for bonuses and incentives.

### Administrative Expenses

Administrative expenses decreased by S\$13.4 million or 22% from S\$60.1 million to S\$46.7 million for the year ended 31 December 2018. This was largely due to impairment loss on property, plant and equipment and impairment of intangible assets that were recorded last year, lower foreign exchange losses, lower provision for doubtful debts and write-back of provision for compensation to buyers of Allamanda Condominiums after a settlement agreement was reached.

### Sales and Marketing Expenses

Sales and marketing expenses increased by S\$3.6 million or 22% from S\$16.2 million to S\$19.8 million for the year ended 31 December 2018, mainly due to higher expenses incurred for hotel and property sales marketing coupled with higher property sales commission.

### Other Operating Expenses

Other operating expenses increased by S\$3.2 million or 5% from S\$60.5 million to S\$63.7 million for the year ended 31 December 2018, mainly due to higher utilities, higher reservation expenses, higher travel agent commissions and write-off for land purchase deposits.

# Analytical Review

## OPERATING PROFIT

	2018 S\$'000	2017 S\$'000	Incr/(Decr) S\$'000	%
<b>Hotel Investments</b>	<b>33,093</b>	<b>30,949</b>	<b>2,144</b>	<b>7%</b>
<b>Property Sales</b>	<b>5,502</b>	<b>2,850</b>	<b>2,652</b>	<b>93%</b>
– Hotel Residences	787	(1,730)	2,517	nm
– Laguna Property Sales	4,715	4,580	135	3%
<b>Fee-based Segment</b>	<b>13,636</b>	<b>7,535</b>	<b>6,101</b>	<b>81%</b>
– Hotel/Fund/Club Management	9,121	4,778	4,343	91%
– Spa/Gallery Operations	2,605	1,337	1,268	95%
– Design and Others	1,910	1,420	490	35%
<b>Head Office Expenses</b>	<b>(12,266)</b>	<b>(17,593)</b>	<b>(5,327)</b>	<b>-30%</b>
<b>Other Income (net)</b>	<b>43,168</b>	<b>50,928</b>	<b>(7,760)</b>	<b>-15%</b>
<b>Total</b>	<b>83,133</b>	<b>74,669</b>	<b>8,464</b>	<b>11%</b>

Operating Profit increased by S\$8.4 million from S\$74.7 million to S\$83.1 million for the year ended 31 December 2018. This was largely attributable to higher revenue recognition from the Property Sales segment and lower operating cost and expenses as mentioned above. These were partially offset by a decrease in other income as 2017 recorded a higher gain from the divestment of our China entities.

## DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

	2018 S\$'000	2017 S\$'000	Incr/(Decr) S\$'000	%
<b>Total</b>	<b>20,104</b>	<b>22,515</b>	<b>(2,411)</b>	<b>-11%</b>

Depreciation of property, plant and equipment decreased by S\$2.4 million from S\$22.5 million to S\$20.1 million for the year ended 31 December 2018, mostly due to a reduction in property, plant and equipment following the Vanke transactions as mentioned above and disposal of the Group's assets in Seychelles. These were partially offset by additions of new fixed assets and renovations by our resorts.

## FINANCE INCOME

	2018 S\$'000	2017 S\$'000	Incr/(Decr) S\$'000	%
<b>Total</b>	<b>2,769</b>	<b>2,571</b>	<b>198</b>	<b>8%</b>

Finance income increased by S\$0.2 million from S\$2.6 million to S\$2.8 million for the year ended 31 December 2018, largely due to higher funds placed in term deposits.

## FINANCE COSTS

	2018 S\$'000	2017 S\$'000	Incr/(Decr) S\$'000	%
<b>Total</b>	<b>49,091</b>	<b>28,181</b>	<b>20,910</b>	<b>74%</b>

Finance costs increased by S\$20.9 million from S\$28.2 million to S\$49.1 million for the year ended 31 December 2018, mainly due to loans taken to acquire additional shares in Laguna Resorts & Hotels Public Company Limited ("LRH") in April 2018 and a one-off fair value adjustment of imputed interest for long-term receivables under an instalment arrangement. This accounting adjustment does not impact cash earnings, as it is a non-cash item.

## SHARE OF RESULTS OF ASSOCIATES/JOINT VENTURES

	2018 S\$'000	2017 S\$'000	Incr/(Decr) S\$'000	%
<b>Total</b>	<b>10,524</b>	<b>(1,286)</b>	<b>11,810</b>	<b>nm</b>

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 transactions. In March 2018, the China Fund was injected into BTAC resulting in the dilution of our Group's interest in BTAC from 50% to 22.8%. In November 2018, we disposed of our 18.6% interest in BTAC and stopped accounting for it as an associate.

As a result, our share of joint venture/associates' net profit amounted to S\$10.5 million in 2018. The higher share of net profit as compared to net losses the previous year was mainly due to share of one-off fair value adjustment of imputed income. Excluding this one-off adjustment, share of results of associates/joint ventures increased by S\$4.2 million due to the fair value gain from Banyan Tree Indochina Hospitality Fund L.P. ("Indochina Fund") and share of net profits from the associates in China.

## INCOME TAX EXPENSE

	2018 S\$'000	2017 S\$'000	Incr/(Decr) S\$'000	%
<b>Total</b>	<b>10,576</b>	<b>7,802</b>	<b>2,774</b>	<b>36%</b>

Income tax expense increased by S\$2.8 million from S\$7.8 million to S\$10.6 million for the year ended 31 December 2018, mainly due to higher withholding tax and under-provision of taxes relating to prior years. In addition, there were also a reversal of deferred tax assets due to tax expiry and lower recognition of deferred tax assets on loss-making companies where future profit cannot be certain.

## NON-CONTROLLING INTERESTS

	2018 S\$'000	2017 S\$'000	Incr/(Decr) S\$'000	%
<b>Total</b>	<b>922</b>	<b>1,928</b>	<b>(1,006)</b>	<b>-52%</b>

Non-controlling interest's share of profit decreased by S\$1.0 million from S\$1.9 million to S\$0.9 million for the year ended 31 December 2018. This was mostly due to lower profits from LRH.

## PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

	2018 S\$'000	2017 S\$'000	Incr/(Decr) S\$'000	%
<b>Total</b>	<b>13,471</b>	<b>12,929</b>	<b>542</b>	<b>4%</b>

As a result of the foregoing, profit attributable to owners of the Company was S\$13.5 million for the year ended 31 December 2018 as compared to S\$12.9 million for the year ended 31 December 2017.

## Analytical Review

### CASH FLOWS

	2018 S\$'000	2017 S\$'000
<b>Profit before taxation</b>	<b>24,969</b>	<b>22,659</b>
<b>Net increase from changes in working capital</b>	<b>17,054</b>	<b>9,010</b>
<b>Net interest paid, tax paid and others</b>	<b>(38,842)</b>	<b>(36,297)</b>
<b>Adjustment for non-cash items</b>	<b>15,120</b>	<b>4,343</b>
<b>Net cash flows generated from/(used in) operating activities</b>	<b>18,301</b>	<b>(285)</b>
<b>Net cash flows generated from investing activities</b>	<b>62,610</b>	<b>56,574</b>
<b>Net cash flows used in financing activities</b>	<b>(34,327)</b>	<b>(10,217)</b>
<b>Net change in cash and cash equivalents</b>	<b>46,584</b>	<b>46,072</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>158,988</b>	<b>113,827</b>
<b>Net foreign exchange difference</b>	<b>609</b>	<b>(911)</b>
<b>Cash and cash equivalents at end of the year</b>	<b>206,181</b>	<b>158,988</b>

For the full year ended 31 December 2018, net cash flows generated from operating activities was S\$18.3 million. This was largely due to profit before taxation of S\$25.0 million, a net increase in cash generated from working capital of S\$17.1 million and adjustments for non-cash items of S\$15.1 million. These were partially offset by net interest paid of S\$29.6 million, income tax payments of S\$7.3 million and lease rental payments of S\$1.3 million. Non-cash items related mainly to share of net profits of joint ventures/associates of S\$10.5 million, net finance costs of S\$46.3 million, depreciation

and amortisation expenses of S\$22.4 million, net write-back of doubtful debts of S\$2.1 million, net gain on disposal of investments in subsidiaries of S\$12.5 million, net gain on disposal of joint venture/associate of S\$25.2 million, currency realignment of S\$2.4 million and net fair value gain on investment properties of S\$2.1 million.

Net cash flows generated from investing activities was S\$62.6 million, mainly due to proceeds from the sale of our interest in BTAC amounting to S\$78.6 million and of our assets portfolio in Seychelles (net of cash disposed) amounting to S\$87.1 million, which were partially offset by the


acquisition of additional shares in LRH for S\$57.5 million and on-going purchases of furniture, fittings and equipment of S\$27.5 million by our resorts for their operations and renovations.

Net cash flows used in financing activities amounted to S\$34.3 million, mainly due to repayment of medium term notes of S\$120.0 million upon maturity in July and November 2018, scheduled repayments of bank borrowings of S\$129.3 million and dividend paid to ordinary shareholders of the Company of S\$8.4 million, which were partially cushioned by additional bank borrowings of S\$225.1 million.

# Sustainability at Banyan Tree

# Sustainability Report

For more details, please refer to the accompanying 2018 Sustainability Report, or view it online at [www.banyantreeglobalfoundation.com/our-stories](http://www.banyantreeglobalfoundation.com/our-stories)



## OUR VALUES

Sustainable tourism is Banyan Tree's core value. Our efforts extend beyond the precautionary approach, to support sustainable development by integrating social and environmental responsibility throughout operations and our travellers' experience to:

- Create an enchantingly memorable experience for guests and customers;
- Provide associates with fair and dignified employment;
- Enable long-term prosperity for communities in which we operate;
- Exercise the precautionary approach to protect and remediate ecosystems;
- Conduct business with dignity, fairness and transparency; and
- Generate sustained, long-term returns for our shareholders.

## OUR APPROACH

Our sustainability efforts focus on seven social, environmental and governance topics identified by stakeholders and approved by the Board of Directors. We conceptualised our values in our "Stay for Good" framework, supported by a sustainable financing mechanism, the Green Imperative Fund, with a context-based approach addressing global needs on a local scale.

1 Mangrove planting in Phuket



## OUR ENVIRONMENT

Banyan Tree's actions on climate change are integrated throughout our operations and sustainability efforts, in alignment with the World Travel and Tourism Council's (2015) call to connect with global climate action.

In line with Singapore's Call for Climate Action in 2018, we continued to tackle resource efficiency and use, promote responsible travel, greening and reforestation, and support local capacity development and resilience to change. In 2018, 36 sectors including 29 hotels were registered with EarthCheck; energy and emissions per occupied room were reduced by 6% and



**ENERGY**  
(Megajoules per Occupied Room)

**1,543.1** ↓ **6%**  
Reduction

Properties performing better than industry average: **85%**



**GREENHOUSE GAS EMISSIONS**  
(Kilograms Carbon Dioxide Equivalent per Occupied Room): Scope 1 and 2

**144.7** ↓ **5%**  
Reduction

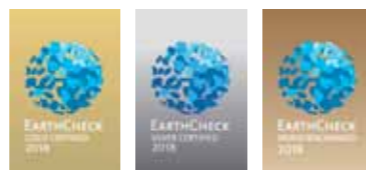
Properties performing better than industry average: **96%**



**POTABLE WATER**  
(Litres per Occupied Room)

**5,678.4** ↓ **8%**  
Reduction

Properties performing better than industry average: **81%**



**Scope:** Data includes all hotels listed as EarthCheck Certified (Gold or Silver) and EarthCheck Bronze Benchmarked on page 10 of the accompanying 2018 Sustainability Report.

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

5% respectively. As part of Earth Day celebrations, we pledged to fight single-use plastic and have successfully eliminated over 4 million pieces of plastic and reduced Group-wide use by 24%.

Over 92,000 guests, associates and community members participated in environmental programmes in 2018, planting over 18,000 trees and 4,800 corals, and collecting more than 84 tonnes of trash from local ecosystems.

## OUR COMMUNITY

Supporting long-term societal prosperity is central to Banyan Tree's ability to create value for communities. Our approach promotes well-being through

- 2 Associate satisfaction
- 3 Phuket Kindergarten
- 4 Group sustainability training



**82**  
Student seedlings

**623**  
Work days of mentorship



**1,061**  
Interns

**443**  
Equivalent years of training

diversity, satisfaction, health and safety, and education. Over 52,000 guests, associates and community members participated in education, health and cultural programmes in 2018.

Our Seedlings programme provided vocational and life skills to 82 young people at risk of societal exclusion. Internships for 1,061 persons delivered more than 443 years of equivalent vocational development. Our teams supported tsunami recovery in Palu and Donggala in Indonesia, assisted flood victims near Mayakoba in Mexico, and helped Global Clinic deliver eye care in Myanmar.

## OUR RESPONSIBILITY

Sustainability governance issues addressed include leadership, ethical compliance, data privacy, supply chain and responsible travel. In 2018, we strengthened our Sustainability Leadership through group training, and developed new anti-corruption and anti-bribery training. We continue to align our sustainability efforts with the United Nations Sustainable Development Goals.



# Banyan Tree Management Academy

## Everyone has the Right to Training

Banyan Tree Management Academy (BTMA) works strategically with the Group's business units and properties to meet the learning and development needs of our associates at all levels in different parts of the world. We ensure that associates know they not only have the right to training, but also to enjoy the experience of acquiring new knowledge and skills.



In a continuing effort to facilitate such training not just at BTMA but also at the property level, we have been equipping trainers with the necessary skills.



- ③ *The 1st LEAF Workshop:* LEAFers in learning sessions with both internal and external facilitators.
- ④ *Telling a story through pictures:* Participants in the IPH trainer certification used paper collage to explain key points about Banyan Tree's culture.

### LEADERSHIP EDUCATION AND DEVELOPMENT

We recognise the importance of training competent leaders to steer the Group. In a continuing effort to facilitate such training not just at BTMA but also at the property level, we have been equipping trainers with the necessary skills. In 2017, we introduced trainer certification for the AGLEAM Supervisory Programme which aims to Advocate service excellence, through Governance integrity, Leadership training, Effective communication, Attitude management and Mentorship. This year saw the certification of another 22 trainers, bringing the total to 45.

We also launched the first-ever trainer certification for the Intensive Pre-Head of Department (IPH) Workshop in 2018. The IPH workshop, which was traditionally conducted by BTMA, is designed to deliver management and leadership skills for managers who have the potential to be heads of department. A total of 27 managers have now been certified as IPH trainers to conduct this workshop at the property level.

**In 2018, 10 new LEAFers were enrolled, bringing the total to 45 managers and directors actively working their way through the programme. Five LEAFers also completed the programme successfully during the year.**

- ① *F&B workshop in Phuket:* Participants joined in the judging of Banyan Tree's 25th anniversary cocktail competition.
- ② *Fostering team spirit:* Attendees of the first Engineering workshop constructed a paper wheel to carry team members as they completed missions.



Our well-established LEAF (Leading and Empowering Associates Forward) programme continued to groom high-potential associates to be future hotel managers or general managers. In 2018, 10 new LEAFers were enrolled, bringing the total to 45 managers and directors actively working their way through the programme. Five LEAFers also completed the programme successfully during the year. In addition, 17 LEAFers participated in a LEAF workshop in Phuket, focusing on the leadership competencies of strategic thinking, strategic planning and driving quality.

Meanwhile, 85 high-potential associates from 33 business units and 20 nationalities underwent our signature Management Development Programme and Talent Management Programme. As in previous years, senior executives facilitated the workshops, under the theme 'Quality to Profit - Inspired Leadership'.



# Banyan Tree Management Academy

## SPECIALISED TRAINING

We conducted the following specialised workshops for managers in March 2018:

- Sales Productivity workshop for 17 Sales and Marketing executives;
- Engineering workshop for 28 Engineering division leaders;
- Banyan Tree Host workshop for 23 heads of Front Office and Housekeeping; and
- F&B workshop for 24 heads of F&B Services and Culinary departments.

To enable our learning managers and executives around the world to train departmental trainers in the field, we also organised Master Trainer Certification for 25 participants.

## INTERACTIVE AND ONLINE LEARNING

At Laguna Phuket where BTMA is located, we created 10 more computer courses in 2018 to suit our learners' specific needs. We also expanded our language courses to include Basic Chinese to enable associates to better serve the Group's Chinese guests.

To make learning more enjoyable, all the learning teams at Laguna Phuket collaborated to organise a three-day English Festival in November 2018. Almost 300 associates benefited from learning English through the games and activities.

During the year, we also established a Group-wide Learning Management System as a platform for online courses. Each property has a dedicated site and space, and its own learning team is trained to create and facilitate



online learning for associates. Online courses range from basic information technology and English language courses to more advanced management and leadership courses. For example, BTMA provides one online course per quarter as part of the Group's management trainee programme. To date, 380 attendees have taken advantage of the 82 online courses that BTMA and the various properties have created.



- 5 Entertainment at the English Festival: Representatives from various business units in Laguna Phuket demonstrated their language skills by acting out different characters in a story-telling competition.
- 6 More sharing, more learning: Learning Managers shared best practices of their respective properties during a Group Learning Workshop.
- 7 Team-building through social responsibility: MDP and TMP participants worked together to repaint classrooms for a primary school near Laguna Phuket.

# 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

<sup>1</sup>The Board's principal functions include the formulation of the Group's strategic direction, setting its values and standards; reviewing 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 2018 for the continual progress made in the Group's commitment to sustainability.

<sup>2</sup>The Group has adopted a set of internal controls and guidelines setting out the financial authorisation and approval limits for borrowings, acquisitions and disposals of investments, 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.

<sup>3</sup>Two Board Committees, namely the Audit and Risk Committee ("ARC") and the Nominating and Remuneration Committee ("NRC"), have been constituted with defined Charters to assist the Board in the execution of its responsibilities. These Charters are reviewed on a regular basis to ensure their continued relevance. The members of both the ARC and NRC are all Independent Directors.

<sup>4</sup>The Board and the Board Committees conduct regular scheduled meetings on a quarterly basis. Ad-hoc meetings are convened when circumstances require. The Independent Directors also set aside time to meet, without the presence of 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 2018 are provided in Table 1 on page 78:



# Corporate Governance Report

TABLE 1

Board Members	Board	ARC	NRC	AGM
<b>No. of Meetings Held</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>1</b>
Ho KwonPing	5/5	– <sup>4</sup>	– <sup>4</sup>	1/1
Ariel P Vera	5/5	– <sup>4</sup>	– <sup>4</sup>	1/1
Chia Chee Ming Timothy	5/5	– <sup>4</sup>	4/4	1/1
Fang Ai Lian	5/5	4/4	– <sup>4</sup>	1/1
Elizabeth Sam <sup>1</sup>	2/5	– <sup>4</sup>	1/4 <sup>1</sup>	1/1
Chan Heng Wing	5/5	– <sup>4</sup>	4/4	1/1
Tham Kui Seng	5/5	4/4	– <sup>4</sup>	1/1
Lim Tse Ghov Olivier	4/5	4/4	– <sup>4</sup>	1/1
Zhang Xu	5/5	– <sup>4</sup>	– <sup>4</sup>	0/1
Gaurav Bhushan	4/5	– <sup>4</sup>	– <sup>4</sup>	1/1
Chew Van Hoong Jason <sup>2</sup>	1/5	– <sup>4</sup>	– <sup>4</sup>	0/1
Mohamed Al-Hashmi <sup>3</sup>	1/5	– <sup>4</sup>	– <sup>4</sup>	0/1

<sup>1</sup> Retired as Director following the conclusion of the AGM held on 26 April 2018 and accordingly ceased to be a member of the NRC

<sup>2</sup> Appointed as Director on 5 June 2018, which was after the AGM held on 26 April 2018

<sup>3</sup> Appointed as Alternate Director to Chew Van Hoong Jason on 5 June 2018, which was after the AGM held on 26 April 2018

<sup>4</sup> Not a Board Committee member

<sup>5</sup> Upon appointment, each new Director is issued with a formal letter of appointment along with materials pertaining to his obligations in relation to disclosure of interests in securities, conflicts of interest and restrictions on dealings in securities. An orientation programme is also conducted for new Directors to familiarise themselves with the Group's businesses, operations, strategic directions, 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.

<sup>6</sup> For any Director who has no prior experience as a director of a listed company, he will be encouraged

to attend the Listed Entity Director ("LED") Programme conducted by the Singapore Institute of Directors ("SID"). The Company Secretary will assist such Director with enrolling in the LED 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, informal discussions and meetings with 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.

<sup>7</sup> During the year, the Board and Management held a Strategic Meeting at its Singapore Corporate Office. The Board met with Management and carried out open and in-depth discussions on the strategic overview of the Group's operations covering financial matters, updates of various projects undertaken and new initiatives to be rolled out. Management has received valuable feedback and guidance from the Board in the course of the discussions.

<sup>8</sup> In the Singapore Governance and Transparency Index 2018 ("SGTI 2018"), prepared by the

Centre for Governance, Institutions and Organisations of the National University of Singapore's Business School ("CGIO"), BTH ranked 34 of a total of 589 companies listed on the SGX-ST which formed the basis of the CGIO's survey and ranking. BTH was also one of the 60 companies which were placed on the SGX Fast Track programme in 2018. SGX Fast Track was introduced on 4 April 2018 in recognition of the efforts and achievements of listed issuers which have upheld high standards of corporate governance and maintained a good compliance track record.

## Principle 2: Board Composition and Guidance

<sup>1</sup> Currently, the Board comprises 10 Directors, five 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, Mr Chan, Mr Tham and Mr Lim.

<sup>2</sup> The five Non-Independent Directors are Mr Ho, Mr Vera, Mr Zhang, Mr Bhushan and Mr Chew. Mr Ho is the Executive Chairman whereas Mr Vera, Mr Zhang, Mr Bhushan and Mr Chew are Non-Executive Directors. There is one Alternate Director, Mr Mohamed Al-Hashmi, who is the Alternate Director to Mr Chew.

<sup>3</sup> Each year, the NRC reviews the appropriate size, balance and diversity of skills and composition of the Board and Board Committees, and the experience and competencies of their members, to ensure that each member has the appropriate mix of expertise, skills and attributes to discharge his/her responsibilities effectively. The NRC also ensures that there is an appropriate number of Independent Directors for the

Board and each Board Committee. Taking into account the nature and scope of the Group's businesses and regulatory requirements, the NRC is of the opinion that the current composition and size of the Board, as well as of each Board Committee, are appropriate and adequate.

<sup>4</sup> In 2018, at the recommendation of the NRC, the Board approved the adoption of a formal Equality & Diversity Inclusion Policy, setting out its policy and framework for promoting diversity on the Board. The Board recognises that a diverse Board is an important element which will better support the Company's achievement of its strategic objectives for sustainable development by enhancing the decision making process of the Board through the perspectives derived from the various skills, business experience, industry discipline, gender, age, ethnicity and culture, geographical background and nationalities, tenure of service and other distinguishing qualities of the Directors.

<sup>5</sup> BTH was ranked third in the gender diversity ranking introduced in the Singapore Board Diversity Report 2013, a joint initiative between the CGIO and BoardAgender. The ranking took into account, *inter alia*, the proportion of women and their representation on the Board.

<sup>6</sup> 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 pages 103 and 104 of the Directors' Statement.

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

<sup>1</sup> The Executive Chairman is responsible for leading the Board in charting the strategic direction and growth of the Group. He also facilitates and ensures active and comprehensive Board discussions on Company matters, monitors the translation of the Board's decisions into 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.

<sup>2</sup> The execution of the Company's corporate and business strategies and policies, and the conduct of the Group's businesses have been delegated to a dedicated team of Management comprising the Group Managing Director, the Managing Directors of the various Business Units and the Group Chief Financial Officer.

<sup>3</sup> The Board has appointed Mr Chia as the Lead Independent Director since 28 February 2007 to lead and co-ordinate the activities of the Non-Executive Directors. The Lead Independent Director is also the Chairman of the NRC. He is available to shareholders where they have concerns and for which contact through the normal channels of the Executive Chairman or the Group Managing Director or the

# Corporate Governance Report

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

<sup>1</sup>The NRC, chaired by Mr Chia, comprised 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. Mrs Sam ceased to be a member of the NRC upon her retirement as Director of the Company on 26 April 2018. Following Mrs Sam's retirement, the Board of Directors approved the formation of a search committee in August 2018, comprising all the Independent Directors, to participate in the search for a suitable candidate to fill the vacancy left by Mrs Sam. The Search Committee has identified and met with potential candidates and will make the appropriate recommendation to the Board once the selection process is completed.

<sup>2</sup>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.

<sup>3</sup>The NRC also determines the independence of the Directors annually as well as when circumstances change. The process includes the use of a self-assessment questionnaire which each Independent Director is required to complete and submit to the NRC for review. In its annual review, the NRC, having considered the guidelines set out in the Code including the requirements under Principle 2 of the Code and its guidelines, has confirmed the status of the Directors as follows:

1. Mr Ho KwonPing (Non-Independent)
2. Mr Ariel P Vera (Non-Independent)
3. Mr Zhang Xu (Non-Independent)
4. Mr Gaurav Bhushan (Non-Independent)
5. Mr Chew Van Hoong Jason (Non-Independent)
6. Mr Chia Chee Ming Timothy (Independent)
7. Mrs Fang Ai Lian (Independent)
8. Mr Chan Heng Wing (Independent)
9. Mr Tham Kui Seng (Independent)
10. Mr Lim Tse Ghov Olivier (Independent)

<sup>4</sup>The longest serving Independent Directors since the Company's initial public offering ("IPO") in 2006 are Mr Chia 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 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.

<sup>5</sup>The NRC and the Board have given due consideration to the recommendation under Guideline 2.4 of the Code which provides that the independence of any director who has served on the Board beyond 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 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 conduct, character and judgement in the discharge of their responsibilities as Independent 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 and Mrs Fang have abstained from the discussions relating to their respective independence. There have also been changes to the Board since their respective date of first appointment, allowing for progressive refreshing of the Board.

<sup>6</sup>Mrs Sam retired from the Board at the AGM held on 26 April 2018. The NRC and the Board concurred that Mrs Sam had maintained her independence during her term in office.

<sup>7</sup>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.

<sup>8</sup>The Board has implemented a policy whereby the Executive Chairman's external directorships should be approved by the NRC. The Board has not determined the maximum number of listed company board representations which any Director may hold. 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 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 FY2018, 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.

<sup>9</sup>In FY2018, Mr Mohamed was appointed as Alternate Director to Mr Chew on 5 June 2018. Both Mr Chew and Mr Mohamed are based in Doha. As the Company usually holds its Board meetings in Singapore, Mr Chew appointed Mr Mohamed to be his

alternate to attend the said Board meetings should Mr Chew be unable to attend.

<sup>10</sup>The 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

<sup>1</sup>The NRC has the responsibility of evaluating the Board's and Board Committees' effectiveness. The Company has in place a formal process for assessment of the effectiveness of the Board as a whole, the 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 FY2018. During FY2018, the NRC evaluated the Board's performance based on a set of performance criteria, which is the same as that of the previous year. This 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 one newly-appointed Director, Mr Chew, completed the Board Evaluation Questionnaire seeking his/her views on these factors so as to

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facilitate the NRC in its assessment of the Board's performance as a whole. Mr Chew will complete the Board Evaluation Questionnaire and contribute to the evaluation of the Board in FY2019 since he was only appointed in mid of 2018. The NRC reviewed the feedback received and presented the findings, including its recommendations for improvements to the Board.

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

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

<sup>4</sup>The Board, having reviewed the feedback from the NRC, was of the view that the Board has met its performance objectives for FY2018.

<sup>5</sup>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

<sup>1</sup>The Directors are provided with Board Papers in advance of each Board and Board Committee

meeting to enable them to be properly informed of matters to be discussed and/or approved. These include reports relating to the financial and operational performance of the Group as well as 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.

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

<sup>3</sup>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

<sup>1</sup>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

<sup>1</sup>The employment contract of the Executive Chairman is automatically renewed every year, unless otherwise terminated by either party giving not less than 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.

<sup>2</sup>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 last review of the remuneration framework for Non-Executive Directors was conducted by the NRC in consultation with KFHG in respect of FY2017. In respect of FY2018, the Board agreed with the NRC's recommendation that the existing fee structure for the Non-Executive Directors remains unchanged. The Non-Executive Directors are paid by way of fees in cash only although they are also eligible to participate in the Company's share-based incentive schemes. All Directors' fees are subject to shareholders' approval at the AGM. The framework for determining Non-Executive Directors' fees is set out in Table 2 below:

TABLE 2

#### Non-Executive Directors' Fees

##### Basic Retainer Fee

Director	S\$45,000 per annum
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##### Fee for Appointment to ARC

ARC Chairman	S\$44,000 per annum
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ARC Member	S\$22,000 per annum
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##### Fee for Appointment to NRC

NRC Chairman	S\$28,000 per annum
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NRC Member	S\$14,000 per annum
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##### Fee for Appointment as Lead Independent Director

Attendance Fee per Board Meeting	S\$1,000*
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\* Unchanged since 2013.

<sup>3</sup>The Executive Chairman does not receive Directors' fees from the Company. His remuneration comprises a base salary, bonus and the Founder's Grant (as described on pages 85 and 86 of the Annual Report).

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<sup>4</sup>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 <sup>1</sup>	Long-term Share-based Incentives	Directors' Fees	Total
<b>Executive Chairman</b>						
Ho KwonPing	46.56%	1.09%	50.03% <sup>2</sup>	–	2.32% <sup>3</sup>	S\$2,785,985
<b>Non-Executive Directors</b>						
Ariel P Vera	–	–	2.40%	–	97.6% <sup>4</sup>	S\$94,316
Chia Chee Ming Timothy	–	–	0.00%	–	100.00%	S\$98,000
Fang Ai Lian	–	–	0.00%	–	100.00%	S\$94,000
Elizabeth Sam <sup>5</sup>	–	–	32.80%	–	67.20%	S\$30,885
Chan Heng Wing	–	–	3.90%	–	96.10%	S\$66,595
Tham Kui Seng	–	–	4.10%	–	95.90%	S\$75,080
Lim Tse Ghow Olivier	–	–	7.14%	–	92.86%	S\$76,460
Zhang Xu	–	–	22.28%	–	77.72%	S\$64,335
Gaurav Bhushan	–	–	12.44%	–	87.56%	S\$55,960
Chew Van Hoong Jason <sup>6</sup>	–	–	34.03%	–	65.97%	S\$42,285
Mohamed Al-Hashmi <sup>7</sup>	–	–	–	–	–	–
<b>Top Five Key Management Personnel</b>						
<b>S\$600,000 to S\$850,000</b>						
Eddy See Hock Lye	64.25%	24.04%	5.37%	2.65%	3.69% <sup>3</sup>	100%
Shankar Chandran	51.61%	7.00%	34.56%	2.79%	4.04% <sup>3</sup>	100%
<b>S\$350,000 to S\$600,000</b>						
Alan Chin	68.86%	24.68%	5.01%	1.45%	–	100%
<b>S\$550,000 to S\$600,000</b>						
Ho KwonCjan	77.55%	3.88%	13.63%	–	4.94% <sup>3</sup>	100%
Claire Chiang	82.92%	10.81%	6.27%	–	–	100%

<sup>1</sup> 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.

<sup>2</sup> Including Founder's Grant (as described on pages 85 and 86 of the Annual Report).

<sup>3</sup> Directors' fees from Laguna Resorts & Hotels Public Company Limited ("LRH").

<sup>4</sup> Directors' fees from both BTH and LRH.

<sup>5</sup> Retired as Director following the conclusion of the AGM held on 26 April 2018 and accordingly ceased to be a member of the NRC.

<sup>6</sup> Appointed as Director on 5 June 2018.

<sup>7</sup> Appointed as Alternate Director to Chew Van Hoong Jason on 5 June 2018.

<sup>5</sup>The aggregate amount of the total remuneration paid to the top five key management personnel (who are not Directors or the CEO) is S\$3,106,789.

<sup>6</sup>During FY2018, 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 on page 84. Ms Ho Ren Yung's remuneration for FY2018 is within the band of S\$150,000 to S\$200,000. Mr Ho KwonPing was not involved in the determination of his immediate family members' remuneration.

<sup>7</sup>The Company adopts a remuneration framework that is responsive to the market elements and performance of the Company and its various Business Units. 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 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 of the Annual Report).

## LONG-TERM SHARE INCENTIVES

<sup>8</sup>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.

<sup>9</sup>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 and 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. KFVG 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 44 to the financial statements.

<sup>10</sup>For FY2018, 205,400 treasury shares were transferred due to the release of share awards vested under the Plan. In addition, an initial award of 941,250 shares with a potential to acquire an additional award of 650,650 shares (aggregating a total award of 1,591,900 shares) was granted under the Share Award Scheme, subject to pre-determined performance conditions being met.

## FOUNDER'S GRANT

<sup>11</sup>Prior to official listing on the SGX-ST, as stated in the prospectus dated 26 May 2006 in respect of the IPO, the independent shareholders of the Company approved the incentive for the Executive Chairman, Mr Ho, which has been included in his employment agreement. Pursuant to the incentive, Mr Ho shall be entitled to, for each financial year for a

# Corporate Governance Report

period of 10 years beginning from the financial year ended 31 December 2010, an amount equivalent to 5% of the profit before tax of the Group, such amount to be payable in cash or in shares at the sole discretion of the Company ("Founder's Grant"). The Founder's Grant aims to secure the continuing commitment of Mr Ho to the Group and to reward him for founding, leading and building up the Group. FY2010 was the first financial year in which the Founder's Grant was paid and it is due to expire in FY2019. In respect of FY2018, Mr Ho shall be paid a Founder's Grant of S\$1,314,166 in cash.

<sup>12</sup> Details of the Founder's Grant can be found in the Directors' Statement and Note 44 to the financial statements.

## (C) ACCOUNTABILITY AND AUDIT

### Principle 10: Accountability

<sup>1</sup> The Board, through its announcements of quarterly and full-year results, aims to provide shareholders with a balanced and clear assessment of the Group's performance and prospects on a quarterly basis. The Board also ensures timely and full disclosure of material corporate developments to shareholders.

<sup>2</sup> Management provides the Board with detailed management accounts and 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.

<sup>3</sup> 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.

<sup>4</sup> For FY2018, the Executive Chairman, the Group Managing Director and the 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

<sup>1</sup> The Board is responsible for the governance of risk and exercises oversight of the material risks involving the Group's businesses. During the year, the ARC assisted the Board in the oversight of the Group's risk management processes and activities to mitigate and manage risk at levels that are determined to be acceptable to the Board. The ARC is assisted by the Group Risk Management Committee, which is not a Board Committee and comprises appropriate members of Management, which reports on the Group's strategic and business risks and the measures taken to address them. On a quarterly basis, all significant risks to the

Group and/or properties which have been identified and managed are highlighted at the ARC meetings.

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

<sup>3</sup> 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:

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

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

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

<sup>5</sup> Major incidents and violations, if any, are also reported to the Board to facilitate the Board's oversight of the effectiveness of crisis management and the adequacy of mitigating measures taken by Management to address the underlying risks. The identification and management of risks 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.

<sup>6</sup> The ARC provides oversight of the financial reporting risk and the adequacy and effectiveness of the Group's internal control and compliance systems. The ARC also reviewed the effectiveness of the measures taken by Management including the review of adequacy and timelines of the actions in response to the recommendations made by the Head of Group Internal Audit and External Auditor. The system of internal control and risk management is continually being refined by Management, the ARC and the Board.

<sup>7</sup> Based on the framework established and the annual review conducted by the Management, Head of Group Internal Audit and the External Auditor, the Board, with the concurrence of the ARC, is of the view 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.

<sup>8</sup> The system of internal controls and risk management established by Management provides reasonable, but not absolute, assurance that BTH will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision-making, human error, losses, fraud or other irregularities.

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

- the financial records of BTH have been properly maintained and the financial statements for the year ended 31 December 2018 give a true and fair view of the Group's operations and finances; and
- the system of risk management and internal controls in place within BTH is adequate and effective in addressing the material risks of the Group in its current business environment, including material financial, operational, and compliance risks including information technology risks and sustainability risks.

### Principle 12: Audit and Risk Committee

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

<sup>2</sup> 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.

<sup>3</sup> 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

# Corporate Governance Report

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.

<sup>4</sup>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.

<sup>5</sup>The ARC also oversees the Group's Whistle-Blowing Policy which provides the mechanism by which employees and the public may, in confidence, raise concerns about possible improprieties. The ARC is satisfied that arrangements are in place for the independent investigations of such improprieties and for appropriate follow-up actions and resolutions. The Whistle-Blowing Policy, including the dedicated whistle-blowing hotline at (+65) 6389 1377 and email address at ethics@banyantree.com, are made available on BTH's website. Anonymous disclosures will be accepted and anonymity and confidentiality will be honoured throughout the process.

<sup>6</sup>The ARC has also reviewed the Group's Code of Corporate Conduct Policy which sets out the principles and standards of conduct expected

of all its Directors and employees to carry out their duties with honesty, fairness, integrity and professionalism. For example, Directors and employees must not engage in conduct involving fraud or dishonesty, or commit any act that reflects adversely on the Group's integrity and professionalism. Standard operating policies have also been adopted 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.

<sup>7</sup>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 FY2018, the ARC assessed the strength of the Internal Audit team and confirmed that the Internal Audit function is independent and effective and that the Internal Audit team is adequately resourced and suitably qualified to discharge its duty.

<sup>8</sup>The ARC has undertaken a review of the nature and extent of all non-audit services performed by the External 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 FY2018 and the breakdown of fees paid in total for audit and non-audit services respectively can be found on page 153 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 286 of the Annual Report. Also, the names of the auditing firms for its significant subsidiaries and associated companies can be found on pages 180 and 186 of the Annual Report.

<sup>9</sup>In the opinion of the Directors, the Group complies with the Code's guidelines on audit committees as well as Rules 712, 715, 716 and 717 of the SGX-ST Listing Manual.

<sup>10</sup>In the review of the financial statements for FY2018, 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
<b>Adequacy of loss allowance for long-term receivables (non-property sales) and long-term amounts due from associates</b>	<p>The ARC considered the Group's processes and controls in place for monitoring and identifying receivables for collection risks.</p> <p>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 loss allowance made, and the reasonableness of the assumptions used in the approaches applied by Management to determine the loss allowance for long-term receivables (non-property sales) and long-term amounts due from associates.</p> <p>The loss allowance for long-term receivables (non-property sales) and long-term amounts due from 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 FY2018 on page 106 of this Annual Report</p>
<b>Fair value measurement of investment properties</b>	<p>The ARC considered the appropriateness of the approach and methodology applied to the valuation model in assessing the valuation of the investment properties.</p> <p>The ARC reviewed the reasonableness of the basis and the inputs used in the valuation model as well as the objectivity, independence and competency of the external valuers appointed to perform the valuations.</p> <p>The valuation of the 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 FY2018 on pages 106 and 107 of this Annual Report.</p>

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## Principle 13 – Internal Audit

<sup>1</sup>The Internal Audit is an independent function within the Company. The Internal Audit Department (“IAD”) has unfettered access to all the Company’s documents, records, properties and personnel, including access to the ARC. The Head of Group Internal Audit reports directly to the ARC with a dotted-line relationship to the 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.

<sup>2</sup>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.

<sup>3</sup>The IAD assists the ARC and the Board by performing regular evaluations of the Group’s internal controls, information technology, financial and accounting matters, compliance, business and risk management policies and procedures and ensuring that internal controls are adequate to meet the Group’s requirements.

<sup>4</sup>On a quarterly basis, the ARC reviews the IAD’s reports, summary of findings and recommendations at the ARC meetings. The ARC

also reviews and approves the annual internal audit plan which is determined in consultation with, but independent of, Management. The proposed scope of the internal audit function under the categories of financial audit, operational audit and information technology audit focuses on the adequacy and effectiveness of internal controls in relation to financial, operational and information technology risks.

<sup>5</sup>The Board and Management of the Group attach high importance to having a sound system of internal controls and have been continuously enhancing the Group’s internal audit capacities through additional staffing and/or outsourcing.

## (D) SHAREHOLDERS’ RIGHTS AND RESPONSIBILITIES AND COMMUNICATION WITH SHAREHOLDERS

### Principle 14: Shareholders’ Rights

### Principle 15: Communication with Shareholders

### Principle 16: Conduct of Shareholders’ Meetings

<sup>1</sup>All BTH shareholders are treated fairly and equitably and the Company looks to facilitate the exercise of their ownership rights. Shareholders are given opportunities to participate effectively in and vote at general meetings of shareholders. The Company informs shareholders of the rules, including voting procedures, governing such meetings.

<sup>2</sup>The Company has in place an investor relations policy which serves to provide high quality, meaningful and timely information to improve the shareholders’ and investors’ understanding of the Company. It adopts the practice of regularly

communicating major developments in its businesses and operations through SGXNET and, where appropriate, directly to shareholders, other investors, analysts, the media, the public and its employees. In FY2018, 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.

<sup>3</sup>Shareholders of the Company receive notices of general meetings, which are also advertised in the newspapers and issued via SGXNET. The Board recognises that the AGM is an important forum at which shareholders have the opportunity to communicate their views and raise any relevant queries with the Board and Management regarding the Company and its operations.

<sup>4</sup>A registered shareholder may appoint one or two proxies to attend the AGM and vote. 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.

<sup>5</sup>At general meetings, separate resolutions will be proposed for distinct issues for approval by shareholders. The SGX-ST Listing Rules require resolutions at general meetings to be 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.

<sup>6</sup>The Company is in full support of shareholder participation at AGMs. The Board and Management are in attendance at the Company’s general meetings to address questions by shareholders. The External Auditor and legal advisers are also present at the AGM to assist the Board and Management in addressing shareholders’ queries.

<sup>7</sup>The Company’s Dividend Policy seeks to maximise shareholder value and encourage shareholder loyalty with predictable annual growth in dividend payout which is not impacted by profit volatility. With that objective, the Company’s Dividend Policy is based on the principles of stability, predictability and managed growth, and is outlined as follows:

- **Stability**  
Unless the Company suffers a substantial net loss, it will pay a dividend each year so that shareholders are not negatively affected by annual profit volatility.

- **Predictability**  
Shareholders will be able to better anticipate the appropriate level of dividends to expect each year and therefore may be better able to manage their portfolio investment strategy.
- **Managed growth**  
The Company will strive to increase and smooth out the dividends year on year within a broad band but the specific rate will be dependent on the Company’s actual profit performance, cash and cash flow projections.

## Dealing in Securities

<sup>1</sup>The Company has adopted an internal code on securities trading, which provides guidance and internal regulation with 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

<sup>1</sup>Shareholders have adopted a Shareholders’ Mandate in respect of interested person transactions of the Company. The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the ARC, and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. The Company’s disclosure in respect of interested person transactions for the year is set out on page 100 of this Annual Report.

# Disclosure Guide

Guideline*	Questions	How has the Company complied?
General	<p>(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.</p> <p>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?</p>	<p>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").</p> <p>Please refer to the eighth paragraph of Principle 4; Part A of the Report.</p>

## 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.
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## MEMBERS OF THE BOARD

Guideline 2.6	<p>(a) What is the Board's policy with regard to diversity in identifying director nominees?</p> <p>(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.</p> <p>(c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?</p>	<p>Please refer to the third and fourth paragraphs of Principle 2; Part A of the Report.</p> <p>Please refer to the first, third, fourth and fifth paragraphs of Principle 2; Part A of the Report. There are ten Board Members of whom one is female, comprising 10% of the Board.</p> <p>The Board, with the assistance of the NRC, reviews the composition of the Board each year to ensure that, <i>inter alia</i>, the skills and competencies of the Directors remain comparable to the needs of the Group's business.</p>
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	<p>(a) Are new directors given formal training? If not, please explain why.</p> <p>(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?</p>	<p>Yes. Mr Chew Van Hoong Jason was appointed in FY2018 and is seeking re-election at the upcoming AGM. Mr Chew Van Hoong Jason 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 Chew Van Hoong Jason to attend relevant courses on the roles and responsibilities of a director of a public listed company.</p> <p>Please refer to the fifth to seventh paragraphs of Principle 1; Part A of the Report.</p>

\* 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	<p>(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?</p> <p>(b) If a maximum number has not been determined, what are the reasons?</p> <p>(c) What are the specific considerations in deciding on the capacity of directors?</p>	<p>Please refer to the eighth paragraph of Principle 4; Part A of the Report.</p> <p>Please refer to the eighth paragraph of Principle 4; Part A of the Report.</p> <p>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.</p>

## BOARD EVALUATION

Guideline 5.1	<p>(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?</p> <p>(b) Has the Board met its performance objectives?</p>	<p>Please refer to the first to third paragraphs of Principle 5; Part A of the Report.</p> <p>Please refer to the fourth paragraph of Principle 5; Part A of the Report.</p>
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## 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 50% of the Board.
Guideline 2.3	<p>(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.</p> <p>(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.</p>	<p>Please refer to the seventh paragraph of Principle 4; Part A of the Report.</p> <p>Please refer to the seventh paragraph of Principle 4; Part A of the Report.</p>
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.

\* 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?
<b>DISCLOSURE ON REMUNERATION</b>		
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.
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?  (b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	Please refer to Table 3 set out in Principle 8 and Principle 9; Part B of the Report.  Please refer to the fifth paragraph of Principle 8 and Principle 9; Part B of the Report.
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.  (b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?  (c) Were all of these performance conditions met? If not, what were the reasons?	Please refer to the seventh paragraph of Principle 8 and Principle 9; Part B of the Report.  Please refer to the seventh and ninth paragraphs of Principle 8 and Principle 9; Part B of the Report.  Please refer to the ninth paragraph of Principle 8 and Principle 9; Part B of the Report.
<b>RISK MANAGEMENT AND INTERNAL CONTROLS</b>		
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 and seventh 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.

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

Guideline*	Questions	How has the Company complied?
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.
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.  (b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Please refer to the second to seventh paragraphs of Principle 11; Part C of the Report.  Please refer to the sixth to ninth paragraphs of Principle 11; Part C of the Report.
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.  (b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	Please refer to the eighth paragraph of Principle 12; Part C of the Report.  Please refer to the eighth paragraph of Principle 12; Part C of the Report.
<b>COMMUNICATION WITH SHAREHOLDERS</b>		
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?  (b) Is this done by a dedicated investor relations teams (or equivalent)? If not, who performs this role?  (c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Please refer to the second paragraph of Principle 14 to Principle 16; Part D of the Report.  Please refer to the second paragraph of Principle 14 to Principle 16; Part D of the Report.  Please refer to the second and sixth paragraphs of Principle 14 to Principle 16; Part D of the Report.
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 FY2018, subject to shareholders' approval at the upcoming AGM.

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

# Additional Information on Directors Seeking Re-election

## COMPLIANCE WITH RULE 720(6) OF THE LISTING MANUAL

The Board has accepted NRC's recommendations to seek the approval of shareholders at the forthcoming AGM to re-elect Mr Ho KwonPing, Mr Chan Heng Wing and Mrs Fang Ai Lian who will be retiring pursuant to Regulations 100 and 101 and Mr Chew Van Hoong Jason under Regulation 106 (collectively, the "Retiring Directors"). In making the recommendation, the NRC has considered the Retiring Directors' 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.

Pursuant to Rule 720(6) of the Listing Manual, the information relating to the Retiring Directors is disclosed on pages 96 to 99 of the Annual Report.

NAME OF PERSON	HO KWONPING	CHAN HENG WING	FANG AI LIAN	CHEW VAN HOONG JASON
Date Of Appointment	5 July 2000	1 June 2012	1 May 2008	5 June 2018
Date of last re-appointment (if applicable)	28 April 2016	28 April 2016	21 April 2017	N.A.
Country Of Principal Residence	Singapore	Singapore	Singapore	Qatar
Age	66	72	69	52
Whether appointment is executive, and if so, the area of responsibility	Executive. Responsible for overall management and operations of the Group	Nil	Nil	Nil
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman	Independent Director, NRC Member	Independent Director, ARC Chairman	Non-Executive and Non-Independent Director
Professional qualifications	<ol style="list-style-type: none"> <li>Bachelor of Arts (Economics), the University of Singapore</li> <li>Honorary Doctorate of Business Administration in Hospitality Management, Johnson &amp; Wales University, USA</li> <li>Honorary Doctorate of Business Administration, the Hong Kong Polytechnic University</li> </ol>	<ol style="list-style-type: none"> <li>Bachelor of Arts (Honours) and Master of Arts, the University of Singapore</li> <li>Master of Science in Journalism, Columbia University, USA</li> </ol>	<ol style="list-style-type: none"> <li>Chartered Accountant in England</li> <li>Fellow of the Institute of Chartered Accountants in England and Wales</li> <li>Fellow of the Institute of Singapore Chartered Accountants</li> </ol>	<ol style="list-style-type: none"> <li>Chartered Financial Analyst</li> <li>Bachelor of Engineering (First Class Honours), National Defense Academy, Japan</li> </ol>
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Substantial shareholder	Nil	Nil	Nil
Conflict of interests (including any competing business)	Nil	Nil	Nil	Nil
Working experience and occupation(s) during the past 10 years	Executive Chairman of Banyan Tree Holdings Limited (2004 to present)	<ol style="list-style-type: none"> <li>Non-Resident Ambassador of Singapore to the Republic of Austria (2017 to present)</li> <li>Non-Resident High Commissioner of Singapore to Bangladesh (2012 – 2017)</li> <li>Managing Director for International Relations, Temasek International (2010 – 2011)</li> <li>Chief Representative in China of Temasek Holdings (2008 - 2010)</li> </ol>	Various board directorships	<ol style="list-style-type: none"> <li>Co-Head of Real Estate Qatar Investment Authority (2013 to Present)</li> <li>Chief Investment Officer for Asia and Managing Director for Greater China with Prudential Real Estate Investors (2007 to 2013)</li> </ol>
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Listing Rule 704(7))	Yes	Yes	Yes	Yes
Shareholding interest in the listed issuer and its subsidiaries?	Yes	Nil	Nil	Nil
Shareholding Details	Please refer to Directors' interests in shares and debentures set out on pages 103 and 104 of the Annual Report	Nil	Nil	Nil

## Additional Information on Directors Seeking Re-election

\*Other Principal Commitments including Directorships

NAME OF PERSON	HO KWONPING	CHAN HENG WING	FANG AI LIAN	CHEW VAN HOONG JASON
*Past (for the last 5 years)	<b>Principal Commitments</b> <ol style="list-style-type: none"> <li>Advisory Committee of the School of Hotel and Tourism Management at the Hong Kong Polytechnic University</li> <li>Governor of the London Business School</li> </ol>	<b>Directorships</b> <ol style="list-style-type: none"> <li>Shanda Games Ltd</li> </ol> <b>Principal Commitments</b> <ol style="list-style-type: none"> <li>Chairman of the Milken Institute Asia Center based in Singapore</li> </ol>	<b>Directorships</b> <ol style="list-style-type: none"> <li>Great Eastern Holdings Limited</li> <li>Oversea-Chinese Banking Corporation Limited</li> <li>Singapore Telecommunications Limited</li> <li>MediaCorp Pte. Ltd.</li> <li>QBE Asia Pacific (Advisory) Board</li> </ol> <b>Principal Commitments</b> <ol style="list-style-type: none"> <li>Chairman of the Tax Academy of Singapore</li> <li>Chairman of the Charity Council</li> <li>Two Appeal Advisory Panels of the Monetary Authority of Singapore</li> </ol>	Nil
*Present	<b>Directorships</b> <ol style="list-style-type: none"> <li>Banyan Tree Holdings Limited</li> <li>Laguna Resorts &amp; Hotels Public Company Limited</li> <li>Thai Wah Public Company Limited</li> <li>Diageo Plc</li> </ol> <b>Principal Commitments</b> <ol style="list-style-type: none"> <li>Board of Trustees of Singapore Management University</li> </ol>	<b>Directorships</b> <ol style="list-style-type: none"> <li>Banyan Tree Holdings Limited</li> <li>Fraser and Neave, Limited</li> <li>Frasers Property Limited</li> <li>EC World REIT</li> <li>Precious Treasure Pte Ltd</li> <li>Precious Quay Pte Ltd</li> </ol> <b>Principal Commitments</b> <ol style="list-style-type: none"> <li>Senior Advisor to the Milken Institute Asia Center</li> </ol>	<b>Directorships</b> <ol style="list-style-type: none"> <li>Banyan Tree Holdings Limited</li> <li>Metro Holdings Ltd</li> <li>Singapore Post Limited</li> <li>Jubilant Pharma Limited</li> <li>Cromwell EREIT Management Pte Ltd</li> </ol> <b>Principal Commitments</b> <ol style="list-style-type: none"> <li>Advisor to the Far East Organization</li> <li>Chairman of the Board of Trustees of the Singapore Business Federation</li> <li>Chairman of the Medishield Life Council</li> <li>Board of Trustees of the Singapore University of Technology and Design</li> <li>Member of Singapore Totalisator Board</li> </ol>	<b>Directorships</b> <ol style="list-style-type: none"> <li>Banyan Tree Holdings Limited</li> </ol>

(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?

(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :-

(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or

(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or

(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or

(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?

(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?

### INFORMATION REQUIRED PURSUANT TO RULE 704(7) OF THE LISTING MANUAL

Each of Mr Ho KwonPing, Mr Chan Heng Wing, Mrs Fang Ai Lian and Mr Chew Van Hoong Jason has confirmed that his/her answer to each of the following questions is in the negative:-

(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?

(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?

(c) Whether there is any unsatisfied judgment against him?

(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?

(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in

Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?

(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil

proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?

(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?

(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?

# Interested Person Transactions

	Aggregate value of all interested person transactions for Q4 (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 Q4 (excluding transactions less than S\$100,000) in S\$'000	Aggregate value of all interested person transactions during the financial year (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 during the financial year (excluding transactions less than S\$100,000) in S\$'000
<b>[A] Transactions with the Tropical Resorts Limited Group ("TRG")</b>				
a Provision of Resort Management and Related Services to TRG	–	814	–	2,832
b Provision of Spa Management and Other Related Services to TRG	–	134	–	595
c Rental Income from TRG in respect of units in Banyan Tree Bintan and Angsana Bintan	–	526	–	2,333
d (i) Reimbursement of Expenses - to TRG	–	112	–	314
d (ii) Reimbursement of Expenses - from TRG	–	779	–	2,381
<b>[B] Transactions with Controlling Shareholder</b>				
a Provision of Hotel/Resort Management and Related Services to Banyan Tree Kuala Lumpur	167	–	236	–
<b>Total</b>	<b>167</b>	<b>2,365</b>	<b>236</b>	<b>8,455</b>

# Financials

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# 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 2018.

## 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 2018 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  
 Chan Heng Wing  
 Tham Kui Seng  
 Lim Tse Ghow Olivier  
 Zhang Xu  
 Gaurav Bhushan  
 Chew Van Hoong Jason (Appointed on 5 June 2018)  
 Mohamed Al-Hashmi (Alternate Director to Chew Van Hoong Jason, appointed on 5 June 2018)

## 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 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.

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

## Banyan Tree Share Option Scheme, Banyan Tree Performance Share Plan and Banyan Tree Share Award Scheme 2016 (cont'd)

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 44 to the financial statements.

### Founder's Grant

Ho KwonPing is entitled to, for each financial year for a period of ten years beginning from the financial year ended 31 December 2010, an amount equivalent to 5% of the profit before tax of the Group, such amount to be payable in cash or in shares at the sole discretion of the Company (the "Founder's Grant"). Ho KwonPing shall be paid a total amount of \$1,314,166 in cash pursuant to the Founder's Grant in respect of financial year ended 31 December 2018. Details of the Founder's Grant can be found in Note 44 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:

Name of directors and companies in which interests are held	Holdings registered in the name of director or nominee			Holdings in which a director is deemed to have an interest		
	At the beginning of financial year	At the end of financial year	As at 21 January 2019	At the beginning of financial year	At the end of financial year	As at 21 January 2019
<b>Banyan Tree Holdings Limited ("BTH") (Incorporated in Singapore)</b>						
<b>Ordinary shares</b>						
Ho KwonPing	–	–	–	301,948,882	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	–	–	–
<b>Debentures</b>						
Chan Heng Wing <sup>1</sup>	\$250,000	\$250,000	\$250,000	–	–	–
Fang Ai Lian <sup>2</sup>	\$500,000	\$500,000	\$500,000	–	–	–
<b>Bangtao Development Limited (Incorporated in Thailand)</b>						
<b>Ordinary shares</b>						
Ho KwonPing	1	1	1	–	–	–
<b>Phuket Resort Development Limited (Incorporated in Thailand)</b>						
<b>Ordinary shares</b>						
Ho KwonPing	1	1	1	–	–	–
<b>Twin Waters Development Company Limited (Incorporated in Thailand)</b>						
<b>Ordinary shares</b>						
Ho KwonPing	2	2	2	–	–	–

<sup>1</sup> Series 09 Notes issued by BTH under its S\$700 million Multicurrency Debt Issuance Programme.

<sup>2</sup> 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  
15 March 2019

# Independent Auditor's Report

for the financial year ended 31 December 2018

## 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 2018, the statements of changes in equity of the Group and the 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 Singapore Financial Reporting Standards (International) (SFRS(I)) 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 2018 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 judgment, 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 2018

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BANYAN TREE HOLDINGS LIMITED (cont'd)

### Key Audit Matters (cont'd)

#### 1. **Adequacy of loss allowance for long-term receivables (non-property sales) and long-term amount due from associates**

As at 31 December 2018, the Group has long-term receivables (non-property sales) of approximately \$26.9 million and long-term amount due from associates of approximately \$42.1 million (the "Receivables"). The Receivables represent approximately 4.2% of the Group's total assets. Management has assessed if these amounts can be recovered and estimated the amount of loss allowance required when recovery of the full amount is doubtful. The loss allowance of the Receivables is determined by making debtor-specific assessments of expected impairment loss for long overdue receivables and applies the general approach as detailed in Note 2.18 to provide for loss allowance. The assessment of the expected loss allowance requires significant management judgment. As such, we determined this to be a key audit matter.

We assessed the Group's processes and controls for identifying and monitoring of the Receivables. We performed audit procedures, amongst others, requesting confirmations from certain debtors, assessing the facts and circumstances surrounding the outstanding Receivables, and reviewing for evidence of collection by way of receipts from debtors after the year end. We also inquired with management if there is any dispute with the debtors. We evaluated the reasonableness of management's estimate of the future repayment by the debtors, by taking into consideration the debtor's past payment history, nature of business, economic environment and growth strategies as well as management's understanding and assessment of the debtors' plan. In addition, we assessed the reasonableness of the loss rates applied by management, taking into consideration the latest available financial results of the debtors and current economic information in markets where the debtors operate.

The results of our evaluation show that management's assessment of the Group's allowance for the expected losses of the Receivables is reasonable.

We also assessed the adequacy of the Group's disclosures on the Receivables in Notes 19 and 22 and the related risks such as credit risk and liquidity risk in Notes 47(a) and 47(b) to the financial statements.

#### 2. **Fair value measurement of investment properties**

As at 31 December 2018, the carrying values of investment properties amounted to approximately \$51.8 million. The valuation of investment properties are complex and dependent on a range of estimates (amongst others, discount rates, yield adjustments, occupancy rates and growth rates) made by management. As such, we determined this to be a key audit matter.

The management engaged professional independent property valuers to support the determination of the fair value of investment properties. Our audit work in assessing the reasonableness of management's judgments and estimations of these fair values, included among others, considered the objectivity, independence and competency of the external valuers. We held discussions with management and external valuers to understand the valuation models and the basis for the key assumptions used. We assessed the appropriateness of the key assumptions on discount rates, yield adjustments, occupancy rates and growth rates used by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. We also assessed the reasonableness of the fluctuations in the fair value of investment properties.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BANYAN TREE HOLDINGS LIMITED** *(cont'd)*

### **Key Audit Matters** *(cont'd)*

#### **2. Fair value measurement of investment properties** *(cont'd)*

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

We also assessed the adequacy of the disclosures related to investment properties in Notes 14 and 49 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 SFRS(I), 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 2018

## 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 judgment 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

15 March 2019

# Consolidated Income Statement

for the financial year ended 31 December 2018

	Note	GROUP	
		2018 \$'000	2017 Restated \$'000
<b>Revenue</b>	3	<b>329,046</b>	317,511
Other income	4	<b>43,168</b>	50,928
		<b>372,214</b>	368,439
<b>Costs and expenses</b>			
Cost of operating supplies		<b>(25,056)</b>	(25,338)
Cost of properties sold		<b>(46,470)</b>	(28,888)
Salaries and related expenses	5	<b>(89,455)</b>	(101,387)
Administrative expenses		<b>(46,720)</b>	(60,097)
Sales and marketing expenses		<b>(19,779)</b>	(16,208)
Other operating expenses	6	<b>(63,728)</b>	(60,477)
Impairment gains/(losses) on financial assets	10	<b>2,127</b>	(1,375)
		<b>(289,081)</b>	(293,770)
<b>Profit before interests, taxes, depreciation and amortisation</b>		<b>83,133</b>	74,669
Depreciation of property, plant and equipment	13	<b>(20,104)</b>	(22,515)
Amortisation expense		<b>(2,262)</b>	(2,599)
<b>Profit from operations and other gains</b>	7	<b>60,767</b>	49,555
Finance income	8	<b>2,769</b>	2,571
Finance costs	9	<b>(49,091)</b>	(28,181)
Share of results of associates		<b>11,403</b>	346
Share of results of joint ventures		<b>(879)</b>	(1,632)
<b>Profit before taxation</b>		<b>24,969</b>	22,659
Income tax expense	11	<b>(10,576)</b>	(7,802)
<b>Profit after taxation</b>		<b>14,393</b>	14,857
<b>Attributable to:</b>			
Owners of the Company		<b>13,471</b>	12,929
Non-controlling interests		<b>922</b>	1,928
		<b>14,393</b>	14,857
<b>Earnings per share attributable to owners of the Company (in cents):</b>			
Basic	12	<b>1.60</b>	1.67
Diluted	12	<b>1.52</b>	1.56

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 2018

	GROUP	
	2018 \$'000	2017 Restated \$'000
<b>Profit after taxation</b>	<b>14,393</b>	14,857
<b>Other comprehensive income/(expense):</b>		
<b>Items that may be reclassified subsequently to profit or loss</b>		
Realisation of currency translation reserves	(4,848)	1,970
Exchange differences arising from consolidation of foreign operations and net investment in foreign operations	2,389	(11,752)
	(2,459)	(9,782)
<b>Items that will not be reclassified to profit or loss</b>		
Adjustment on property revaluation reserve, net of deferred tax	–	379
Net fair value loss on equity instruments at fair value through other comprehensive income	(2,069)	–
Actuarial loss arising from defined benefit plan, net of deferred tax	(363)	(1)
	(2,432)	378
<b>Other comprehensive expense for the financial year, net of tax</b>	<b>(4,891)</b>	(9,404)
<b>Total comprehensive income for the financial year</b>	<b>9,502</b>	5,453
<b>Total comprehensive income/(expense) attributable to:</b>		
Owners of the Company	4,186	(724)
Non-controlling interests	5,316	6,177
	<b>9,502</b>	5,453

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

# Balance Sheets

as at 31 December 2018

	Note	GROUP			COMPANY		
		2018 \$'000	31.12.2017 Restated \$'000	1.1.2017 Restated \$'000	2018 \$'000	31.12.2017 Restated \$'000	1.1.2017 Restated \$'000
<b>Non-current assets</b>							
Property, plant and equipment	13	<b>599,435</b>	642,013	657,746	–	–	1
Investment properties	14	<b>51,801</b>	70,644	70,596	–	–	–
Intangible assets	15	<b>33,351</b>	33,208	33,202	<b>2,828</b>	2,890	2,471
Land use rights	16	<b>2,201</b>	2,445	2,982	–	–	–
Subsidiaries	17	–	–	–	<b>559,473</b>	539,118	513,554
Associates	19	<b>161,079</b>	107,249	93,884	<b>6,137</b>	869	869
Joint ventures	18	–	132,250	–	–	12,110	–
Long-term investments	20	<b>102,002</b>	14,862	14,887	–	–	–
Deferred tax assets	40	<b>18,951</b>	16,378	16,072	–	–	–
Prepaid island rental	21	<b>20,029</b>	20,432	22,839	–	–	–
Prepayments		<b>292</b>	2,723	3,555	–	–	–
Long-term receivables	22	<b>43,130</b>	24,058	29,093	<b>12,553</b>	–	–
Other receivables	23	<b>1,375</b>	3,489	11,168	–	–	–
		<b>1,033,646</b>	1,069,751	956,024	<b>580,991</b>	554,987	516,895
<b>Current assets</b>							
Property development costs	24	<b>279,977</b>	283,342	251,795	–	–	–
Inventories	25	<b>6,229</b>	7,634	9,398	–	–	–
Prepayments and other non-financial assets	26	<b>19,630</b>	13,633	18,335	<b>291</b>	120	134
Trade receivables	27	<b>38,057</b>	36,442	43,155	<b>3,254</b>	–	–
Other receivables	28	<b>18,983</b>	7,646	8,931	<b>7,292</b>	593	70
Contract assets	3	<b>1,752</b>	286	348	–	–	–
Amounts due from subsidiaries	29	–	–	–	<b>196,282</b>	213,206	207,538
Amounts due from associates	30	<b>3,070</b>	64,963	203	<b>22</b>	1,393	–
Amounts due from joint ventures	31	–	6,291	–	–	3,156	–
Amounts due from related parties	32	<b>26,276</b>	23,155	21,999	–	3	1
Cash and short-term deposits	33	<b>206,181</b>	158,988	108,767	<b>162,087</b>	72,869	28,052
		<b>600,155</b>	602,380	462,931	<b>369,228</b>	291,340	235,795
Assets of disposal group classified as held for sale	34	–	6,936	189,267	–	–	–
		<b>600,155</b>	609,316	652,198	<b>369,228</b>	291,340	235,795
<b>Total assets</b>		<b>1,633,801</b>	1,679,067	1,608,222	<b>950,219</b>	846,327	752,690

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

	Note	GROUP			COMPANY		
		2018 \$'000	31.12.2017 Restated \$'000	1.1.2017 Restated \$'000	2018 \$'000	31.12.2017 Restated \$'000	1.1.2017 Restated \$'000
<b>Current liabilities</b>							
Tax payable		11,700	7,106	7,039	73	–	–
Other non-financial liabilities	35	13,502	14,063	13,913	879	534	514
Interest-bearing loans and borrowings	36	90,486	71,371	97,981	23,600	2,600	41,608
Notes payable	37	124,690	119,270	49,031	124,690	119,270	49,031
Trade payables		24,363	25,311	19,368	–	–	–
Other payables	38	126,720	45,338	40,381	69,287	9,049	5,199
Contract liabilities	3	46,767	39,602	27,054	–	–	–
Amounts due to subsidiaries	29	–	–	–	68,576	57,317	46,699
Amounts due to associates	30	17,882	22,489	5	17,831	18,009	–
Amounts due to joint venture	31	–	61,094	–	–	60,298	–
Amounts due to related parties	32	2,352	1,261	864	12	–	–
		458,462	406,905	255,636	304,948	267,077	143,051
Liabilities of disposal group classified as held for sale	34	–	–	25,557	–	–	–
		458,462	406,905	281,193	304,948	267,077	143,051
<b>Net current assets</b>		141,693	202,411	371,005	64,280	24,263	92,744
<b>Non-current liabilities</b>							
Deferred income	39	–	–	8,041	–	–	–
Deferred tax liabilities	40	113,445	109,989	107,116	–	–	–
Defined and other long-term employee benefits	41	3,336	2,820	2,927	–	–	–
Deposits received		2,068	1,976	1,814	–	–	–
Other non-financial liabilities		3,598	3,882	4,100	–	–	–
Interest-bearing loans and borrowings	36	230,630	150,689	125,687	48,633	21,233	7,572
Notes payable	37	99,926	224,616	343,886	99,926	224,616	343,886
Other payables		2,581	654	612	–	–	–
Amounts due to subsidiaries		–	–	–	180,866	–	–
		455,584	494,626	594,183	329,425	245,849	351,458
<b>Total liabilities</b>		914,046	901,531	875,376	634,373	512,926	494,509
<b>Net assets</b>		719,755	777,536	732,846	315,846	333,401	258,181
<b>Equity attributable to owners of the Company</b>							
Share capital	42	241,520	241,520	199,995	241,520	241,520	199,995
Treasury shares	43	(1,149)	(142)	(235)	(1,149)	(142)	(235)
Reserves	43	405,757	359,248	364,724	75,475	92,023	58,421
		646,128	600,626	564,484	315,846	333,401	258,181
Non-controlling interests		73,627	176,910	168,362	–	–	–
<b>Total equity</b>		719,755	777,536	732,846	315,846	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 2018

GROUP 2018	Share capital \$'000	Treasury shares \$'000	Share-based payment reserve \$'000	Legal reserve \$'000	Property revaluation reserve \$'000	Currency translation reserve \$'000	Other reserves \$'000 Note 43(f)	Accumulated profits \$'000	Equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
At 1 January 2018 as previously reported	241,520	(142)	7,976	8,280	182,107	(33,865)	(19,409)	214,159	600,626	176,910	777,536
Effect of adopting SFRS(I) *	-	-	-	-	-	-	(2,849)	2,849	-	-	-
At 1 January 2018, as restated	241,520	(142)	7,976	8,280	182,107	(33,865)	(22,258)	217,008	600,626	176,910	777,536
Profit after taxation	-	-	-	-	-	-	-	13,471	13,471	922	14,393
Other comprehensive income for the financial year	-	-	-	-	-	(6,905)	(2,069)	(311)	(9,285)	4,394	(4,891)
Total comprehensive income for the financial year	-	-	-	-	-	(6,905)	(2,069)	13,160	4,186	5,316	9,502
<b>Contributions by and distributions to owners</b>											
Dividends paid on ordinary shares	-	-	-	-	-	-	-	(8,404)	(8,404)	-	(8,404)
Treasury shares reissued pursuant to Share-based Incentive Plan	-	140	(121)	-	-	-	(19)	-	-	-	-
Issuance of share grants pursuant to Share-based Incentive Plan	-	-	332	-	-	-	-	-	332	-	332
Acquisition of Treasury shares	-	(1,147)	-	-	-	-	-	-	(1,147)	-	(1,147)
Total contributions by and distributions to owners	-	(1,007)	211	-	-	-	(19)	(8,404)	(9,219)	-	(9,219)
<b>Changes in ownership interests in subsidiary</b>											
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	48,002	-	48,002	(105,490)	(57,488)
Decrease in non-controlling interests without a change in control	-	-	-	-	-	-	2,746	-	2,746	(2,746)	-
Total changes in ownership interests in subsidiary	-	-	-	-	-	-	50,748	-	50,748	(108,236)	(57,488)
Total transactions with owners in their capacity as owners	-	(1,007)	211	-	-	-	50,729	(8,404)	41,529	(108,236)	(66,707)
<b>Other changes in equity</b>											
Disposal of subsidiaries	-	-	-	-	(4,287)	-	-	4,287	-	-	-
Dividends paid to loan stockholders of a subsidiary	-	-	-	-	-	-	-	(213)	(213)	-	(213)
Dividends paid to non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	(363)	(363)
Transfer to accumulated profits upon disposal of asset	-	-	-	-	(323)	-	-	323	-	-	-
Total other changes in equity	-	-	-	-	(4,610)	-	-	4,397	(213)	(363)	(576)
<b>At 31 December 2018</b>	<b>241,520</b>	<b>(1,149)</b>	<b>8,187</b>	<b>8,280</b>	<b>177,497</b>	<b>(40,770)</b>	<b>26,402</b>	<b>226,161</b>	<b>646,128</b>	<b>73,627</b>	<b>719,755</b>

\* The reclassification relates to prior year accumulated fair value gain or loss and impairment of assets available for sale from opening accumulated profits to other reserves for the adoption of SFRS(I) 9.

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 2018

GROUP 2017	Share capital \$'000	Treasury shares \$'000	Share-based payment reserve \$'000	Legal reserve \$'000	Property revaluation reserve \$'000	Currency translation reserve \$'000	Other reserves \$'000 Note 43(f)	Accumulated profits \$'000	Equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
At 1 January 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
<b>Contributions by and distributions to owners</b>											
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
Issuance 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
<b>Changes in ownership interests in subsidiary</b>											
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
<b>Other changes in equity</b>											
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 2018

COMPANY	Share capital \$'000	Treasury shares \$'000	Share-based payment reserve \$'000	Other reserves \$'000 Note 43(f)	Accumulated profits \$'000	Total equity \$'000
At 1 January 2018	241,520	(142)	7,976	4,683	79,364	333,401
Loss after taxation	–	–	–	–	(8,336)	(8,336)
Total comprehensive loss for the financial year	–	–	–	–	(8,336)	(8,336)
<b>Contributions by and distributions to owners</b>						
Dividends paid on ordinary shares	–	–	–	–	(8,404)	(8,404)
Treasury shares reissued pursuant to Share-based Incentive Plan	–	140	(121)	(19)	–	–
Issuance of share grants pursuant to Share-based Incentive Plan	–	–	332	–	–	332
Acquisition of Treasury shares	–	(1,147)	–	–	–	(1,147)
Total transactions with owners in their capacity as owners	–	(1,007)	211	(19)	(8,404)	(9,219)
<b>At 31 December 2018</b>	<b>241,520</b>	<b>(1,149)</b>	<b>8,187</b>	<b>4,664</b>	<b>62,624</b>	<b>315,846</b>
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
<b>Contributions by and distributions to owners</b>						
Treasury shares reissued pursuant to Share-based Incentive Plan	–	93	(66)	(27)	–	–
Issuance of share grants pursuant to Share-based Incentive Plan	–	–	2	–	–	2
Issuance of new shares	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

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 2018

	Note	2018 \$'000	2017 \$'000
<b>Cash flows from operating activities</b>			
Profit before taxation		24,969	22,659
Adjustments for:			
Share of results of associates		(11,403)	(346)
Share of results of joint ventures		879	1,632
Depreciation of property, plant and equipment	13	20,104	22,515
Loss/(Gain) on disposal of property, plant and equipment, net	7	294	(17)
Gain on disposal of land use rights	7	-	(205)
Write-off of property, plant and equipment	7	18	3,078
Impairment loss on other investment	7	-	23
Impairment loss on intangible assets	7	284	2,139
Finance income	8	(2,769)	(2,571)
Finance costs	9	49,091	28,181
Amortisation expense		2,262	2,599
Impairment (gains)/losses on financial assets	10	(2,127)	1,375
Allowance for inventory obsolescence	7	92	59
Defined and other long-term employee benefits expense	41	520	260
Share-based payment expenses	5	337	9
Gain on disposal of subsidiaries	4	(12,459)	(40,413)
Gain on disposal of joint venture	18	(25,155)	-
Fair value gain on derivatives	4	(368)	(6,411)
Net fair value gain on investment properties	14	(2,118)	(212)
Currency realignment		(2,362)	(7,352)
		<b>15,120</b>	4,343
Operating profit before working capital changes		<b>40,089</b>	27,002
Decrease in inventories		384	608
Increase in property development costs		(3,463)	(32,164)
(Increase)/Decrease in trade and other receivables and contract assets		(3,608)	29,011
Decrease/(Increase) in amounts due from related parties		12,007	(19,248)
Increase in trade and other payables, and contract liabilities		11,734	30,803
		<b>17,054</b>	9,010
<b>Cash flows generated from operating activities</b>		<b>57,143</b>	36,012
Interest received		2,453	2,562
Interest paid		(32,093)	(28,202)
Tax paid		(7,311)	(8,672)
Payment of employee benefits	41	(537)	(435)
Payment of cash-settled share grants		(52)	(33)
Payment of lease rental	21	(1,302)	(1,517)
<b>Net cash flows generated from/(used in) operating activities</b>		<b>18,301</b>	(285)

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 2018

	Note	2018 \$'000	2017 \$'000
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	13	(27,543)	(12,609)
Proceeds from disposal of property, plant and equipment		317	561
Proceeds from disposal of land use rights		–	3,013
Increase in investment in associates	18	(18,800)	–
Acquisition of non-controlling interest	17	(57,488)	–
Dividend income from an associate		1,183	745
Subsequent expenditure on investment properties	14	(728)	(431)
Proceeds from disposal of subsidiaries, net of cash disposed	17	87,062	65,769
Proceeds from disposal of joint venture	18	78,607	–
Additions to intangible assets		–	(474)
<b>Net cash flows generated from investing activities</b>		<b>62,610</b>	56,574
<b>Cash flows from financing activities</b>			
Proceeds from bank loans		225,108	96,098
Repayment of bank loans		(129,308)	(103,656)
Repayment of notes payable		(120,000)	(50,000)
Payment of dividends			
– by subsidiaries to non-controlling interests		(363)	(596)
– by subsidiaries to loan stockholders		(213)	(41)
– by Company to shareholders		(8,404)	–
Proceeds from issue of new shares		–	23,978
Proceeds from issue of convertible debentures		–	24,000
Purchase of treasury shares		(1,147)	–
<b>Net cash flows used in financing activities</b>		<b>(34,327)</b>	(10,217)
<b>Net increase in cash and cash equivalents</b>		<b>46,584</b>	46,072
<b>Net foreign exchange difference</b>		<b>609</b>	(911)
<b>Cash and cash equivalents at beginning of the financial year</b>		<b>158,988</b>	113,827
<b>Cash and cash equivalents at end of the financial year</b>	33	<b>206,181</b>	158,988

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 2018

## 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 17 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 (International) (“SFRS(I)”).

For all periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore (“FRS”). These financial statements for the year ended 31 December 2018 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

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 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I))

These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017, as described in the summary of significant accounting policies. On preparing the financial statements, the Group’s and the Company’s opening balance sheets were prepared as at 1 January 2017, the Group and the Company’s date of transition to SFRS(I).

#### ***New accounting standards effective on 1 January 2018***

The accounting policies adopted are consistent with those of the previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for the annual financial periods beginning on or after 1 January 2018. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

#### ***SFRS(I) 9 Financial Instruments***

On 1 January 2018, the Group adopted SFRS(I) 9 *Financial Instruments*, which is effective for annual periods beginning on or after 1 January 2018.

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of application. The impact arising from SFRS(I) 9 adoption was included in the opening retained earnings at the date of initial application, 1 January 2018. The comparative information was prepared in accordance with the requirements of FRS 39.

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (cont'd)

#### SFRS(I) 9 Financial Instruments (cont'd)

##### Classification and measurement

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVPL"). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018.

SFRS(I) 9 requires all equity instruments to be carried at fair value through profit or loss, unless an entity chooses on initial recognition, to present fair value changes in other comprehensive income.

The Group elects to measure its currently held equity instruments, quoted and unquoted equity securities, at FVOCI.

For the previously held available-for-sale ("AFS") unquoted securities measured at "Cost less accumulated impairment", the cumulative impairment charge of \$2,849,000 was reclassified from retained earnings to fair value adjustment reserve as at 1 January 2018.

##### Impairment

SFRS(I) 9 requires the group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI and financial guarantees. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

Upon adoption of SFRS(I) 9, the Group has assessed the reclassification of financial assets required in the consolidated financial statements as follows:

#### Financial assets:

	FRS 39 carrying amount on 31 December 2017 \$'000	Reclassifications \$'000	SFRS(I) 9 carrying amount on 1 January 2018 \$'000	Retained earnings effect on 1 January 2018 \$'000	Fair value adjustment reserves effect on 1 January 2018 \$'000
FVOCI	2	-	2	-	-
Reclassification from AFS equity securities	-	14,860	14,860	-	-
Reclassification of impairment losses for equity instruments	-	-	-	2,849	(2,849)
<b>FVOCI balances, reclassifications at 1 January 2018</b>	<b>2</b>	<b>14,860</b>	<b>14,862</b>	<b>2,849</b>	<b>(2,849)</b>

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (cont'd)

#### **SFRS(I) 15 Revenue from Contracts with Customers**

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 January 2018.

The Group applied SFRS(I) 15 retrospectively and has elected to apply the exemption in SFRS(I) 1 to apply the following practical expedient in accordance with the transition provisions in SFRS(I) 15:

- For the comparative year ended 31 December 2017, the Group has not disclosed the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the corresponding revenue is expected to be recognised.

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

SFRS(I) 15 further provides that "When either party to a contract has performed, an entity shall present the contract in the statement of financial position as a contract asset or contract liability, depending on the relationship between the entity's performance and the customer's payment. An entity shall present any unconditional rights to consideration separately as a receivable."

If a customer pays consideration, or an entity has a right to an amount of consideration that is unconditional (i.e. a receivable), before the entity transfers a good or service to the customer, the entity shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier). A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer.

If an entity performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the entity shall present the contract as a contract asset, excluding any amounts presented as a receivable. A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer. An entity shall assess a contract asset for impairment in accordance with SFRS(I) 9. An impairment of a contract asset shall be measured, presented and disclosed on the same basis as a financial asset that is within the scope of SFRS(I) 9 (see also SFRS(I) 15 paragraph 113(b)).

The Group is in the business of hotel operations, provision of architectural design and project services and property sales. The impact of adopting SFRS(I) 15 is detailed as follows:

#### *i) Hotel operations*

The Group collects advance deposits from guests and travel agencies in relation to booking of rooms at hotels owned by the Group. Revenue will be recognised at a point in time when the guests complete their stay in the hotels.

#### *ii) Architectural design and project services*

The Group's architectural and project services recognised revenue over time based on project progression and billings to customers are based on completion of certain milestones as indicated in contracts with customers. The excess of the revenue recognised over contractual billings had to be classified as a contract asset and excess of contractual billings over revenue recognised had to be classified as a contract liability.

#### *iii) Property sales*

The Group is engaged in development and sale of residential properties. It collects upfront payments which comprise of non-refundable deposits relating to property sales where recognition of revenue will be satisfied at a point in time when completed unit is handed over to the buyer. The non-refundable deposits represent a contract liability.



# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (cont'd)

#### **SFRS(I) 15 Revenue from Contracts with Customers (cont'd)**

As a result of the foregoing, the Group's balance sheet as at 1 January 2017 was restated resulting in an increase to contract assets by \$348,000, contract liabilities by \$27,054,000, other payables by \$2,423,000 and a reduction to prepayments and other non-financial assets by \$348,000, unearned income by \$10,589,000 and other non-financial liabilities by \$18,888,000.

The Group's balance sheet as at 31 December 2017 was restated resulting in an increase to contract assets by \$286,000, other payables by \$2,166,000, contract liabilities by \$39,602,000 and a reduction to prepayments and other non-financial assets by \$286,000, trade receivables by \$680,000, unearned income by \$5,784,000 and other non-financial liabilities by \$36,664,000.

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 1 January 2017 to the balance sheet of the Group.

	GROUP		
	1.1.2017 (FRS) \$'000	SFRS(I) 15 Adjustments \$'000	1.1.2017 SFRS(I) \$'000
<b>Current assets</b>			
Prepayments and other non-financial assets	18,683	(348)	18,335
Contract assets	–	348	348
<b>Total assets</b>	<b>18,683</b>	<b>–</b>	<b>18,683</b>
<b>Current liabilities</b>			
Unearned income	10,589	(10,589)	–
Other non-financial liabilities	32,801	(18,888)	13,913
Other payables	37,958	2,423	40,381
Contract liabilities	–	27,054	27,054
<b>Total liabilities</b>	<b>81,348</b>	<b>–</b>	<b>81,348</b>

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (cont'd)

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 31 December 2017 to the balance sheet of the Group.

	GROUP		
	31.12.2017 (FRS) \$'000	SFRS(I) 15 Adjustments \$'000	31.12.2017 SFRS(I) \$'000
<b>Current assets</b>			
Prepayments and other non-financial assets	13,919	(286)	13,633
Trade receivables	37,122	(680)	36,442
Contract assets	–	286	286
<b>Total assets</b>	51,041	(680)	50,361
<b>Current liabilities</b>			
Unearned income	5,784	(5,784)	–
Other non-financial liabilities	50,727	(36,664)	14,063
Other payables	43,172	2,166	45,338
Contract liabilities	–	39,602	39,602
<b>Total liabilities</b>	99,683	(680)	99,003

### 2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
SFRS(I) 16 <i>Leases</i>	1 January 2019
SFRS(I) INT 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to SFRS(I) 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to SFRS(I) 1-28 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 10 and SFRS(I) 1-28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

Except for SFRS(I) 16, 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 SFRS(I) 16 are described below.

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

#### **SFRS(I) 16 Leases**

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees - leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payment (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

- (i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or
- (ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

On the adoption of SFRS(I) 16, the Group expects to recognise right-of-use assets of \$44,841,000 and lease liabilities of \$62,938,000 for its leases previously classified as operating leases, with a corresponding decrease in the opening retained earnings of \$18,097,000 as of 1 January 2019.

### 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.

## 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)*

##### (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 15 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 2018 are disclosed in Note 13 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) *Provision for loss allowance for trade and non-trade 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 effects in the economic conditions 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 trade and non-trade receivables at the end of each reporting period are disclosed in Note 49(h) to the financial statements.

The Group uses the general and simplified approach to calculate the allowance for expected credit losses ("ECLs") for its trade and non-trade receivables. Under the general approach, the Group would assess if there is any significant increase in credit risk of the debtors, by evaluating qualitative and quantitative factors that are indicative of the risk of default (including but not limited to the latest available financial results, repayment history, economic environment and cash flow projections, if available, and applying the loss rates). The loss allowance is measured on the 12-months expected credit loss basis, if it is assessed that there has not been a significant increase in credit risk of the debtors since initial recognition.

For the simplified approach, the Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 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)*

##### (iii) Provision for loss allowance for trade and non-trade receivables *(cont'd)*

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward looking information. At every reporting date, historical default rates are updated and changes in the forward looking estimates are analysed.

The assessment of the estimated future repayments, historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade and non-trade receivables is disclosed in Note 47(a).

The carrying amount of trade and non-trade receivables as at 31 December 2018 are \$123,259,000 (31 December 2017: \$60,500,000, 1 January 2017: \$72,248,000).

##### (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 2018 are \$44,003,000 (2017: \$43,571,000) and \$33,500,000 (2017: \$30,746,000) 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, 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 Notes 13, 14 and 49 respectively.

##### (vi) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgment to select the appropriate valuation model and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The inputs to this model are derived from market data where possible, but where not feasible, a degree of judgment is required in establishing fair values. For details of the valuation method and key assumptions used, refer to Notes 49(d) and 20.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

### 2.4 Significant accounting estimates and judgments *(cont'd)*

#### **(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 associates, as disclosed in Note 19, 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.

##### *(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 2018 are \$11,700,000 (2017: \$7,106,000) and \$94,494,000 (2017: \$93,611,000) 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.

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

### 2.5 Foreign currency *(cont'd)*

#### (a) **Transactions and balances** *(cont'd)*

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.

#### (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.

## 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;
- reclassifies 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 an asset or liability are recognised in profit or loss.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

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.



# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 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 represents 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's 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

### 2.9 Joint ventures and associates *(cont'd)*

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.

### 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 residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

### 2.11 Investment properties

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

Investment properties are initially measured at cost, including transaction costs.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.12 Intangible assets (cont'd)

#### (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.

#### (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.

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 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.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

##### *Subsequent measurement*

##### Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

##### (i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at fair value and subsequently at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

##### (ii) Fair value through other comprehensive income ("FVOCI")

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses 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 de-recognised.

##### (iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.14 Financial instruments (cont'd)

#### (a) Financial assets (cont'd)

##### *Subsequent measurement (cont'd)*

##### Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

##### Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

##### *De-recognition*

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; or
- The Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in 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 had been recognised directly in other comprehensive income for debt instruments is recognised in profit or loss.

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.14 Financial instruments (cont'd)

#### (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.

##### *Subsequent measurement*

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently 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.

##### *De-recognition*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. On de-recognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

#### (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 equity investments at FVOCI.

### 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 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.

### 2.18 Impairment of financial assets

The Group recognises an allowance for ECLs for all non-trade financial assets at amortised costs. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages under the general approach. For credit exposures which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, contract assets, amounts due from associates (trade) and amounts due from related parties (trade), the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on geographical locations, aging of the debts and historical information that reflects high levels of default risk (e.g. in financial difficulty, outstanding legal law suits and amounts in dispute).

The Group considers a financial asset in default when contractual payments are 90 days past due or if there are significant deterioration in credit rating. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.



# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.19 Inventories

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

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

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

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

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

### 2.20 Segment reporting

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

### 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.

### 2.22 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.23 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 as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.18 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

### 2.24 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.

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.24 Employee benefits (cont'd)

#### (c) **Share-based payment** (cont'd)

##### *Performance share plan and restricted share plan (cont'd)*

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.

#### (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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.24 Employee benefits (cont'd)

#### (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.

### 2.25 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 basis as rental income. The accounting policy for rental income is set out in Note 2.29(i).

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.26 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.

### 2.27 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.

### 2.28 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.

### 2.29 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation. 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 at a point in time 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 at a point in time, 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 completed, revenue is recognised at a point in time when the significant risks and rewards of ownership of the property have been transferred to the buyer (i.e. revenue is recognised at a point in time).

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.29 Revenue (cont'd)

#### (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 at a point in time as and when performance obligations relating to the relevant services are rendered. This is based on allocating the transaction price, including estimating stand-alone selling prices of each of the services provided.

#### (d) **Spa operation**

Revenue from operating spas is recognised at a point in time as and when the relevant services are rendered.

#### (e) **Merchandise sales**

Revenue is recognised at a point in time when the significant risks and rewards of ownership of the goods have been transferred 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.

Payment of the transaction price is due immediately at the point the customer purchases the goods for retail customer. Otherwise, invoices are issued on a monthly basis and are payable within 30 days.

#### (f) **Project and design services**

Revenue from the provision of project design and design services is recognised over time based on completion of certain performance obligation according to the stage of completion as certified by qualified professionals.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified project milestones. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advance payments from the customer.

#### (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.

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.30 Taxes

#### (a) Current income tax

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

Current income taxes are recognised in 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.

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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.30 Taxes (cont'd)

#### (b) **Deferred tax** (cont'd)

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.

### 2.31 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.

### 2.32 Treasury shares

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



# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

### 2.33 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) The amount of the obligation cannot be measured with sufficient reliability.

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

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

### 2.34 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and the Company if that person:
  - (i) has control or joint control over the Company;
  - (ii) has significant influence over the Company; or
  - (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
  - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) both entities are joint ventures of the same third party.
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
  - (vi) the entity is controlled or jointly controlled by a person identified in (a).
  - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

### 3. REVENUE

#### (a) Disaggregation of 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:

Segments	Hotel investments		Property sales		Fee-based segment		Total revenue	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Primary geographical markets</b>								
Singapore	-	-	-	-	768	714	768	714
South East Asia	135,888	134,981	76,959	46,947	39,907	36,797	252,754	218,725
Indian Oceania	55,192	59,210	-	-	1,972	2,442	57,164	61,652
Middle East	-	-	-	-	697	3,310	697	3,310
North East Asia	-	6,390	-	4,448	9,199	15,090	9,199	25,928
Rest of the world	1,444	919	-	-	7,020	6,263	8,464	7,182
	<b>192,524</b>	<b>201,500</b>	<b>76,959</b>	<b>51,395</b>	<b>59,563</b>	<b>64,616</b>	<b>329,046</b>	<b>317,511</b>
<b>Major product or service lines</b>								
Hotel investments	192,524	201,500	-	-	-	-	192,524	201,500
Property sales	-	-	76,959	51,395	-	-	76,959	51,395
Management services	-	-	-	-	31,328	29,509	31,328	29,509
Spa operation	-	-	-	-	12,531	16,388	12,531	16,388
Project and design services	-	-	-	-	3,961	8,187	3,961	8,187
Merchandise sales	-	-	-	-	7,533	6,599	7,533	6,599
Rental income	-	-	-	-	4,210	3,933	4,210	3,933
	<b>192,524</b>	<b>201,500</b>	<b>76,959</b>	<b>51,395</b>	<b>59,563</b>	<b>64,616</b>	<b>329,046</b>	<b>317,511</b>
<b>Timing of transfer of goods or services</b>								
At a point in time	192,524	201,500	76,959	51,395	55,080	55,841	324,563	308,736
Over time	-	-	-	-	4,483	8,775	4,483	8,775
	<b>192,524</b>	<b>201,500</b>	<b>76,959</b>	<b>51,395</b>	<b>59,563</b>	<b>64,616</b>	<b>329,046</b>	<b>317,511</b>

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 3. REVENUE (cont'd)

### (b) Contract assets and contract liabilities

Information about receivables, contract assets and contract liabilities from contracts with customers is disclosed as follows:

	GROUP		
	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
Long-term receivables – Trade (Note 22)	<b>43,130</b>	24,058	29,093
Trade receivables (Note 27)	<b>38,057</b>	36,442	43,155
Contract assets	<b>1,752</b>	286	348
Contract liabilities	<b>(46,767)</b>	(39,602)	(27,054)

The Group has recognised write back on impairment losses on receivables arising from contracts with customers amounting to \$2,290,000 (2017: \$575,000).

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for project and design services. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Group's obligation to transfer services to customers for which the Group has received advances from customers for project and design services, hotel operations and property sales.

Contract liabilities are recognised as revenue as the Group performs under the contract.

(i) Significant changes in contract assets are explained as follows:

	GROUP	
	2018 \$'000	2017 \$'000
Contract asset reclassified to receivables	<b>(286)</b>	(348)

(ii) Significant changes in contract liabilities are explained as follows:

	GROUP	
	2018 \$'000	2017 \$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	<b>39,510</b>	26,827

### 3. REVENUE (cont'd)

#### (c) Transaction price allocated to remaining performance obligations

##### *Property sales*

The Group expects to recognise \$189,714,000 as revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2018 within the next 3 years.

##### *Management services*

Other than revenue from the management of hotels and resorts, the Group expects to recognise \$1,366,000 as revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2018 within the next 3 years.

##### *Spa operation*

The Group expects to recognise \$1,422,000 as management fees relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2018 within the next 3 years.

##### *Project and design services*

The Group expects to recognise \$4,024,000 as revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2018 within the next 3 years.

The above amounts have not included the following:

- Performance obligations for which the Group has applied the practical expedient not to disclose information about its remaining performance obligations if:
  - The performance obligation is part of a contract that has an original expected duration of one year or less, or
  - The Group recognises revenue from the management of hotels and resorts based on the underlying hotel performance completed to date.
- Variable consideration that is constrained and therefore is not included in the transaction price.

As permitted under SFRS(I) 1, the transaction price allocated to (partially) unsatisfied performance obligations as of December 31, 2017 is not disclosed, using the transition provisions of SFRS(I) 15.

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 4. OTHER INCOME

	GROUP	
	2018 \$'000	2017 \$'000
Management and service fees	111	22
Insurance claims	575	–
Net fair value gain on investment properties (Note 14)	2,118	212
Gain on disposal of investment in subsidiaries (Note 17)	12,459	40,413
Gain on disposal of joint venture (Note 18)	25,155	–
Net fair value gain on derivatives	368	6,411
Gain on disposal of land use right	–	205
Gain on deferred income recognised (Note 39)	–	1,574
Amortisation of deferred income (Note 39)	–	158
Rental income	795	718
Others	1,587	1,215
	<b>43,168</b>	<b>50,928</b>

## 5. SALARIES AND RELATED EXPENSES

	GROUP	
	2018 \$'000	2017 \$'000
Salaries, wages and other related costs	85,193	97,072
Defined and other long-term employee benefits expense (Note 41)	520	260
Share-based payment expenses	337	9
Contributions to defined contribution plans	3,405	4,046
The above amounts include salaries and related expenses of key management personnel	<b>89,455</b>	<b>101,387</b>

## 6. OTHER OPERATING EXPENSES

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

	GROUP	
	2018 \$'000	2017 \$'000
Utilities and communication	15,917	16,002
Repair and maintenance	11,172	11,139
Printing and stationery	1,803	1,771
Travelling and transportation	1,818	1,834
Commission expenses	8,883	8,570
Laundry and valet	2,063	2,016
Guest expendable supplies	5,356	5,412

## 7. PROFIT FROM OPERATIONS AND OTHER GAINS

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

	GROUP	
	2018 \$'000	2017 \$'000
Audit fees:		
– Auditor of the Company	410	414
– Other auditors	715	803
Non-audit fees:		
– Auditor of the Company	20	14
– Other auditors	9	10
Allowance for inventory obsolescence (Note 25)	92	59
Write-off of property, plant and equipment (Note 13)	18	3,078
Impairment loss on other investment (Note 20)	–	23
Impairment loss on intangible assets (Note 15)	284	2,139
Exchange loss	239	3,628
Loss/(Gain) on disposal of property, plant and equipment, net	294	(17)
Gain on disposal of land use rights	–	(205)

## 8. FINANCE INCOME

	GROUP	
	2018 \$'000	2017 \$'000
Interest received and receivable from:		
– Banks	935	653
– Related parties	1	50
– Others	1,833	1,868
	2,769	2,571

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

## 9. FINANCE COSTS

	GROUP	
	2018 \$'000	2017 \$'000
Interest expense on:		
– Bank loans, notes payable and bank overdrafts carried at amortised cost	31,606	34,028
– Modification loss on amounts due from associates (Note 19)	18,905	–
	50,511	34,028
Less: interest expense capitalised in:		
– Property development costs (Note 24)	(1,420)	(5,847)
	49,091	28,181

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 10. IMPAIRMENT (GAINS)/LOSSES ON FINANCIAL ASSETS

The following items have been included in arriving at impairment (gains)/losses:

	GROUP	
	2018 \$'000	2017 \$'000
Impairment (gains)/losses on financial assets:		
– Amount due from associates	(85)	–
– Trade receivables (Note 27)	(2,290)	(1,062)
– Prepayments	–	711
– Other receivables	242	1,667
– Amount due from related parties	6	59
	<b>(2,127)</b>	<b>1,375</b>

## 11. INCOME TAX EXPENSE

### Major components of income tax expense

Major components of income taxes for the financial years ended 31 December 2018 and 2017 are:

	GROUP	
	2018 \$'000	2017 \$'000
<b>Consolidated income statement:</b>		
<b>Current income tax</b>		
Current income taxation	5,271	6,195
Under/(Over) provision in respect of prior years	785	(257)
	<b>6,056</b>	<b>5,938</b>
<b>Deferred income tax</b>		
Origination and reversal in temporary differences	741	1,001
Benefits from previously unrecognised tax losses	–	(1,535)
Expiry or write-off of previously recognised deferred tax assets	476	–
	<b>1,217</b>	<b>(534)</b>
<b>Withholding tax expense</b>		
Current year provision	2,881	2,362
Under provision in respect of prior years	422	36
	<b>3,303</b>	<b>2,398</b>
Income tax expense recognised in profit or loss	<b>10,576</b>	<b>7,802</b>
<b>Statement of comprehensive income:</b>		
Deferred tax credit related to other comprehensive income:		
– Actuarial loss on Legal Severance Pay	(95)	–
– Actuarial loss on minimum pension benefit	–	(1)

**11. 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 2018 and 2017 respectively are as follows:

	GROUP	
	2018 \$'000	2017 \$'000
Accounting profit before taxation	<b>24,969</b>	22,659
Income tax using Singapore tax rate of 17% (2017: 17%)	<b>4,245</b>	3,852
Effect of different tax rates in other countries	<b>(117)</b>	40
Expenses not deductible for tax purposes	<b>8,921</b>	7,280
Tax exempt income	<b>(7,871)</b>	(7,387)
Benefits from previously unrecognised tax losses	–	(1,535)
Under/(Over) provision in respect of prior years	<b>785</b>	(257)
Deferred tax assets not recognised	<b>2,624</b>	3,193
Withholding tax	<b>3,303</b>	2,398
Expiry or write-off of previously recognised deferred tax assets	<b>476</b>	–
Share of results of associates	<b>(1,939)</b>	(59)
Share of results of joint ventures	<b>149</b>	277
Income tax expense recognised in profit or loss	<b>10,576</b>	7,802

Group royalty fees income derived from Indonesia, Thailand and Maldives is subject to withholding tax at 15%, 8% and 10% respectively (2017: 15%, 8% and 10%). The Group also incurred withholding tax on rental income and dividend income received from Indonesia and Thailand at 20% and 10% respectively (2017: 20% and 10%).

**12. 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.

Potential ordinary shares are weighted for the period they are outstanding. Potential ordinary shares that are cancelled or allowed to lapse during the period are included in the calculation of diluted earnings per share only for the portion of the period during which they are outstanding. Potential ordinary shares that are converted into ordinary shares during the period are included in the calculation of diluted earnings per share from the beginning of the period to the date of conversion; from the date of conversion, the resulting ordinary shares are included in both basic and diluted earnings per share.



# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 12. EARNINGS PER SHARE (cont'd)

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

	GROUP	
	2018 \$'000	2017 \$'000
Profit after taxation attributable to owners of the Company used in computation of basic and diluted earnings per share	<b>13,471</b>	12,929
	No. of shares	No. of shares
Weighted average number of ordinary shares for basic earnings per share computation	<b>840,528,002</b>	773,095,771
Effect of dilution:		
– Contingently issuable shares under Banyan Tree Performance Share Plan and Banyan Tree Share Award Scheme 2016	<b>1,252,564</b>	950,019
– Call option issued to Accor to purchase additional shares (Note 38)	<b>25,666,473 *</b>	38,056,054
– Call option issued to Vanke SPV to purchase additional shares (Note 38)	<b>16,413,280 *</b>	14,589,582
Weighted average number of ordinary shares for diluted earnings per share computation	<b>883,860,319</b>	826,691,426

\* Call option issued to Accor and to Vanke SPV have lapsed on 19 June 2018 and 19 April 2018 respectively. The potential ordinary shares that would have resulted from the exercise of the options were included in the calculation of diluted earnings per share only for the portion of the period during which they are outstanding in 2018.

**13. PROPERTY, PLANT AND EQUIPMENT**

GROUP	Freehold land \$'000	Freehold buildings \$'000	Leasehold buildings \$'000	Furniture, fittings and equipment \$'000	Computers \$'000	Motor vehicles \$'000	Construction-in-progress \$'000	Total \$'000
<b>Cost or valuation:</b>								
At 1 January 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 16)	–	–	–	–	–	–	(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
<b>At 31 December 2017 and 1 January 2018</b>	<b>349,529</b>	<b>292,489</b>	<b>40,507</b>	<b>175,330</b>	<b>15,876</b>	<b>11,181</b>	<b>583</b>	<b>885,495</b>
Additions	–	1,543	1,251	6,287	1,416	799	16,247	27,543
Disposals	–	–	(555)	(3,903)	(1,781)	(100)	(33)	(6,372)
Disposal of subsidiaries	(13,395)	(58,271)	–	(6,880)	(283)	(295)	–	(79,124)
Write-off	–	–	–	(1,015)	(540)	(3)	–	(1,558)
Transfer from property development costs	–	2,547	–	562	–	–	–	3,109
Transfer (out)/in	–	4,838	(33)	2,232	595	87	(7,719)	–
Net exchange differences	6,210	6,492	(405)	4,401	195	247	(176)	16,964
<b>At 31 December 2018</b>	<b>342,344</b>	<b>249,638</b>	<b>40,765</b>	<b>177,014</b>	<b>15,478</b>	<b>11,916</b>	<b>8,902</b>	<b>846,057</b>

Transfer (to)/from 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 2018

## 13. 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
<b>Accumulated depreciation and impairment losses:</b>								
At 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 16)	–	–	–	–	–	–	(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 and 1 January 2018	–	<b>74,148</b>	<b>18,959</b>	<b>126,941</b>	<b>13,485</b>	<b>9,949</b>	–	<b>243,482</b>
Depreciation charge for the financial year	–	<b>7,930</b>	<b>922</b>	<b>9,362</b>	<b>1,385</b>	<b>505</b>	–	<b>20,104</b>
Disposals	–	–	<b>(294)</b>	<b>(3,646)</b>	<b>(1,769)</b>	<b>(99)</b>	–	<b>(5,808)</b>
Disposal of subsidiaries	–	<b>(8,889)</b>	–	<b>(5,327)</b>	<b>(274)</b>	<b>(56)</b>	–	<b>(14,546)</b>
Write-off	–	–	–	<b>(999)</b>	<b>(540)</b>	<b>(1)</b>	–	<b>(1,540)</b>
Transfer to property development costs	–	<b>(890)</b>	–	–	–	–	–	<b>(890)</b>
Net exchange differences	–	<b>1,679</b>	<b>341</b>	<b>3,440</b>	<b>144</b>	<b>216</b>	–	<b>5,820</b>
<b>At 31 December 2018</b>	–	<b>73,978</b>	<b>19,928</b>	<b>129,771</b>	<b>12,431</b>	<b>10,514</b>	–	<b>246,622</b>
<b>Net carrying amount:</b>								
At 1 January 2017	353,586	228,802	16,800	50,731	3,027	1,517	3,283	657,746
At 31 December 2017	349,529	218,341	21,548	48,389	2,391	1,232	583	642,013
<b>At 31 December 2018</b>	<b>342,344</b>	<b>175,660</b>	<b>20,837</b>	<b>47,243</b>	<b>3,047</b>	<b>1,402</b>	<b>8,902</b>	<b>599,435</b>

### 13. 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 September 2015 using the discounted cash flow approach. The properties have been disposed on 5 November 2018 together with the disposal of Seychelles Group (Note 17).

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 49.

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

	GROUP		
	2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Freehold land			
- Cost and net carrying amount	<b>88,655</b>	92,978	91,994
Freehold buildings			
- Cost	<b>243,088</b>	283,389	282,687
- Accumulated depreciation	<b>(84,763)</b>	(83,434)	(74,878)
- Net carrying amount	<b>158,325</b>	199,955	207,809
Furniture, fittings and equipment			
- Cost	<b>170,799</b>	161,027	152,980
- Accumulated depreciation	<b>(130,420)</b>	(121,926)	(113,010)
- Net carrying amount	<b>40,379</b>	39,101	39,970

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 13. PROPERTY, PLANT AND EQUIPMENT (cont'd)

As at 31 December 2018, certain properties with net carrying amount amounting to \$379,585,000 (31 December 2017: \$368,299,000, 1 January 2017: \$402,304,000) were mortgaged to banks to secure credit facilities for the Group (Note 36).

COMPANY	Furniture, fittings and equipment \$'000	Computers \$'000	Total \$'000
<b>Cost:</b>			
At 1 January 2017, 31 December 2017, 1 January 2018 and 31 December 2018	17	197	214
<b>Accumulated depreciation:</b>			
At 1 January 2017	16	197	213
Depreciation charge for the financial year	1	-	1
At 31 December 2017 and 1 January 2018	17	197	214
Depreciation charge for the financial year	-	-	-
<b>At 31 December 2018</b>	<b>17</b>	<b>197</b>	<b>214</b>
<b>Net carrying amount:</b>			
At 1 January 2017	1	-	1
At 31 December 2017	-	-	-
<b>At 31 December 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 14. INVESTMENT PROPERTIES

	GROUP	
	2018 \$'000	2017 \$'000
<b>Balance sheet:</b>		
At 1 January	70,644	70,596
Additions (subsequent expenditure)	728	431
Disposal of subsidiary (Note 17)	(23,307)	-
Net gain from fair value adjustments recognised in profit or loss (Note 4)	2,118	212
Net exchange differences	1,618	(595)
At 31 December	51,801	70,644
<b>Income statement:</b>		
Rental income from investment properties		
– Minimum lease payments	3,555	3,438
Direct operating expense (including repairs and maintenance) arising from:		
– Rental generating properties	2,120	2,191
– Non-rental generating properties	47	42

#### 14. INVESTMENT PROPERTIES (cont'd)

The Group has no restrictions on the realisability of its investment properties except for investment properties in Seychelles amounting to \$Nil (31 December 2017: \$22,865,000, 1 January 2017: \$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 2018. 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.

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

##### *Properties pledged as security*

Certain investment properties amounting to \$28,847,000 (31 December 2017: \$25,973,000, 1 January 2017: \$24,835,000) are mortgaged to secure bank loans (Note 36).

The investment properties held by the Group as at 31 December 2018 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

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 15. INTANGIBLE ASSETS

GROUP	Goodwill \$'000	Trademarks \$'000	Club membership \$'000	Other intangible assets \$'000	Total \$'000
<b>Cost:</b>					
At 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 and 1 January 2018	<b>2,603</b>	<b>24,300</b>	<b>3,095</b>	<b>10,506</b>	<b>40,504</b>
Additions	–	–	–	<b>1,600</b>	<b>1,600</b>
Net exchange differences	–	–	–	<b>180</b>	<b>180</b>
<b>At 31 December 2018</b>	<b>2,603</b>	<b>24,300</b>	<b>3,095</b>	<b>12,286</b>	<b>42,284</b>
<b>Accumulated amortisation and impairment losses:</b>					
At 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 and 1 January 2018	–	–	<b>205</b>	<b>7,091</b>	<b>7,296</b>
Amortisation	–	–	<b>62</b>	<b>1,133</b>	<b>1,195</b>
Impairment loss	–	–	–	<b>284</b>	<b>284</b>
Net exchange differences	–	–	–	<b>158</b>	<b>158</b>
<b>At 31 December 2018</b>	–	–	<b>267</b>	<b>8,666</b>	<b>8,933</b>
<b>Net carrying amount:</b>					
At 1 January 2017	2,603	24,300	2,471	3,828	33,202
At 31 December 2017	2,603	24,300	2,890	3,415	33,208
<b>At 31 December 2018</b>	<b>2,603</b>	<b>24,300</b>	<b>2,828</b>	<b>3,620</b>	<b>33,351</b>

### 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.

**15. INTANGIBLE ASSETS** (cont'd)

COMPANY	Club membership \$'000
<b>Cost:</b>	
At 1 January 2017	2,621
Additions	474
At 31 December 2017 and 1 January 2018	<b>3,095</b>
Additions	–
<b>At 31 December 2018</b>	<b>3,095</b>
<b>Accumulated amortisation and impairment losses:</b>	
At 1 January 2017	150
Amortisation	55
At 31 December 2017 and 1 January 2018	<b>205</b>
Amortisation	<b>62</b>
<b>At 31 December 2018</b>	<b>267</b>
<b>Net carrying amount:</b>	
At 1 January 2017	2,471
At 31 December 2017	2,890
<b>At 31 December 2018</b>	<b>2,828</b>

**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		
	2018	31.12.2017	1.1.2017
Growth rate	<b>3.7%</b>	3.0%	3.6%
Discount rate	<b>8.9%</b>	8.2%	7.1%



# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 15. INTANGIBLE ASSETS (cont'd)

### Impairment testing of goodwill (cont'd)

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

#### Sensitivity to changes in assumptions

With regards to the assessment of value in use, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

### Impairment testing of trademarks

The trademarks comprise of "Banyan Tree" and "Angsana" brands. Trademarks have been allocated to individual 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		
	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
Carrying amount of trademarks	<b>630</b>	630	630	<b>23,670</b>	23,670	23,670	<b>24,300</b>	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 9.74% (31 December 2017: 9.49%, 1 January 2017: 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% (31 December 2017: 2%, 1 January 2017: 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.

## 15. INTANGIBLE ASSETS *(cont'd)*

### Impairment testing of trademarks *(cont'd)*

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 ended 31 December 2018, an impairment loss of \$284,000 was recognised to write-down the carrying amount of other intangible assets due to deterioration of credit ratings of counter parties.

During the financial year ended 31 December 2017, an impairment loss of \$2,139,000 was recognised to write-down the carrying amount of other intangible assets to its recoverable amount due to unfavourable market conditions.

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 16. LAND USE RIGHTS

	GROUP		
	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
<b>Cost:</b>			
At 1 January	2,721	3,639	14,419
Disposals	-	(3,466)	-
Transfer to assets of disposal group classified as held for sale (Note 34)	-	-	(10,181)
Transfer from property, plant and equipment (Note 13)	-	2,106	-
Transfer from property development costs	-	573	-
Net exchange differences	(243)	(131)	(599)
At 31 December	2,478	2,721	3,639
<b>Accumulated amortisation:</b>			
At 1 January	276	657	3,008
Amortisation for the financial year	2	205	344
Disposals	-	(658)	-
Transfer to assets of disposal group classified as held for sale (Note 34)	-	-	(2,569)
Transfer from property, plant and equipment (Note 13)	-	210	-
Net exchange differences	(1)	(138)	(126)
At 31 December	277	276	657
<b>Net carrying amount</b>	<b>2,201</b>	<b>2,445</b>	<b>2,982</b>
<b>Amount to be amortised:</b>			
- Within 1 year	1	1	368
- Between 2 to 5 years	4	5	113
- After 5 years	2,196	2,439	2,501

**16. LAND USE RIGHTS (cont'd)**

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

Location	Tenure		
	2018	31.12.2017	1.1.2017
<b>People's Republic of China</b>			
Banyan Tree Lijiang	–	–	28 years*
Banyan Tree Ringha	–	–	27 years*
Zhongdian Jiantang Hotel	<b>30 years</b>	31 years	32 years
Tibet Lhasa Banyan Tree Resorts	–	–	31 years
<b>Indonesia</b>			
PT. Heritage Resorts & Spas	<b>28 years</b>	29 years	–
PT. Cassia Resorts Investments	<b>4 years</b>	5 years	–

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

**17. SUBSIDIARIES**

	COMPANY		
	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
Unquoted shares, at cost	<b>267,157</b>	245,366	113,643
Quoted shares, at cost	<b>71,619</b>	71,619	71,619
Impairment losses	<b>(7,356)</b>	(7,356)	(7,356)
	<b>331,420</b>	309,629	177,906
Capital contribution through issue of ordinary shares to employees of subsidiaries at no consideration under FRS 102 Share-based Payment	<b>5,863</b>	5,863	5,863
	<b>337,283</b>	315,492	183,769
<b>Loans and receivables</b>			
Loans to subsidiaries	<b>228,538</b>	229,987	338,046
Less: Expected credit losses/Allowance for doubtful debts	<b>(6,348)</b>	(6,361)	(8,261)
	<b>222,190</b>	223,626	329,785
	<b>559,473</b>	539,118	513,554
Market value of quoted shares	<b>190,998</b>	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.

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 17. SUBSIDIARIES (cont'd)

Included in the loans made to subsidiaries is an unsecured loan of \$100,605,000 (31 December 2017: \$97,755,000, 1 January 2017: \$139,382,000) bearing interest at a rate of 5.4% to 7.0% (2017: 5.4% 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		
	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
Loans to subsidiaries - nominal amounts	34,950	33,657	34,021
Less: Expected credit losses/Allowance for doubtful debts	(6,348)	(6,361)	(8,261)
	<b>28,602</b>	27,296	25,760

	COMPANY	
	31.12.2017 \$'000	1.1.2017 \$'000
<b>Movement in allowance accounts:</b>		
At 1 January	8,261	8,261
Write-back of allowance for the financial year	(1,900)	-
At 31 December	<b>6,361</b>	8,261

### Expected credit losses

The movement in allowance for expected credit losses of amount due from subsidiaries is as follows:

	COMPANY	
	2018 \$'000	
<b>Movement in allowance accounts:</b>		
At 1 January		<b>6,361</b>
Charge for the financial year		<b>707</b>
Write-off for the financial year		<b>(720)</b>
At 31 December		<b>6,348</b>

**17. SUBSIDIARIES (cont'd)***Acquisition of ownership interest in subsidiary, without loss of control*

On 9 April 2018, the Group acquired an additional 20.53% equity interest in Laguna Resorts & Hotels Public Company Limited ("LRH") from its non-controlling interests for a cash consideration of \$57,488,000. The carrying value of the net assets of LRH at 9 April 2018 was \$513,833,000 and the carrying value of the additional interest acquired was \$105,490,000. The difference of \$48,002,000 between the consideration and the carrying value of the additional interest acquired has been recognised as "Premium paid on acquisition of non-controlling interests" within the statement of changes in equity.

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

	<b>GROUP</b>
	<b>2018</b>
	<b>\$'000</b>
Consideration paid for acquisition of non-controlling interests	<b>57,488</b>
Changes in equity attributable to non-controlling interests	<b>(105,490)</b>
Increase in equity attributable to owners of the Company	<b>48,002</b>

*Decrease in non-controlling interests without a change in control in 2018*

As disclosed in 2017, Banyan Tree China Pte. Ltd. ("BTCN"), a subsidiary of the Group holds interests in a joint venture. BTCN had issued certain amount of new shares to a fellow subsidiary ("Transaction A"). It was deemed that the Group disposed 3.7% equity interest in BTCN to non-controlling interests of the fellow subsidiary and Transaction A had been accounted for as an equity transaction with non-controlling interests. In 2018, the Group has acquired an additional equity interest from the non-controlling interests of the fellow subsidiary ("Transaction B"), resulting in the increase in equity interest in BTCN. Transaction B had been accounted for as an equity transaction with non-controlling interests, resulting in:

	<b>GROUP</b>
	<b>2018</b>
	<b>\$'000</b>
Changes in equity attributable to non-controlling interests	<b>(2,746)</b>
Increase in equity attributable to owners of the Company	<b>2,746</b>

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 17. SUBSIDIARIES (cont'd)

### Disposal of subsidiaries in 2018

On 23 July 2018, the Group entered into a sale agreement to dispose 100% of its interest in its wholly-owned subsidiaries, Hill View Resorts (Seychelles) Limited, Jayanne (Seychelles) Limited and Lindere Villas (Seychelles) Limited, (collectively, the "Seychelles Group") at its carrying value. The disposal was completed on 5 November 2018, on which date control of Seychelles Group was passed to the acquirer.

The value of assets and liabilities of Seychelles Group recorded in the consolidated financial statements as at 5 November 2018, and the effects of the disposal were:

	GROUP
	2018 \$'000
Property, plant and equipment	64,578
Investment properties (Note 14)	23,307
Inventories	1,066
Prepayments and other non-financial assets	628
Trade receivables	1,593
Other receivables	2,031
Amounts due from subsidiaries	1,396
Cash and short-term deposits	6,125
	<b>100,724</b>
Other non-financial liabilities	(995)
Trade payables	(1,622)
Other payables	(5,536)
Amounts due to subsidiaries	(51,126)
Deferred tax liabilities	(2,404)
	<b>(61,683)</b>
Carrying value of net assets	<b>39,041</b>
Cash consideration	93,187
Cash and cash equivalents of the subsidiaries	(6,125)
Net cash inflow on disposal of subsidiaries	<b>87,062</b>
<b>Gain on disposal:</b>	
Cash consideration	93,187
Settlement of debts	(49,724)
Deferred cash receivable	7,091
Net assets derecognised	(39,041)
Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity on loss of control of subsidiaries	4,848
Additional expenses for disposal of subsidiaries	(3,902)
Gain on disposal (Note 4)	<b>12,459</b>

**17. SUBSIDIARIES (cont'd)***Disposal of subsidiaries in 2017*

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.

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 in 2017 on the interest disposed. In addition, the Group's retained interest in these subsidiaries had been reclassified to joint ventures and associates.

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:

	<b>GROUP</b>
	<b>2017</b>
	<b>\$'000</b>
<b>Assets and liabilities:</b>	
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	<u>96,536</u>
Cash consideration	78,126
Cash and cash equivalents of the subsidiaries	(12,357)
Net cash inflow on disposal of subsidiaries	<u>65,769</u>
<b>Gain on disposal:</b>	
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)	<u>40,413</u>



# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 17. SUBSIDIARIES (cont'd)

*Increase in non-controlling interests without a change in control in 2017*

As part of the restructuring exercise in 2017, BTCN, 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 BTCN to non-controlling interests of the subsidiary. Following the deemed disposal, the Group still controls BTCN, retaining 96.3% of the ownership interests. The transaction has been accounted for as an equity transaction with non-controlling interests, resulting in:

	<b>GROUP</b>
	<b>2017</b>
	<b>\$'000</b>
Changes in equity attributable to non-controlling interests	2,967
Decrease in equity attributable to owners of the Company	(2,967)

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		
			2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000	2018 %	31.12.2017 %	1.1.2017 %
<b>(i) Held by the Company</b>								
<sup>(1)</sup> Banyan Tree Hotels & Resorts Pte. Ltd.	Provision of resort, spa, project and golf management services	Singapore	<b>5,466</b>	5,466	5,466	<b>100</b>	100	100
<sup>(1)</sup> Banyan Tree Investments Pte. Ltd.	Property holding	Singapore	<b>15,673</b>	10,673	10,673	<b>100</b>	100	100
<sup>(26)</sup> Sanctuary Assets (S) 1 Pte. Ltd.	Investment holding	Singapore	–	–	**	–	–****	100
<sup>(8)</sup> Banyan Tree Capital Pte. Ltd.	Business management and consultancy services	Singapore	<b>500</b>	500	500	<b>100</b>	100	100
<sup>(8)</sup> Prestige Global Services Pte. Ltd.	Own and manage intellectual property for and on behalf of Banyan Tree Group	Singapore	**	**	**	<b>100</b>	100	100

**17. 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		
			2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000	2018 %	31.12.2017 %	1.1.2017 %
<b>(i) Held by the Company (cont'd)</b>								
<sup>(1)</sup> Banyan Tree Indochina Holdings Pte. Ltd.	Investment holding	Singapore	**	**	**	<b>100</b>	100	100
<sup>(8)</sup> Banyan Tree Indochina Management (Singapore) Pte. Ltd.	Investment holding	Singapore	**	**	**	<b>100</b>	100	100
<sup>(1)</sup> Banyan Tree Services Pte. Ltd.	Investment holding	Singapore	**	**	**	<b>100</b>	100	100
<sup>(8)</sup> Brand Management Pte. Ltd.	Provision of Consultancy services	Singapore	**	**	**	<b>100</b>	100	100
<sup>(1)</sup> Banyan Tree China Pte. Ltd.	Investment holding	Singapore	<b>152,678</b>	135,887	–	<b>89.31</b>	89.31	–
<sup>(20)</sup> ACAP International Investments Pte. Ltd.	Investment holding	Singapore	**	–	–	<b>100</b>	–	–
<sup>(2)</sup> Laguna Resorts & Hotels Public Company Limited	Hotel and Property development business	Thailand	<b>71,619</b>	71,619	71,619	<b>86.28</b>	65.75	65.75
<sup>(12)</sup> Tibet Lhasa Banyan Tree Resorts Limited	Construction and management of hotels and spas	China	<b>5,097</b>	5,097	5,097	<b>100</b>	100	100
<sup>(2)</sup> Banyan Tree Properties (HK) Limited	Investment holding	Hong Kong	**	**	**	<b>100</b>	100	100
<sup>(2)</sup> Vabbinvest Maldives Pvt Ltd	Operation of holiday resorts	Maldives	–	–	4,163	–	–*	100

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 17. SUBSIDIARIES (cont'd)

Name of subsidiary	Principal activities	Place of Incorporation	Cost of investment			Effective equity held by the Group		
			2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000	2018 %	31.12.2017 %	1.1.2017 %
<b>(i) Held by the Company (cont'd)</b>								
<sup>(2)</sup> Maldives Bay Pvt Ltd	Development and management of resorts, hotels and spas	Maldives	<b>49,934</b>	49,934	49,934	<b>100</b>	100	100
<sup>(2)</sup> Maldives Cape Pvt Ltd	Development and management of resorts, hotels and spas	Maldives	<b>**</b>	**	**	<b>100</b>	100	100
<sup>(11)</sup> Hill View Resorts Holdings Limited	Investment holding	British Virgin Islands	<b>25,751</b>	25,751	25,751	<b>100</b>	100	100
<sup>(2)</sup> Banyan Tree Resorts & Spas (Morocco) S.A.	Provision of management, operation services and ancillary services related to the hospitality industry	Morocco	<b>9,883</b>	9,883	9,883	<b>100</b>	100	100
<sup>(5)</sup> Beruwela Walk Inn Limited	Operation of Hotel resorts	Sri Lanka	<b>856</b>	856	856	<b>100</b>	100	100
<sup>(2)</sup> PT. Heritage Resorts & Spas	Tourism management consultancy services	Indonesia	<b>1,319</b>	1,319	1,319	<b>100</b>	100	100
			<b>338,776</b>	316,985	185,261			

**17. SUBSIDIARIES** (cont'd)

Name of subsidiary	Principal activities	Place of Incorporation	Effective equity held by the Group		
			2018 %	31.12.2017 %	1.1.2017 %
<b>(ii) Held through subsidiaries</b>					
<sup>(1)</sup> Hotelspa Pte. Ltd.	Investment holding	Singapore	<b>100</b>	100	100
<sup>(1)</sup> Banyan Tree Gallery (Singapore) Pte Ltd	Sale of merchandise	Singapore	<b>93.00</b>	82.53	82.53
<sup>(8)</sup> Banyan Tree Dunhuang (S) Pte. Ltd.	Investment holding	Singapore	<b>100</b>	100	100
<sup>(26)</sup> Sanctuary Chengdu Development Company No. 3 (S) Pte. Ltd.	Investment holding	Singapore	-	-****	100
<sup>(26)</sup> Sanctuary Chengdu Development Company No. 1 (S) Pte. Ltd.	Investment holding	Singapore	-	-****	100
<sup>(26)</sup> Sanctuary Lijiang (S) Pte. Ltd.	Investment holding	Singapore	-	-****	100
<sup>(26)</sup> Sanctuary Jiwa Renga (S) Pte. Ltd.	Investment holding	Singapore	-	-****	100
<sup>(8)</sup> Global Investments Pte. Ltd.	Investment holding	Singapore	<b>100</b>	100	100
<sup>(8)</sup> Banyan Tree Indochina Pte. Ltd.	Business Management and consultancy services	Singapore	<b>100</b>	100	100
<sup>(1)</sup> Architrave Design & Planning Services Pte. Ltd.	Provision of design, planning and consultancy services for hotels, resorts and spas	Singapore	<b>100</b>	100	100
<sup>(1)</sup> GPS Development Services Pte. Ltd.	Provision of purchasing and project services for hotels, resorts and spas	Singapore	<b>100</b>	100	100
<sup>(1)</sup> Banyan Tree Marketing Group Pte. Ltd.	Provision of marketing services	Singapore	<b>100</b>	100	100
<sup>(27)</sup> Sanctuary Management Pte. Ltd.	Hotel management consultancy services	Singapore	-	-****	100
<sup>(26)</sup> Sanctuary Chengdu Development Company No. 4 (S) Pte. Ltd.	Investment holding	Singapore	-	-****	100
<sup>(1)</sup> BT Development Singapore Pte. Ltd.	Investment holding	Singapore	<b>100</b>	100	100
<sup>(8)</sup> Banyan Tree Management (S) Pte. Ltd.	Hotel management	Singapore	<b>100</b>	100	100
<sup>(1)</sup> Banyan Tree Spas Pte. Ltd.	Operation of spas	Singapore	<b>100</b>	100	100
<sup>(1)</sup> Banyan Tree Businesses Pte. Ltd.	Investment holding	Singapore	<b>100</b>	100	-
<sup>(2)</sup> Banyan Tree Mkg (HK) Limited	Provision of marketing services	Hong Kong	<b>100</b>	100	100
<sup>(2)</sup> Banyan Tree Resorts & Spas (Thailand) Company Limited	Provision of spa services	Thailand	<b>100</b>	100	100
<sup>(2)</sup> Banyan Tree Hotels & Resorts (Thailand) Limited	Provision of hotel management services	Thailand	<b>100</b>	100	100

# Notes to the Financial Statements

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## 17. SUBSIDIARIES (cont'd)

Name of subsidiary	Principal activities	Place of Incorporation	Effective equity held by the Group		
			2018 %	31.12.2017 %	1.1.2017 %
<b>(ii) Held through subsidiaries (cont'd)</b>					
<sup>(2)</sup> TWR - Holdings Limited	Investment holding and property development	Thailand	<b>86.28</b>	65.75	65.75
<sup>(2)</sup> Laguna Holiday Club Limited	Holiday club membership and property development	Thailand	<b>86.28</b>	65.75	65.75
<sup>(16)</sup> Laguna (3) Limited	Property development	Thailand	<b>86.28</b>	65.75	65.75
<sup>(2)</sup> Banyan Tree Gallery (Thailand) Limited	Sale of merchandise	Thailand	<b>93.00</b>	82.53	82.53
<sup>(16)</sup> Pai Smart Development Company Limited	Property development	Thailand	<b>86.28</b>	65.75	65.75
<sup>(16)</sup> Mae Chan Property Company Limited	Property development	Thailand	<b>86.28</b>	65.75	65.75
<sup>(2)</sup> Phuket Resort Development Limited	Property development	Thailand	<b>86.28</b>	65.75	65.75
<sup>(2)</sup> Laguna Grande Limited	Operation of golf club and property development	Thailand	<b>86.28</b>	65.75	65.75
<sup>(2)</sup> Laguna Banyan Tree Limited	Hotel operations and property development	Thailand	<b>86.28</b>	65.75	65.75
<sup>(16)</sup> <sup>(10)</sup> Talang Development Company Limited	Property development	Thailand	<b>43.14</b>	32.88	32.88
<sup>(2)</sup> Twin Waters Development Company Limited	Property development	Thailand	<b>86.28</b>	65.75	65.75
<sup>(16)</sup> Bangtao (1) Limited	Property development	Thailand	<b>86.28</b>	65.75	65.75
<sup>(16)</sup> Bangtao (2) Limited	Property development	Thailand	<b>86.28</b>	65.75	65.75
<sup>(16)</sup> Bangtao (3) Limited	Property development	Thailand	<b>86.28</b>	65.75	65.75
<sup>(16)</sup> Bangtao (4) Limited	Property development	Thailand	<b>86.28</b>	65.75	65.75
<sup>(2)</sup> Bangtao Development Limited	Property development	Thailand	<b>86.28</b>	65.75	65.75
<sup>(2)</sup> Bangtao Grande Limited	Hotel operations	Thailand	<b>86.28</b>	65.75	65.75
<sup>(16)</sup> <sup>(21)</sup> Laguna Central Limited	Dormant	Thailand	–	–	55.89
<sup>(2)</sup> <sup>(10)</sup> Laguna Service Company Limited	Provision of utilities and other services to hotels owned by the subsidiaries	Thailand	<b>62.90</b>	47.93	47.93
<sup>(2)</sup> Thai Wah Plaza Limited	Hotel operations, lease of office building space and property development	Thailand	<b>86.28</b>	65.75	65.75
<sup>(2)</sup> Thai Wah Tower Company Limited	Lease of office building space	Thailand	<b>86.28</b>	65.75	65.75
<sup>(2)</sup> Thai Wah Tower (2) Company Limited	Property development	Thailand	<b>86.28</b>	65.75	65.75
<sup>(2)</sup> <sup>(10)</sup> Laguna Excursions Limited	Travel operations	Thailand	<b>42.28</b>	32.22	32.22
<sup>(2)</sup> Laguna Lakes Limited	Property development	Thailand	<b>81.97</b>	62.46	62.46

**17. SUBSIDIARIES** (cont'd)

Name of subsidiary	Principal activities	Place of incorporation	Effective equity held by the Group		
			2018 %	31.12.2017 %	1.1.2017 %
<b>(ii) Held through subsidiaries</b> (cont'd)					
<sup>(2)</sup> Laguna Village Limited	Hotel operations	Thailand	<b>86.28</b>	65.75	65.75
<sup>(25)</sup> Wanyue Leisure Health (Shanghai) Co., Ltd	Operation of spas	China	–	–****	100
<sup>(5)</sup> Zhongdian Jiantang Hotel Limited	Hotel services	China	<b>80</b>	80	80
<sup>(25)</sup> Jiwa Renga Resorts Limited	Hotel construction and operations	China	–	–****	96
<sup>(25)</sup> Banyan Tree Hotels Services (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
<sup>(25)</sup> Lijiang Banyan Tree Property Service Company Limited	Hotel management	China	–	–****	87.04
<sup>(25)</sup> Lijiang Banyan Tree Hotel Co., Ltd	Hotel operations and property development	China	–	–****	83.20
<sup>(14)</sup> Dunhuang Banyan Tree Hotel Company Limited	Develop, own and operate hotels and resorts in China	China	<b>100</b>	100	100
<sup>(25)</sup> Banyan Tree Lijiang International Travel Service Co., Ltd	Provision of travel agency services	China	–	–****	83.20
<sup>(25)</sup> Lijiang Banyan Tree Gallery Trading Company Limited	Trading and retailing of consumer goods in resorts	China	–	–****	82.53
<sup>(9)</sup> Tianjin Banyan Tree Capital Investment Management Co., Ltd.	Investment management and related consulting services	China	<b>100</b>	100	100
<sup>(25)</sup> 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
<sup>(24)</sup> Yueliang Architectural Design Consulting (Shanghai), Co. Ltd	Provision of spas architect & design services	China	–	–****	100
<sup>(24)</sup> Xiangrong Business Consulting (Shanghai) Co., Ltd	Provision of project management and materials procurement services	China	–	–****	100
<sup>(25)</sup> Chengdu Banyan Tree No. 1 Property Co., Ltd	Residential property development	China	–	–****	100
<sup>(25)</sup> Chengdu Banyan Tree No. 3 Property Co., Ltd	Commercial property development	China	–	–****	100
<sup>(25)</sup> Chengdu Banyan Tree No. 4 Property Co., Ltd	Residential property development	China	–	–****	100

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## 17. SUBSIDIARIES (cont'd)

Name of subsidiary	Principal activities	Place of Incorporation	Effective equity held by the Group		
			2018 %	31.12.2017 %	1.1.2017 %
<b>(ii) Held through subsidiaries (cont'd)</b>					
<sup>(25)</sup> Chengdu Laguna Property Service Co., Ltd.	Property management	China	–	–****	100
<sup>(25)</sup> Banyan Tree Marketing (Shanghai) Co., Ltd	Provision of marketing services	China	–	–****	100
<sup>(5)</sup> BT Development No. 1 Pty Ltd	Development of residential property	Australia	<b>100</b>	100	100
<sup>(2)</sup> Banyan Tree Resorts Limited	Provision of resort management services	Hong Kong	<b>100</b>	100	100
<sup>(2)</sup> Banyan Tree Spa (HK) Limited	Provision of spa management services	Hong Kong	<b>100</b>	100	100
<sup>(4)</sup> Cheer Golden Limited	Investment holding	Hong Kong	<b>86.28</b>	65.75	65.75
<sup>(2)</sup> Triumph International Holdings Limited	Investment holding	Hong Kong	<b>80</b>	80	80
<sup>(2)</sup> Northpoint Investments Limited	Investment holding	Hong Kong	<b>100</b>	100	100
<sup>(2)</sup> Banyan Tree Investment Holdings (HK) Limited	Investment holding	Hong Kong	<b>100</b>	100	100
<sup>(2)</sup> Vabbinvest Maldives Pvt Ltd	Operation of holiday resorts	Maldives	<b>100</b>	100*	–
<sup>(11)</sup> Banyan Tree Hotels & Resorts Korea Limited	Provision of hotel management services	Korea	<b>100</b>	100	100
<sup>(8)</sup> Banyan Tree Indochina (GP) Company Limited	Manage and operate the Banyan Tree Indochina Hospitality Fund, L.P.	Cayman Islands	<b>100</b>	100	100
<sup>(11)</sup> Jayanne International Limited	Investment holding	British Virgin Islands	<b>100</b>	100	100
<sup>(11)</sup> Club Management Limited	Provision of resort and hotel management and operation services and ancillary services related to the hospitality industry	British Virgin Islands	<b>100</b>	100	100
<sup>(11)</sup> Lindere Villas Limited	Investment holding	British Virgin Islands	<b>100</b>	100	100
<sup>(11)(17)</sup> Resort Holdings Limited	Investment holding	British Virgin Islands	–	–	100
<sup>(15)</sup> PT. AVC Indonesia	Holiday club membership and golf club operations	Indonesia	<b>86.28</b>	65.75	65.75
<sup>(2)</sup> PT. Management Banyan Tree Resorts & Spas	Provision of consultation and management services of the international hotels marketing	Indonesia	<b>100</b>	100	100

**17. SUBSIDIARIES** (cont'd)

Name of subsidiary	Principal activities	Place of Incorporation	Effective equity held by the Group		
			2018 %	31.12.2017 %	1.1.2017 %
<b>(ii) Held through subsidiaries (cont'd)</b>					
<sup>(2)</sup> PT. Banyan Tree Management	Provision of hotel management services	Indonesia	<b>100</b>	100	100
<sup>(2)</sup> PT Cassia Resorts Investments	Hotel operations and property development	Indonesia	<b>100</b>	100	100
<sup>(5)</sup> PT Leisure Development Bintan	Hotel operations and property development	Indonesia	<b>100</b>	100	100
<sup>(2)</sup> Banyan Tree MX S.A. De C.V.	Provision of business management services, resort and hotel management, operation services and ancillary services related to the hospitality industry	Mexico	<b>100</b>	100	100
<sup>(5)</sup> Banyan Tree Servicios S.A. De C.V.	Provision of business management services, resort and hotel management, operation services and ancillary services related to the hospitality industry	Mexico	<b>100</b>	100	100
<sup>(11)</sup> Banyan Tree Guam Limited	Business office operation service and operation of spa facilities	Guam	<b>100</b>	100	100
<sup>(2)</sup> Banyan Tree Spas Sdn. Bhd.	Operation of spas	Malaysia	<b>100</b>	100	100
<sup>(11)</sup> Banyan Tree Japan Yugen Kaisha	Operation of spas	Japan	<b>100</b>	100	100
<sup>(2) (22)</sup> Heritage Spas Egypt LLC	Operation and investment in resorts, spas and retail outlets	Egypt	–	100	100
<sup>(2)</sup> Banyan Tree (Private) Limited	Operation of spas	Sri Lanka	<b>100</b>	100	100
<sup>(6)</sup> Heritage Spas South Africa (Pty) Ltd	Operation and investment in resorts, spas and retail outlets	South Africa	<b>100</b>	100	100
<sup>(2) (18)</sup> Heritage Spas Dubai LLC	Operation of spas	Dubai	<b>100</b>	100	100
<sup>(2)</sup> Maldives Angsana Pvt Ltd	Operation of holiday resorts	Maldives	<b>100</b>	100	100
<sup>(5)</sup> Keelbay Pty Ltd	Development of residential property	Australia	<b>100</b>	100	100
<sup>(7) (23)</sup> Jayanne (Seychelles) Limited	Own, buy, sell, take on lease, develop or otherwise deal in immovable property	Seychelles	–	100	100
<sup>(7) (23)</sup> Hill View Resorts (Seychelles) Limited	Hotel operations	Seychelles	–	100	100



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for the financial year ended 31 December 2018

## 17. SUBSIDIARIES (cont'd)

	Name of subsidiary	Principal activities	Place of Incorporation	Effective equity held by the Group		
				2018 %	31.12.2017 %	1.1.2017 %
<b>(ii) Held through subsidiaries (cont'd)</b>						
(7) (23)	Lindere Villas (Seychelles) Limited	Investment holding	Seychelles	–	100	100
(28)	Banyan Tree Mkg (UK) Ltd	Provision of marketing services	United Kingdom	100	100	100
(2)	BT Investments Holdings Phils. Inc.	Investment holding	Philippines	97.85	97.85	97.85
(2)	Banyan Tree Hotels (Cyprus) Ltd	Provision of management consultancy and hotel design services	Cyprus	100	100	100
(13)	Green Transportation SARL AU	Provision of tourist transportation activities	Morocco	100	100	100
(2) (19)	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 Ruihua Certified Public Accountant.

(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 2018.

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

(15) Audited by RSM AAJ Associates.

(16) Audited by SD Audit and Consultancy Limited.

(17) Struck-off on 1 November 2017.

(18) In the process of voluntary liquidation.

(19) Dissolved with effect from 2 March 2017.

(20) Incorporated/Acquired during the year.

(21) Liquidated on 29 December 2017.

(22) Liquidated on 26 February 2018.

(23) Ceased to be subsidiaries on 7 November 2018, following the completion of the sale of the entire assets portfolio in Seychelles which comprises the Banyan Tree Resorts as well as all the land plots it owns in Seychelles.

(24) Audited by Shanghai Zhong Qin Wan Xin Certified Public Accountant before divested from subsidiaries into a Joint venture and Associates in 2017.

(25) Audited by member firms of Ernst & Young Global in the respective countries before divested from subsidiaries into a Joint venture and Associates in 2017.

(26) Audited by A Garanzia LLP. before divested from subsidiaries into a Joint venture and Associates in 2017.

(27) Audited by Ernst & Young LLP, Singapore before divested from subsidiaries into a Joint venture and Associates in 2017.

(28) Audited by MHA MacIntyre Hudson in 2018 and member firms of Ernst & Young Global in 2017.

\* Investment transferred from being held by the holding company to be held through a subsidiary in 2017.

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

\*\*\* As at 31 December 2018, 13.16% (2017: 21.69%) 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 86.28% (2017: 65.75%) in LRH, 10.90% (2017: 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 86.81% (2017: 70.04%) and the voting rights held by the non-controlling interest in the subsidiary amount to 13.19% (2017: 29.96%).

Of the effective equity held by the non-controlling interest of 13.72% (2017: 34.25%) in LRH, 1.60% (2017: 2.59%) and 0.66% (2017: 8.20%) 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 13.19% (2017: 29.96%).

\*\*\*\* Investment divested from subsidiaries into a Joint venture and Associates in 2017.

**17. SUBSIDIARIES (cont'd)***Interest in subsidiary with material non-controlling interest (NCI)*

The Group has the following subsidiary that has NCI that is 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
<b>31 December 2018:</b>					
Laguna Resorts & Hotels Public Company Limited	Thailand	13.72%	943	73,977	363
<b>31 December 2017:</b>					
Laguna Resorts & Hotels Public Company Limited	Thailand	34.25%	1,952	177,246	596
<b>1 January 2017:</b>					
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		
	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
<b>Current</b>			
Assets	228,839	245,035	207,212
Liabilities	(138,210)	(142,207)	(100,990)
Net current assets	90,629	102,828	106,222
<b>Non-current</b>			
Assets	666,572	627,899	634,681
Liabilities	(219,197)	(207,522)	(229,987)
Net non-current assets	447,375	420,377	404,694
Net assets	538,004	523,205	510,916

# Notes to the Financial Statements

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## 17. SUBSIDIARIES (cont'd)

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

Summarised statement of comprehensive income

	Laguna Resorts & Hotels Public Company Limited	
	2018 \$'000	2017 \$'000
Revenue	227,920	195,689
Profit before taxation	7,606	7,442
Income tax expense	(5,339)	(3,196)
Profit after taxation	2,267	4,246
Other comprehensive income	(3)	(471)
Total comprehensive income	2,264	3,775
<b>Other summarised information</b>		
Net cash flows (used in)/generated from operations	(17,037)	13,812
Acquisition of significant property, plant and equipment	(24,446)	(8,675)

## 18. JOINT VENTURES

	GROUP			COMPANY		
	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'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 \$Nil (31 December 2017: \$72,149,000, 1 January 2017: \$Nil) of redeemable convertible preference shares ("RCPS") which can be offset against the amounts due to joint ventures.

In 2017, 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.

**18. JOINT VENTURES** (cont'd)

As announced during the financial year, Vanke and the Group had funded and acquired stakes of 93.3% and 6.7% respectively in Banyan Tree China Hospitality Fund ("China Fund"). The China Fund was subsequently injected into BTAC at the end of March 2018. In recognition of the respective contributions from Vanke and the Group for the acquisition of the China Fund and injection into BTAC, it is mutually agreed between Vanke and the Group, that the Group's interest in BTAC to be diluted from 50% to 22.8%. Subsequent to the dilution, BTAC was reclassified to associate.

On 20 November 2018, the Group entered into a sale agreement to dispose 18.6% of its shareholding in BTAC to Vanke. Following the disposal, the Group no longer has a significant influence in BTAC. As a result, the Group's retained 4.2% interest in BTAC and the RCPS, as mentioned above, has been reclassified from cost of investment in associates to long-term investments.

As at 31 December 2018, included within unquoted equity shares at cost is an aggregate amount of \$Nil (31 December 2017: \$72,149,000, 1 January 2017: \$Nil) of RCPS which can be offset against the amounts due to joint venture.

Summarised below are the effects of the disposal:

	<b>GROUP</b>
	<b>2018</b>
	<b>\$'000</b>
Cash consideration	<b>78,607</b>
Net cash inflow on disposal of joint venture	<b>78,607</b>
<b>Gain on disposal:</b>	
Cash consideration	<b>78,607</b>
Cash contribution for acquisition of China Fund	<b>(18,800)</b>
Proportional capitalisation of investment in China Fund	<b>61,849</b>
Carrying value of the investment derecognised	<b>(92,792)</b>
Additional expenses for disposal of joint venture	<b>(3,709)</b>
Gain on disposal (Note 4)	<b>25,155</b>

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 18. JOINT VENTURES (cont'd)

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.		
	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
<b>Assets and liabilities:</b>			
Current assets <sup>(1)</sup>	–	209,004	–
Non-current assets	–	95,801	–
Current liabilities <sup>(2)</sup>	–	(57,021)	–
Non-current liabilities <sup>(3)</sup>	–	(27,904)	–
Net assets	–	219,880	–
Adjusted for:			
Equity contribution not in proportion to shareholding <sup>(4)</sup>	–	(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 RCPS <sup>(4)</sup>	–	(31,764)	–
Loan to joint venture	–	12,110	–
Others	–	(37)	–
Carrying amount of the investment	–	132,250	–
<sup>(1)</sup> Includes cash and cash equivalents	–	6,107	–
<sup>(2)</sup> Includes current financial liabilities (excluding trade and other payables and provisions)	–	(44,366)	–
<sup>(3)</sup> Includes non-current financial liabilities (excluding trade and other payables and provision)	–	(21,831)	–
<sup>(4)</sup> As at 31 December 2017, an amount of \$11,854,000 of capital injection is outstanding from the joint venture partner.			
<b>Results:</b>			
Revenue	–	6,403	
Loss after tax <sup>(5)</sup>	–	(3,263)	
<sup>(5)</sup> Includes:			
– depreciation and amortisation	–	(950)	
– interest income	–	323	
– interest expense	–	(1,164)	
– tax expense	–	(1)	

## 19. ASSOCIATES

	GROUP			COMPANY		
	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
Quoted and unquoted equity shares, at cost	<b>110,349</b>	108,220	94,657	<b>869</b>	869	869
Share of post-acquisition reserves, net of dividend received	<b>10,997</b>	(316)	83	–	–	–
Impairment loss	<b>(679)</b>	(679)	(679)	–	–	–
Net exchange differences	<b>(1,660)</b>	24	(177)	–	–	–
	<b>119,007</b>	107,249	93,884	<b>869</b>	869	869
Long-term amount due from associates						
– non-trade	<b>42,072</b>	–	–	<b>5,268</b>	–	–
	<b>161,079</b>	107,249	93,884	<b>6,137</b>	869	869
Fair value of investment in an associate for which there is a published price quotation	<b>30,798</b>	33,868	33,042	–	–	–

Included within quoted and unquoted equity shares, at cost is an aggregate amount of \$17,831,000 (31 December 2017: \$17,831,000, 1 January 2017: \$Nil) of RCPS which can be offset against the amounts due to associates.

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 as at 31 December 2018 and 31 December 2017.

The Group recognised amounts due from associates of \$60,977,000 which were repayable on demand as at 31 December 2017. During the year, these amounts were renegotiated to be repayable in interest free instalments from the operating cashflow of these entities over future periods. As per SFRS (I) 9, the modification of these terms has triggered the de-recognition of the existing instrument and recognition of a new instrument. This instrument has been measured at fair value upon initial recognition according to the following inputs:

Market Interest rate	5.33%
Previous carrying value	\$60,977,000
New instrument carrying value at fair value upon initial recognition	\$42,072,000
Modification loss (recorded within finance costs)	\$18,905,000

Accordingly, the associates have recognised a gain on the modification of terms of the previous instrument, and the Group has correspondingly recognised their share of 40% of the gain (\$7,562,000 of modification gain has been recognised within the share of results of the associates).

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 19. ASSOCIATES (cont'd)

Subsequent to the modification loss, as at 31 December 2018, the Group has performed an assessment on expected credit loss on the amounts due from associates of \$42,072,000, and concluded that the amount of expected credit loss is not material for the financial year ended 31 December 2018.

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

Name of subsidiary	Principal activities	Place of Incorporation	Effective equity held by the Group		
			2018 <sup>(4)</sup> %	31.12.2017 %	1.1.2017 %
<b>Held through subsidiaries</b>					
<sup>(2)(3)</sup> Thai Wah Public Company Limited	Manufacture and distribution of vermicelli, tapioca starch and other food products	Thailand	<b>8.65</b>	6.59	6.59
<sup>(1)(3)</sup> Banyan Tree Indochina Hospitality Fund, L.P.	Business of a real estate development fund, focused on the hospitality sector in Vietnam	Cayman Islands	<b>17.02</b>	15.84	15.84

<sup>(1)</sup> Audited by Ernst & Young LLP, Singapore.

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

<sup>(3)</sup> 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.

<sup>(4)</sup> These associates are held by LRH and the increase in effective equity held by the Group is due to the acquisition of NCI in LRH as disclosed in Note 17.

The summarised financial information in respect of Thai Wah Public Company Limited and Indochina fund 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.		
	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
<b>Assets and liabilities:</b>						
Current assets	<b>132,629</b>	129,070	111,882	<b>51</b>	26	233
Non-current assets	<b>164,419</b>	162,706	144,239	<b>298,149</b>	290,842	311,046
Current liabilities	<b>(33,351)</b>	(33,147)	(30,007)	<b>(1,867)</b>	(1,559)	(1,605)
Non-current liabilities	<b>(17,319)</b>	(16,478)	(12,323)	–	–	–
Non-controlling interests	<b>(23,600)</b>	(22,951)	(9,800)	–	–	–
Net assets	<b>222,778</b>	219,200	203,991	<b>296,333</b>	289,309	309,674
Proportion of the Group's ownership	<b>10.03%</b>	10.03%	10.03%	<b>17.80%</b>	17.80%	17.80%
Group's share of net assets	<b>22,345</b>	21,986	20,460	<b>52,747</b>	51,497	55,122
Goodwill on acquisition	<b>4,130</b>	4,032	3,934	–	–	–
Difference between fair value and cost of identifiable assets and liabilities	<b>6,861</b>	7,081	6,704	–	–	–
Other adjustments	–	–	–	<b>(5)</b>	(605)	(41)
Carrying amount of the investment	<b>33,336</b>	33,099	31,098	<b>52,742</b>	50,892	55,081

## 19. ASSOCIATES (cont'd)

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 surplus were \$10,467,000 (31 December 2017: \$8,516,000, 1 January 2017: \$7,312,000) and \$1,342,000 (31 December 2017 currency translation deficit: \$350,000, 1 January 2017 currency translation deficit: \$598,000) respectively. The Group's share of the current year's unrecognised losses was \$1,951,000 (2017: \$1,204,000).

The Group has no obligation in respect of these losses.

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		
	2018 ** \$'000	31.12.2017 ** \$'000	1.1.2017 \$'000
<b>Assets and liabilities *:</b>			
Current assets	<b>97,811</b>	90,802	19,403
Non-current assets	<b>170,437</b>	168,845	92,043
Total assets	<b>268,248</b>	259,647	111,446
Current liabilities	<b>(179,621)</b>	(167,432)	(89,430)
Non-current liabilities	<b>(92,800)</b>	(86,147)	(73,780)
Total liabilities	<b>(272,421)</b>	(253,579)	(163,210)
<b>Results:</b>			
Revenue	<b>52,825</b>	37,737	
Loss for the financial year	<b>(25,319)</b>	(21,096)	
Other comprehensive income	<b>1,691</b>	248	
Total comprehensive loss	<b>(23,628)</b>	(20,848)	

\* Included in assets and liabilities and total comprehensive income of associates is Tropical Resorts Limited's net liabilities position of \$80,507,000 as at 31 December 2018 (31 December 2017: \$66,208,000, 1 January 2017: \$58,225,000) and total comprehensive loss of \$27,148,000 (31 December 2017: \$20,578,000, 1 January 2017: \$11,129,000).

\*\* In 2017, BTAC holds a 40% stake in Banyan Tree's operating entities BTSC and BTMC as disclosed in Note 17. In 2018, the Group had reduced its ownership interest in BTAC to 4.2% (2017: 50%) which was mentioned in Note 18. As a result of the reduction in ownership interest, the Group's effective interest in BTSC and BTMC had reduced significantly and management is of the opinion that the investment in BTSC and BTMC are not individually material to the Group and as such, they will not be disclosed separately but aggregated in this table.



# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 20. LONG-TERM INVESTMENTS

### a) Financial instruments as at 31 December 2018

	GROUP
	2018 \$'000
<b>At fair value through other comprehensive income</b>	
Equity securities (quoted)	2
Equity securities (unquoted)	<b>102,000</b>
	<b>102,002</b>

*Investments in equity instruments designated at fair value through other comprehensive income*

The fair value of each of the investments in equity instruments designated at FVOCI at the end of the reporting period is as follows:

	GROUP
	2018 \$'000
<b>At fair value through other comprehensive income</b>	
– <u>Equity securities (quoted)</u>	
Others	2
– <u>Equity securities (unquoted)</u>	
Mayakoba Thai S.A. De C.V.	<b>10,521</b>
La Punta Resorts S.A. De C.V.	<b>4,254</b>
BTAC	<b>87,225</b>
	<b>102,002</b>

Included within BTAC, at fair value is an aggregate amount of \$72,149,000 of redeemable convertible preference shares (“RCPS”) which can be offset against amounts due to BTAC. This investment in BTAC has been reclassified from investment in joint venture. As at 31 December 2018, an amount of \$11,854,000 of capital injection commitment is outstanding from the majority shareholder of BTAC.

The Group has elected to measure these equity securities at FVOCI due to the Group’s intention to hold these equity instruments for long-term appreciation.

As at 31 December 2018, the Group has carried out an assessment on the fair value of the investment in equity securities (unquoted) using the discount rate and growth rate of 13.3% and 5.0% respectively, and a fair value loss of \$2,069,000 has been recognised in fair value adjustment reserves through other comprehensive income.

**20. LONG-TERM INVESTMENTS (cont'd)****b) Financial instruments as at 31 December 2017 and 1 January 2017**

	GROUP	
	31.12.2017 \$'000	1.1.2017 \$'000
<b>Quoted investments</b>		
Equity shares, at fair value	2	2
<b>Unquoted investments</b>		
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 equity instruments	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, 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% (1 January 2017: 10.8%) and 4% (1 January 2017: 5%) respectively.

**21. PREPAID ISLAND RENTAL**

	GROUP	
	2018 \$'000	2017 \$'000
At 1 January	22,478	24,908
Net exchange differences	420	(1,766)
Payment of island rental during the financial year	1,302	1,517
	24,200	24,659
Less: Amount charged to expenses during the financial year	(2,166)	(2,181)
At 31 December	22,034	22,478
Amount chargeable within 1 year (Note 26)	2,005	2,046
Amount chargeable after 1 year	20,029	20,432
	22,034	22,478

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 21. PREPAID ISLAND RENTAL (cont'd)

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 2018	Lease period 2017
<b>Maldives</b>		
Vabbinfaru Island	<b>1 May 1993 - 9 Apr 2045</b>	1 May 1993 - 9 Apr 2045
Ihuru Island	<b>16 Oct 2000 - 15 Oct 2044</b>	16 Oct 2000 - 15 Oct 2044

## 22. LONG-TERM RECEIVABLES

	GROUP		
	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
<b>Loans and receivables</b>			
– trade (property sales) (i)	<b>29,586</b>	22,705	24,121
– trade (non-property sales) (ii) (iii)	<b>26,855</b>	11,084	14,698
Long-term receivables (current and non-current)	<b>56,441</b>	33,789	38,819
Long-term receivables are repayable as follows:			
Within 12 months (Note 27)			
– trade (property sales) (i)	<b>8,477</b>	8,317	8,385
– trade (non-property sales) (ii) (iii)	<b>4,834</b>	1,414	1,341
Long-term receivables (current)	<b>13,311</b>	9,731	9,726
Between 2 to 5 years			
– trade (property sales) (i)	<b>21,109</b>	14,374	15,713
– trade (non-property sales) (ii) (iii)	<b>21,249</b>	6,346	8,161
After 5 years			
– trade (property sales) (i)	–	14	23
– trade (non-property sales) (ii) (iii)	<b>772</b>	3,324	5,196
Long-term receivables (non-current)	<b>43,130</b>	24,058	29,093

**22. LONG-TERM RECEIVABLES** (cont'd)

Long-term receivables consist of:

- (i) Trade receivables from property sales bear interest at rates ranging from 3% to 7%, Minimum Lending Rate (MLR) plus 0.5% per annum (2017: 3% to 12%, MLR plus 0.5% per annum) and are repayable over an instalment period of 3 to 10 years (2017: 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 2018, the trade receivables (non-property sales) due from the third party are \$1,248,000 (current) (31 December 2017: \$1,413,000, 1 January 2017: \$1,340,000) and \$7,228,000 (non-current) (31 December 2017: \$9,233,000, 1 January 2017: \$12,694,000). Included in this amount due from the third party, \$7,827,000 (31 December 2017: \$10,107,000, 1 January 2017: \$11,527,000) bears an interest rate of 6% per annum (2017: 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.
- (iii) Included in the Trade (non-property sales) is an amount of \$3,586,000 (current) (31 December 2017: \$Nil, 1 January 2017: \$Nil) and \$14,344,000 (non-current) (31 December 2017: \$Nil, 1 January 2017: \$Nil) which bear interest rate of 5.33%, and the non-current portion is repayable over a period of 4 years.

**Significant foreign currency denominated balances**

	GROUP		
	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
US Dollars	<b>918</b>	975	10,304

**Receivables that are impaired**

The Group's long-term 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	
	31.12.2017 \$'000	1.1.2017 \$'000
Long-term receivables – nominal amounts	539	2,507
Less: Allowance for doubtful debts	(538)	(579)
	<u>1</u>	<u>1,928</u>
<b>Movement in allowance accounts:</b>		
At 1 January	579	562
Exchange differences	(41)	17
At 31 December	<u>538</u>	<u>579</u>

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 22. LONG-TERM RECEIVABLES (cont'd)

### Expected credit losses

The movement in allowance for expected credit losses of long-term receivables is as follows:

	GROUP
	2018 \$'000
<b>Movement in allowance accounts:</b>	
At 1 January	538
Exchange differences	10
At 31 December	548

### Receivables subject to offsetting arrangements

During the period ended 31 December 2018 and 31 December 2017, none of the Group's trade receivables and trade payables are subject to offsetting arrangements.

## 23. OTHER RECEIVABLES - NON CURRENT

	GROUP		
	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
<b>Loans and receivables</b>			
Deposits	1,375	3,489	3,504
Loans to third parties	-	-	7,664
	<b>1,375</b>	<b>3,489</b>	<b>11,168</b>

Included in the loans made to third parties is an unsecured loan of \$Nil (31 December 2017: \$Nil, 1 January 2017: \$832,000) bearing interest at a rate of Nil% (2017: Nil%) with fixed terms of repayment, and an unsecured loan of \$Nil (31 December 2017: \$Nil, 1 January 2017: \$5,200,000) bearing interest at a rate of Nil% (2017: Nil%) 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 2018, the Group has provided for an allowance of \$Nil (2017: \$1,667,000) for impairment of loans to third parties.

## 24. PROPERTY DEVELOPMENT COSTS

	GROUP		
	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
<b>Properties under development</b>			
Cost incurred to date	224,885	221,868	220,377
Less: Allowance for foreseeable losses	(3,991)	(3,896)	(3,801)
	<b>220,894</b>	217,972	216,576
<b>Properties held for sale</b>	<b>59,083</b>	65,370	35,219
	<b>279,977</b>	283,342	251,795
<b>Amounts expected to be recovered:</b>			
No more than 12 months	54,549	51,192	43,564
More than 12 months	225,428	232,150	208,231
	<b>279,977</b>	283,342	251,795

## 24. PROPERTY DEVELOPMENT COSTS (cont'd)

During the financial year, borrowing costs of \$1,420,000 (2017: \$5,847,000) arising from borrowings obtained specifically for the development property were capitalised under properties under development. The rate used to determine the amount of borrowing costs eligible for capitalisation was 4.8% (2017: 4.7%), which is the effective interest rate of the specific borrowing.

Details of the properties as at 31 December 2018 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 %
Laguna Park Townhouse and Villas	Phuket, Thailand	100	Held for sale	3,005	Completed	86.28
Banyan Tree Phuket Double Pool Villas	Phuket, Thailand	100	Held for sale	1,353	Completed	86.28
Laguna Village Lofts	Phuket, Thailand	100	Held for sale	2,448	Completed	86.28
Cassia Phuket Phase 1	Phuket, Thailand	100	Held for sale	2,371	Completed	86.28
Cassia Phuket Phase 2	Phuket, Thailand	100	Held for sale	2,216	Completed	86.28
Cassia Phuket Phase 3	Phuket, Thailand	21	Under construction	14,387	October 2019	86.28
Laguna Park 2 Townhome and Villas	Phuket, Thailand	–	Under construction	8,070	December 2019	86.28
Laguna Village Residences	Phuket, Thailand	–	Under construction	10,736	December 2019	86.28
Banyan Tree Grand Residence Phase 1	Phuket, Thailand	34	Under construction	12,954	December 2024	86.28
Angsana Beach Front	Phuket, Thailand	–	Under construction	15,039	December 2020	86.28
Angsana Oceanview Residences	Phuket, Thailand	–	Under construction	7,367	December 2020	86.28
Banyan Tree Residences, Brisbane	Brisbane, Australia	–	Under construction	27,375	March 2022	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	1,012	Completed	100
Cassia Bintan Phase 2	Bintan, Indonesia	100	Held for sale	3,415	Completed	100
Cassia Bintan Phase 3	Bintan, Indonesia	100	Held for sale	4,258	Completed	100

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 24. 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 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	27,375	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

**25. INVENTORIES**

	GROUP		
	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
<b>Balance sheet:</b>			
Food and beverage, at cost	1,560	1,950	2,036
Trading goods and supplies, at cost	2,835	3,764	5,295
Materials, at cost	1,834	1,920	2,067
	<b>6,229</b>	7,634	9,398
<b>Income statement inclusive of the following charge:</b>			
– Inventories recognised as an expense in cost of sales	25,056	25,338	
– Inventories written down (Note 7)	92	59	

**26. PREPAYMENTS AND OTHER NON-FINANCIAL ASSETS - CURRENT**

	GROUP			COMPANY		
	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
Prepayments	4,480	5,183	7,434	283	120	128
Prepaid island rental – current portion (Note 21)	2,005	2,046	2,069	–	–	–
Advances to suppliers	6,836	1,788	2,559	–	–	–
Goods and services tax/ value-added tax receivable	3,585	2,400	3,408	–	–	–
Others	2,724	2,216	2,865	8	–	6
	<b>19,630</b>	13,633	18,335	<b>291</b>	120	134

**27. TRADE RECEIVABLES**

	GROUP		
	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
<b>Loans and receivables</b>			
Trade receivables	28,287	33,062	52,956
Current portion of long-term trade receivables (Note 22)	13,311	9,731	9,726
	<b>41,598</b>	42,793	62,682
Less: Expected credit losses/Allowance for doubtful debts	(3,541)	(6,351)	(19,527)
	<b>38,057</b>	36,442	43,155

Included in trade receivables is an amount of \$3,586,000 (31 December 2017: \$Nil, 1 January 2017: \$Nil) which bears interest rate of 5.33%.

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



# Notes to the Financial Statements

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## 27. TRADE RECEIVABLES (cont'd)

### Significant foreign currency denominated balances

	GROUP		
	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
US Dollars	3,777	2,896	6,467

### Receivables that are past due but not impaired

The Group has trade receivables amounting to \$16,539,000 as at 31 December 2017 and \$21,045,000 as at 1 January 2017 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	
	31.12.2017 \$'000	1.1.2017 \$'000
<b>Trade receivables past due but not impaired:</b>		
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

### 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	
	31.12.2017 \$'000	1.1.2017 \$'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
Write-back of allowance for the financial year (Note 10)	(1,062)
Disposal of subsidiaries	(8,489)
Utilisation	(3,063)
Exchange differences	(562)
At 31 December	6,351

**27. TRADE RECEIVABLES (cont'd)****Expected credit losses**

The movement in allowance for expected credit losses of trade receivables is as follows:

	GROUP 2018 \$'000
<b>Movement in allowance accounts:</b>	
At 1 January	6,351
Write-back of allowance for the financial year (Note 10)	(2,290)
Write-off for the financial year	(535)
Exchange differences	15
At 31 December	<b>3,541</b>

**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:

	2018 \$'000		
Description	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Trade receivables	113	(113)	-
Trade payables	114	(113)	1

	31.12.2017 \$'000		
Description	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Trade receivables	137	(120)	17
Trade payables	120	(120)	-

	1.1.2017 \$'000		
Description	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Trade receivables	139	(109)	30
Trade payables	109	(109)	-

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for the financial year ended 31 December 2018

## 28. OTHER RECEIVABLES - CURRENT

	GROUP			COMPANY		
	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
<b>Loans and receivables</b>						
Deposits	<b>1,141</b>	1,135	1,563	<b>75</b>	14	38
Interest receivable	<b>336</b>	21	12	<b>220</b>	16	9
Staff advances	<b>159</b>	618	389	–	–	–
Insurance recoverable	<b>60</b>	115	105	–	–	–
Deferred cash receivable	<b>6,985</b>	–	–	<b>6,985</b>	–	–
Other recoverable expenses	<b>489</b>	2,077	3,280	<b>12</b>	557	–
Other receivables	<b>9,813</b>	3,680	3,582	–	6	23
	<b>18,983</b>	7,646	8,931	<b>7,292</b>	593	70

According to the sales and purchase agreement for the disposal of the Group's interest in Seychelles Group, part of the total sales consideration is deferred and recorded as deferred cash receivable.

## 29. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	COMPANY		
	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
<b>Loans and receivables</b>			
Amounts due from subsidiaries			
– non-trade	<b>200,138</b>	217,062	211,374
Less: Expected credit losses/Allowance for doubtful debts	<b>(3,856)</b>	(3,856)	(3,836)
	<b>196,282</b>	213,206	207,538
<b>Financial liabilities at amortised cost</b>			
Amounts due to subsidiaries			
– non-trade	<b>(68,576)</b>	(57,317)	(46,699)
<b>Movement in allowance accounts:</b>			
At 1 January	<b>3,856</b>	3,836	3,536
Transfer in	–	20	300
At 31 December	<b>3,856</b>	3,856	3,836

The movement in allowance for expected credit losses of amounts due from subsidiaries is not material as at 31 December 2018.

Included in the amounts due from subsidiaries are unsecured loans of \$30,850,000 (31 December 2017: \$31,450,000, 1 January 2017: \$Nil), bearing interest at a rate of 3.90% and 5.35% (2017: 3.45% and 6.25%) and repayable on demand. Except for this loan, the amounts due from/(to) subsidiaries are unsecured, interest-free and repayable on demand.

**30. AMOUNTS DUE FROM/(TO) ASSOCIATES**

	GROUP			COMPANY		
	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
<b>Loans and receivables</b>						
Amounts due from associates						
– trade	2,996	58,940	224	–	–	–
– non-trade	97	6,131	–	22	1,393	–
	3,093	65,071	224	22	1,393	–
Less: Expected credit losses/ Allowance for doubtful debts	(23)	(108)	(21)	–	–	–
	3,070	64,963	203	22	1,393	–
<b>Financial liabilities at amortised cost</b>						
Amounts due to associates						
– trade	(27)	(783)	(5)	–	–	–
– non-trade	(17,855)	(21,706)	–	(17,831)	(18,009)	–
	(17,882)	(22,489)	(5)	(17,831)	(18,009)	–

Included in the amounts due to associates are unsecured loans of \$17,831,000 (31 December 2017: \$17,831,000, 1 January 2017: \$Nil) that are non-interest bearing which can be offset against RCPS. Except for this loan, the amounts due from/(to) associates are unsecured, non-interest bearing and repayable on demand.

*Expected credit losses*

The movement in allowance for expected credit losses of amounts due from associates is as follows:

	GROUP 2018 \$'000
<b>Movement in allowance accounts:</b>	
At 1 January	108
Write-back of allowance for the financial year	(85)
At 31 December	23

**Significant foreign currency denominated balances**

	GROUP			COMPANY		
	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
US Dollars	2,131	15,150	–	–	–	–

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## 31. AMOUNTS DUE FROM/(TO) JOINT VENTURES

	GROUP			COMPANY		
	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
<b>Loans and receivables</b>						
Amounts due from joint ventures						
– trade	–	325	–	–	–	–
– non-trade	–	5,966	–	–	3,156	–
	–	6,291	–	–	3,156	–
<b>Financial liabilities at amortised cost</b>						
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 \$Nil (31 December 2017: \$60,295,000, 1 January 2017: \$Nil) that are non-interest bearing which can be offset against RCPS, has been reclassified to long-term investment, subsequent to the disposal of shareholding in BTAC, as disclosed in Note 18.

## 32. AMOUNTS DUE FROM/(TO) RELATED PARTIES

	GROUP			COMPANY		
	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
<b>Loans and receivables</b>						
Amounts due from related parties						
– trade	<b>25,982</b>	23,157	21,994	–	–	–
– non-trade	<b>305</b>	3	5	–	3	1
	<b>26,287</b>	23,160	21,999	–	3	1
Less: Expected credit losses/ Allowance for doubtful debts	<b>(11)</b>	(5)	–	–	–	–
	<b>26,276</b>	23,155	21,999	–	3	1
<b>Financial liabilities at amortised cost</b>						
Amounts due to related parties						
– trade	<b>(202)</b>	(519)	(521)	–	–	–
– non-trade	<b>(2,150)</b>	(742)	(343)	<b>(12)</b>	–	–
	<b>(2,352)</b>	(1,261)	(864)	<b>(12)</b>	–	–

**32. AMOUNTS DUE FROM/(TO) RELATED PARTIES (cont'd)**

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

*Expected credit losses*

The movement in allowance for expected credit losses of amounts due from related parties is as follows:

	<b>GROUP</b>
	<b>2018</b>
	<b>\$'000</b>
<b>Movement in allowance accounts:</b>	
At 1 January	<b>5</b>
Charge for the financial year	<b>6</b>
At 31 December	<b>11</b>

**Significant foreign currency denominated balances**

	<b>GROUP</b>			<b>COMPANY</b>		
	<b>2018</b>	<b>31.12.2017</b>	<b>1.1.2017</b>	<b>2018</b>	<b>31.12.2017</b>	<b>1.1.2017</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
US Dollars	<b>14,243</b>	11,173	11,053	<b>(12)</b>	–	–

**33. CASH AND SHORT-TERM DEPOSITS**

	<b>GROUP</b>			<b>COMPANY</b>		
	<b>2018</b>	<b>31.12.2017</b>	<b>1.1.2017</b>	<b>2018</b>	<b>31.12.2017</b>	<b>1.1.2017</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Loans and receivables</b>						
Cash on hand and at bank	<b>52,507</b>	108,168	82,654	<b>9,004</b>	22,673	5,986
Short-term deposits, unsecured	<b>153,674</b>	50,820	26,113	<b>153,083</b>	50,196	22,066
	<b>206,181</b>	158,988	108,767	<b>162,087</b>	72,869	28,052
<b>Significant foreign currency denominated balances</b>						
US Dollars	<b>11,072</b>	38,093	21,575	<b>4,075</b>	19,277	2,983

Cash at bank earns interest at floating rates based on daily bank deposit rates.

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### 33. CASH AND SHORT-TERM DEPOSITS (cont'd)

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 for the year ended 31 December 2018 for the Group and the Company were 0.38% to 2.26% (31 December 2017: 0.01% to 1.15%, 1 January 2017: 0.13% to 2.00%) and 0.86% to 2.26% (31 December 2017: 0.40% to 1.15%, 1 January 2017: 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		
	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
Cash and short-term deposits	206,181	158,988	108,767
Cash and short-term deposits under assets of disposal group classified as held for sale (Note 34)	-	-	5,060
Cash and cash equivalents	206,181	158,988	113,827

### 34. 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 17 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.

\* China Fund is collectively Tianjin Banyan Tree Jade Green Equity Investment Fund Partnership and Tianjin Banyan Tree Emerald Green Equity Investment Fund Partnership.

**34. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (cont'd)**

The major classes of assets and liabilities classified as held for sale as at 31 December 2018 and 2017, 1 January 2017 are as follows:

	GROUP		
	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
Property, plant and equipment (Note 13)	-	-	51,434
Land use rights (Note 16)	-	-	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 33)	-	-	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

In 2018, the sale to Vanke has been completed and the remaining assets held for sale relating to the Group's investment in the China Fund has been sold to BTAC.

**35. OTHER NON-FINANCIAL LIABILITIES - CURRENT**

	GROUP			COMPANY		
	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
Goods and services tax/ value-added tax payable	6,997	6,731	7,059	394	344	403
Others	6,505	7,332	6,854	485	190	111
	13,502	14,063	13,913	879	534	514



# Notes to the Financial Statements

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## 36. INTEREST-BEARING LOANS AND BORROWINGS

	Maturity	GROUP			COMPANY		
		2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
<b>Financial liabilities at amortised cost</b>							
<b>Current liabilities</b>							
Secured bank loans	2019	<b>75,236</b>	66,871	54,981	<b>23,600</b>	2,600	6,608
Unsecured bank loans	2019	<b>15,250</b>	4,500	43,000	–	–	35,000
		<b>90,486</b>	71,371	97,981	<b>23,600</b>	2,600	41,608
<b>Non-current liabilities</b>							
Secured bank loans	2020-2027	<b>197,630</b>	142,439	125,687	<b>18,633</b>	21,233	7,572
Unsecured bank loans	2020-2021	<b>33,000</b>	8,250	–	<b>30,000</b>	–	–
		<b>230,630</b>	150,689	125,687	<b>48,633</b>	21,233	7,572
Total		<b>321,116</b>	222,060	223,668	<b>72,233</b>	23,833	49,180

A reconciliation of liabilities arising from financing activities is as follows:

	2017 \$'000	Cash flows \$'000	Non-cash changes			2018 \$'000
			Accretion of interest/ Amortisation of transaction costs \$'000	Foreign exchange movement \$'000	Other* \$'000	
Interest bearing loans and borrowings - secured						
– Current	66,871	<b>(25,816)</b>	<b>(1,245)</b>	<b>1,491</b>	<b>33,935</b>	<b>75,236</b>
– Non-current	142,439	<b>86,116</b>	–	<b>3,010</b>	<b>(33,935)</b>	<b>197,630</b>
Interest bearing loans and borrowings - unsecured						
– Current	4,500	<b>5,500</b>	–	–	<b>5,250</b>	<b>15,250</b>
– Non-current	8,250	<b>30,000</b>	–	–	<b>(5,250)</b>	<b>33,000</b>
Notes payable (Note 37)						
– Current	119,270	<b>(120,310)</b>	<b>730</b>	–	<b>125,000</b>	<b>124,690</b>
– Non-current	224,616	<b>310</b>	–	–	<b>(125,000)</b>	<b>99,926</b>
Total	565,946	<b>(24,200)</b>	<b>(515)</b>	<b>4,501</b>	–	<b>545,732</b>

\* Other relates to reclassification of non-current portion of loans and borrowings.

**36. INTEREST-BEARING LOANS AND BORROWINGS (cont'd)**

	1 January 2017 \$'000	Cash flows \$'000	Disposal of subsidiaries \$'000	Non-cash changes					31 December 2017 \$'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	
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 37)									
- 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 34)									
- Current	5,275	(2,872)	(12,946)	-	-	-	(317)	10,860	-
- Non-current	10,860	-	-	-	-	-	-	(10,860)	-
Convertible debenture <sup>^</sup>	-	24,000	-	(6,779)	(17,548)	327	-	-	-
<b>Total</b>	<b>632,720</b>	<b>(33,558)</b>	<b>(12,946)</b>	<b>(6,779)</b>	<b>(17,548)</b>	<b>1,316</b>	<b>2,741</b>	<b>-</b>	<b>565,946</b>

\* Other relates to reclassification of non-current portion of loans and borrowings.

<sup>^</sup> 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 in 2017.

# Notes to the Financial Statements

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## 36. INTEREST-BEARING LOANS AND BORROWINGS (cont'd)

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

	GROUP		
	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
Freehold land and buildings (Note 13)	365,240	353,455	363,666
Investment properties (Note 14)	28,847	25,973	24,835
Leasehold buildings (Note 13)	14,345	14,844	38,638
Shares in a subsidiary	109,246	–	–
Property development costs	33,081	40,096	53,585
Prepaid island rental	19,437	19,727	–
Investment in associates	3,773	3,747	–
Other assets	2,636	2,355	1,065
	<b>576,605</b>	<b>460,197</b>	<b>481,789</b>

The secured bank loans of the Company amounting to \$4,233,000 (31 December 2017: \$23,833,000, 1 January 2017: \$14,180,000) are secured by freehold land and buildings of its subsidiaries.

The Group has pledged 84,176,461 ordinary shares of LRH with a bank to secure a long-term loan of the Group, amounting to \$54,575,000 (31 December 2017: \$Nil, 1 January 2017: \$Nil).

## 37. NOTES PAYABLE

Notes payable are unsecured, interest bearing and payable semi-annually.

	Interest rate	Maturity	GROUP AND COMPANY		
			2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
<b>Fixed rate notes:</b>					
– \$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	124,868	124,552	124,236
– \$100 million	4.850%	5 June 2020	99,748	99,570	99,392
			<b>224,616</b>	<b>343,886</b>	<b>392,917</b>

	GROUP AND COMPANY		
	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
Notes payable are repayable as follows:			
Within 12 months	124,690	119,270	49,031
Between 2 to 5 years	99,926	224,616	343,886
	<b>224,616</b>	<b>343,886</b>	<b>392,917</b>

**38. OTHER PAYABLES - CURRENT**

	GROUP			COMPANY		
	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
<b>Financial liabilities at amortised cost</b>						
Accrued operating expenses	<b>37,102</b>	38,793	34,626	<b>8,626</b>	8,008	5,073
Accrued service charges	<b>1,889</b>	1,966	1,952	–	–	–
Deposits	<b>6,480</b>	2,298	2,431	–	–	–
Loans from an investment	<b>79,006</b>	–	–	<b>60,295</b>	–	–
Sundry creditors	<b>2,243</b>	1,913	1,372	<b>366</b>	673	126
<b>Financial liabilities at fair value through profit or loss</b>						
Derivatives	–	368	–	–	368	–
	<b>126,720</b>	45,338	40,381	<b>69,287</b>	9,049	5,199

Loans from an investment is a reclassification of the amount due to a joint venture after the disposal of significant portion of interest in the ownership in the joint venture. Included in the loans from an investment is an amount of \$60,295,000, non-interest bearing, which can be offset against RCPS.

**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.

The Option which may be exercised has lapsed on 19 June 2018 and is no longer exercisable by Accor and \$228,000 has been recorded in profit or loss.

*Vanke initial and additional option*

The Company 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 also 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 months period starting from the date of exercise of the initial call option under the agreement.

The initial call option has since lapsed on 19 April 2018 and is no longer exercisable by Vanke SPV and \$140,000 has been recorded in profit or loss. Following the expiry of the initial call option, the additional option is no longer exercisable.

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## 38. OTHER PAYABLES - CURRENT (cont'd)

### Derivatives (cont'd)

#### Vanke call and put option

A subsidiary of the Group ("BTCN") entered into a shareholder's agreement ("BTAC Shareholder's Agreement") with Tritonia Company Limited ("TCL"), which allows TCL to exercise a call option ("First Call Option") to purchase up to 99% of the Group's interest then held in BTAC on the date falling on and after 6 months after the second completion as defined in BTAC Shareholder's Agreement, and BTCN to exercise a put option ("First Put Option") to dispose up to 99% of the Group's interest then held 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.

On 20 November 2018, BTCN exercised the First Put Option to dispose 18.6% shares in BTAC to TCL. After exercising the First Put Option, BTCN retained 4.2% interest in BTAC. On the same day, BTCN entered into a supplemental agreement to the shareholders' agreement ("BTAC Supplemental Shareholder's Agreement") with TCL which allows TCL to exercise a call option ("Second Call option") to purchase up to 99% of the Group's interest then held in BTAC and BTCN to exercise a put option ("Second Put Option") to dispose up to 99% of the Group's interest then held in BTAC on the date falling on or after the 8<sup>th</sup> anniversary of 20 November 2018.

As at 31 December 2018 and 2017, the value of all Vanke call and put options are 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).

## 39. DEFERRED INCOME

	GROUP		
	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
<b>Cost</b>			
At 1 January	–	10,076	10,512
Recognised to profit or loss	–	(1,774)	–
Disposal of subsidiaries	–	(8,104)	–
Net exchange differences	–	(198)	(436)
At 31 December	–	–	10,076
<b>Accumulated amortisation</b>			
At 1 January	–	2,035	1,858
Amortisation for the financial year (Note 4)	–	158	253
Recognised to profit or loss	–	(200)	–
Disposal of subsidiaries	–	(1,951)	–
Exchange differences	–	(42)	(76)
At 31 December	–	–	2,035
<b>Net carrying amount</b>	–	–	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.

## 40. DEFERRED TAX

	GROUP						COMPANY		
	Consolidated balance sheet			Consolidated income statement			Balance sheet		
	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
<b>Deferred tax liabilities:</b>									
Differences in depreciation for tax purposes	(80)	(2,136)	(2,625)	2	(37)	(100)	-	-	-
Revaluation to fair value:									
- Freehold land and buildings	(64,517)	(64,008)	(64,404)	(180)	(1,907)	44	-	-	-
- Investment properties	(7,396)	(6,746)	(6,480)	484	103	194	-	-	-
Temporary differences arising from revenue recognition	(36,373)	(32,997)	(33,603)	2,560	(1,431)	146	-	-	-
Provisions	(159)	(51)	(55)	108	(5)	1	-	-	-
Other items	(4,920)	(4,051)	51	325	4,296	(411)	-	-	-
	<b>(113,445)</b>	<b>(109,989)</b>	<b>(107,116)</b>				-	-	-
<b>Deferred tax assets:</b>									
Differences in depreciation for tax purposes	778	811	675	32	(127)	(115)	-	-	-
Temporary differences arising from revenue recognition	16	15	168	(1)	2	63	-	-	-
Provisions	1,829	1,266	1,393	(436)	148	(217)	-	-	-
Unutilised tax losses	8,830	8,703	9,724	96	(219)	534	-	-	-
Other items	7,498	5,583	4,112	(1,773)	(1,357)	(65)	-	-	-
	<b>18,951</b>	<b>16,378</b>	<b>16,072</b>				-	-	-
<b>Deferred tax expense</b>				<b>1,217</b>	<b>(534)</b>	<b>74</b>			

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 40. DEFERRED TAX (cont'd)

### Unrecognised tax losses

The Group has tax losses of \$33,500,000 as at 31 December 2018 (31 December 2017: \$30,746,000, 1 January 2017: \$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		
	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
<b>Year of expiry:</b>			
Within 1 year	2,907	2,330	907
Between 2 to 5 years	11,049	11,585	27,345
No expiry	19,544	16,831	5,703
	<b>33,500</b>	<b>30,746</b>	<b>33,955</b>

### Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability (31 December 2017: \$Nil, 1 January 2017: \$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 \$145,372,000 (31 December 2017: \$151,351,000, 1 January 2017: \$143,953,000). The unrecognised deferred tax liability is estimated to be \$14,682,000 (31 December 2017: \$15,835,000, 1 January 2017: \$14,869,000).

### Tax consequences of proposed dividends

There are no income tax consequences (2017: \$Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements.

#### 41. 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.

GROUP	LSP		LSA		MPB		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Net benefit expense</b>								
Current service cost	<b>95</b>	93	<b>107</b>	104	<b>11</b>	14	<b>213</b>	211
Interest cost on benefit obligation	<b>25</b>	25	<b>23</b>	24	–	–	<b>48</b>	49
Net actuarial loss recognised in the year	–	–	<b>259</b>	–	–	–	<b>259</b>	–
Net benefit expense	<b>120</b>	118	<b>389</b>	128	<b>11</b>	14	<b>520</b>	260
Net actuarial loss/(gain) recognised in other comprehensive income	<b>476</b>	–	–	–	<b>(18)</b>	2	<b>458</b>	2

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

GROUP	LSP		LSA		MPB		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
At 1 January	<b>1,750</b>	1,684	<b>1,021</b>	1,206	<b>49</b>	37	<b>2,820</b>	2,927
Interest cost	<b>25</b>	25	<b>23</b>	24	–	–	<b>48</b>	49
Current service cost	<b>95</b>	93	<b>107</b>	104	<b>11</b>	14	<b>213</b>	211
Benefits paid	<b>(244)</b>	(95)	<b>(293)</b>	(340)	–	–	<b>(537)</b>	(435)
Actuarial loss/(gain) on obligation	<b>476</b>	–	<b>259</b>	–	<b>(18)</b>	2	<b>717</b>	2
Exchange differences	<b>44</b>	43	<b>25</b>	27	<b>6</b>	(4)	<b>75</b>	66
At 31 December	<b>2,146</b>	1,750	<b>1,142</b>	1,021	<b>48</b>	49	<b>3,336</b>	2,820



# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 41. DEFINED AND OTHER LONG-TERM EMPLOYEE BENEFITS (cont'd)

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

	2018	2017
Discount rates	<b>2.75%</b>	2.75%
Future salary increases	<b>3.25%</b>	3.00%
Gold price (per Baht weight of gold)	<b>BHT 18,500</b>	BHT 19,000
Gold inflation	<b>3.00%</b>	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	2018 \$'000	2017 \$'000	2016 \$'000
LSP and LSA obligations	<b>3,288</b>	2,771	2,890
<u>Experience adjustments on the plan liabilities</u>			
Effect of changes in demographic assumptions	<b>34</b>	–	–
Effect of changes in financial assumptions	<b>19</b>	–	–
Effect of experience adjustments	<b>950</b>	–	–

## 42. SHARE CAPITAL

	GROUP AND COMPANY			
	2018		2017	
	No. of shares	\$'000	No. of shares	\$'000
<b>Issued and fully paid up</b>				
At 1 January	<b>841,364,980</b>	<b>241,520</b>	761,402,280	199,995
New issue during the year	–	–	79,962,700	41,525
31 December	<b>841,364,980</b>	<b>241,520</b>	841,364,980	241,520

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.

### 43. TREASURY SHARES AND RESERVES

#### (a) Treasury shares

	GROUP AND COMPANY			
	2018		2017	
	No. of shares	\$'000	No. of shares	\$'000
At 1 January	(208,000)	(142)	(345,500)	(235)
Acquired during the financial year	(2,000,000)	(1,147)	–	–
Reissued pursuant to Share-based Incentive Plan	205,400	140	137,500	93
At 31 December	(2,002,600)	(1,149)	(208,000)	(142)

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.

The Company acquired 2,000,000 (2017: Nil) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was \$1,147,000 (2017: \$Nil) and this was presented as a component within the shareholders' equity.

As of 31 December 2018, there are 2,002,600 (2017: 208,000) treasury shares held by the Company.

The Company reissued 205,400 (2017: 137,500) treasury shares pursuant to Share-based Incentive Plan at a weighted average exercise price of \$0.587 (2017: \$0.483) per share.

#### (b) Share-based payment reserve

The share-based payment reserve represents the equity-settled share grants granted to employees (Note 44). The reserve is made up of (i) the issue of free shares to employees in 2006 and (ii) the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share grants, less value of share grants issued to 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.

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 43. 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 equity instruments until they are derecognised.

#### (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) *Loss on reissuance of treasury shares*

This represents the 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.

**43. 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 2018, as previously reported	(18,038)	7,852	242	(6,296)	(3,169)	(19,409)
Effect of adopting SFRS(I)	-	-	(2,849)	-	-	(2,849)
At 1 January 2018, as restated	(18,038)	7,852	(2,607)	(6,296)	(3,169)	(22,258)
Other comprehensive income for the financial year	-	-	(2,069)	-	-	(2,069)
Total comprehensive income for the financial year	-	-	(2,069)	-	-	(2,069)
<b>Contributions by and distributions to owners</b>						
Treasury shares reissued pursuant to Share-based Incentive Plan	-	-	-	-	(19)	(19)
Total contributions by and distributions to owners	-	-	-	-	(19)	(19)
<b>Changes in ownership interests in subsidiary</b>						
Acquisition of non-controlling interests without a change in control	-	-	-	48,002	-	48,002
Decrease in non-controlling interests without a change in control	-	-	-	2,746	-	2,746
Total changes in ownership interests in subsidiary	-	-	-	50,748	-	50,748
Total transactions with owners in their capacity as owners	-	-	-	50,748	(19)	50,729
<b>At 31 December 2018</b>	<b>(18,038)</b>	<b>7,852</b>	<b>(4,676)</b>	<b>44,452</b>	<b>(3,188)</b>	<b>26,402</b>

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 43. TREASURY SHARES AND RESERVES (cont'd)

### (f) Other reserves (cont'd)

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)
<b>Contributions by and distributions to owners</b>						
Treasury shares reissued pursuant to Share-based Incentive Plan	-	-	-	-	(27)	(27)
Total contributions by and distributions to owners	-	-	-	-	(27)	(27)
<b>Changes in ownership interests in subsidiary</b>						
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)
<b>COMPANY</b>						
At 1 January 2018				<b>7,852</b>	<b>(3,169)</b>	<b>4,683</b>
<b>Contributions by and distributions to owners</b>						
Treasury shares reissued pursuant to Share-based Incentive Plan				-	(19)	(19)
Total transactions with owners in their capacity as owners				-	(19)	(19)
<b>At 31 December 2018</b>				<b>7,852</b>	<b>(3,188)</b>	<b>4,664</b>
At 1 January 2017				7,852	(3,142)	4,710
<b>Contributions by and distributions to owners</b>						
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

#### 44. 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 in force in the Company. This is administered by the Nominating and Remuneration Committee ("NRC") which comprises two Independent Directors, Chia Chee Ming Timothy, as Chairman and Chan Heng Wing as member.

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).

The Plan comprises the Performance Share Plan ("PSP") and the Restricted Share Plan ("RSP"). The 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.

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 44. EQUITY COMPENSATION BENEFITS (cont'd)

### Banyan Tree Share Option Scheme, Banyan Tree Performance Share Plan and Banyan Tree Share Award Scheme 2016 (cont'd)

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 2018 are set out as follows:

	PSP	RSP
<b>Plan and Share Award Scheme Description</b>	Award of fully-paid ordinary shares of the Company or their cash equivalent, conditional on performance targets set at the start of a three-year performance period.	Award of fully-paid ordinary shares of the Company or their cash equivalent, conditional on the Group's performance over a one-year performance period.
<b>Date of Grant:</b>		
FY 2018 Grant	2 April 2018	2 April 2018
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
<b>Performance Period:</b>		
FY 2018 Grant	1 January 2018 to 31 December 2020	1 January 2018 to 31 December 2018
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

#### 44. 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 2018 are set out as follows: (cont'd)

	PSP	RSP
<b>Performance Conditions:</b>		
FY 2018 Grant <sup>1</sup> , FY 2017 Grant <sup>1</sup> , FY 2016 Grant and FY 2015 Grant	<ul style="list-style-type: none"> <li>Absolute Total Shareholder Return ("TSR") as multiple of Cost of Equity ("COE")</li> <li>Relative TSR against FTSE ST Mid Cap Index</li> <li>Relative TSR against selected hospitality listed peers</li> </ul>	<ul style="list-style-type: none"> <li>Return on Invested Capital ("ROIC")</li> <li>EBITDA<sup>#</sup></li> </ul>
<b>Vesting Period:</b>		
FY 2018 Grant, FY 2017 Grant, FY 2016 Grant and FY 2015 Grant	Vesting based on achieving stated performance conditions over a three-year performance period.	Based on achieving stated performance conditions over a one-year performance period, 33 1/3% of award will vest. Balance will vest over the subsequent two years with fulfilment of service requirements.
<b>Payout:</b>		
	0% to 200% depending on the achievement of pre-set performance targets over the performance period.	0% to 150% depending on the achievement of pre-set performance targets over the performance period.

# EBITDA denotes Earnings before Interest, Taxes, Depreciation and Amortisation.

<sup>1</sup> Relative TSR against index is not part of performance conditions.



# Notes to the Financial Statements

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## 44. EQUITY COMPENSATION BENEFITS (cont'd)

### Banyan Tree Share Option Scheme, Banyan Tree Performance Share Plan and Banyan Tree Share Award Scheme 2016 (cont'd)

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 2018 Grant:

	PSP	RSP
<b>Historical Volatility</b>		
Banyan Tree Holdings Limited ("BTH")	39.66%	39.66%
Benchmark Index <sup>1</sup>	28.11%	Not applicable
<b>Risk-free interest rates</b>		
Singapore Sovereign	1.98%	1.67% - 1.98%
Term	36 months	12 to 36 months
<b>BTH expected dividend yield</b>	1.85%	1.85%
<b>Share price at grant date</b>	\$0.590	\$0.590

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.

<sup>1</sup> Comprises of selected hospitality peer companies.

**44. 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 2018 <sup>1</sup>	Shares granted during financial year <sup>1</sup>	Shares cancelled during financial year <sup>2</sup>	Shares released during financial year	Balance as at 31 December 2018 <sup>1</sup>	Estimated fair value at grant date
<b>Grant date</b>						
<b>1 April 2015</b>						
Other Participants	180,000	–	(180,000)	–	–	\$0.390
<b>1 April 2016</b>						
Other Participants	225,000	–	–	–	225,000	\$0.463
<b>3 April 2017</b>						
Other Participants	285,000	–	–	–	285,000	\$0.386
<b>2 April 2018</b>						
Other Participants	–	360,000	–	–	360,000	\$0.555
<b>Total</b>	<b>690,000</b>	<b>360,000</b>	<b>(180,000)</b>	<b>–</b>	<b>870,000</b>	

<sup>1</sup> 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.

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

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 44. EQUITY COMPENSATION BENEFITS (cont'd)

RSP	Balance as at 1 January 2018 <sup>1</sup>	Shares granted during financial year <sup>1</sup>	Shares cancelled during financial year <sup>2</sup>	Shares released during financial year	Balance as at 31 December 2018 <sup>1</sup>	Estimated fair value at grant date
<b>Grant date</b>						
<b>1 April 2016</b>						
Other Participants	64,000	–	–	(32,600)	31,400	\$0.530
<b>3 April 2017</b>						
Other Participants	528,750	264,850	–	(264,900)	528,700	\$0.480
<b>2 April 2018</b>						
Other Participants	–	581,250	–	–	581,250	\$0.570
<b>Total</b>	<b>592,750</b>	<b>846,100</b>	<b>–</b>	<b>(297,500)</b>	<b>1,141,350</b>	

<sup>1</sup> 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.

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

The number of contingent shares granted but not released as at 31 December 2018 were 870,000 and 1,141,350 (2017: 690,000 and 592,750) for PSP and RSP respectively. Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 1,740,000 and 1,431,975 (2017: 1,380,000 and 857,125) for PSP and RSP respectively.

**44. EQUITY COMPENSATION BENEFITS (cont'd)****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 \$26,283,310 (2017: profit before tax and before provision of the expense for Founder's Grant of \$23,851,955) for the financial year ended 31 December 2018. Accordingly, the amount payable pursuant to the Founder's Grant is \$1,314,166 (2017 Founder's Grant paid: \$1,192,598).

**45. COMMITMENTS AND CONTINGENCIES****(a) Capital commitments**

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	GROUP		
	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
Capital commitments in respect of property, plant and equipment	<b>44,794</b>	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		
	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
Payable:			
Within 1 year	<b>11,818</b>	11,083	14,241
Between 2 to 5 years	<b>36,333</b>	40,884	47,588
After 5 years	<b>59,101</b>	50,223	64,843
	<b>95,434</b>	91,107	112,431
	<b>107,252</b>	102,190	126,672

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 45. COMMITMENTS AND CONTINGENCIES (cont'd)

### (b) Operating lease commitments (cont'd)

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2018 amounted to \$11,526,000 (2017: \$14,389,000).

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 2018 amounted to \$2,354,000 (2017: \$8,458,000).

### (c) Contingent liabilities

#### Guarantees

As at the end of the reporting period, the Company had issued the following outstanding guarantees:

	COMPANY		
	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
Guarantees issued for banking facilities to subsidiaries	<b>105,351</b>	56,456	28,295

At the end of the reporting period, the Company has provided financial support amounting to \$82,397,000 (31 December 2017: \$120,907,000, 1 January 2017: \$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.

#### 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.

**45. COMMITMENTS AND CONTINGENCIES** *(cont'd)***(c) Contingent liabilities** *(cont'd)**Litigation (cont'd)*

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 19 April 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.

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.

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 judgment as per the settlement agreement. Subsequently, on 27 February 2018, the defendants paid \$0.4 million (Baht 10 million) to the plaintiffs as part of the settlement agreement.

On 30 May 2018, the Supreme Court accepted the petitions of both parties and rendered its judgment in accordance with the settlement agreement. As such, the case is considered to be fully concluded. The subsidiaries of LRH reversed the outstanding balance of provision for the case of \$1.3 million (Baht 31 million) and recognised the reversal of expense by presenting it under administrative expenses in the consolidated income statement for the year.

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 46. RELATED PARTY TRANSACTIONS

Other than that disclosed in the financial statements, the Group had the following significant related party transactions on terms agreed during the financial year:

	GROUP	
	2018 \$'000	2017 \$'000
<b>(a) Joint ventures:</b>		
– Interest income	110	254
– Others	9	7
<b>(b) Associates:</b>		
– Management and service fee income	1,207	990
– Reservation fee income	190	175
– Architectural income	574	–
– Spa gallery income	–	8
– Royalty income	379	1,876
– China Licensing fee	3,329	–
– Others	66	165
– Interest income	252	65
– Interest expense	(6)	(92)
<b>(c) Related parties:</b>		
– Management and service fee income	948	968
– Rental income	2,376	2,295
– Reservation fee income	206	189
– Architectural income	298	–
– Spa gallery income	3	40
– Royalty income	611	571
– Interest income	–	47
– Others	202	59
<b>(d) Compensation of key management personnel:</b>		
– Salaries and employee benefits	4,260	4,304
– Central Provident Fund contributions	124	102
– Share-based payment expenses	47	18
– Other short-term benefits <sup>1</sup>	2,093	1,785
Total compensation paid to key management personnel	6,524	6,209
<b>Comprise amounts paid to:</b>		
• Directors of the Company	3,417	3,179
• Other key management personnel	3,107	3,030
	6,524	6,209

<sup>1</sup> Other short-term benefits include amount payable to Ho KwonPing under the Founder's Grant of \$1,314,166 (2017: \$1,192,598).

## 47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Board 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 long-term receivables, trade receivables, contract assets, amounts due from associates and amounts due from related parties. 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.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has generally determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

The Group considers "low risk" to be financial asset with an investment grade credit rating. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increases in credit risk on other financial instruments of the same borrower
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrower in the group and changes in the operating results of the borrower.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation



# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### (a) Credit risk (cont'd)

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 90 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

#### (i) *Debt securities at amortised cost, debt securities at fair value through other comprehensive income and loans at amortised cost*

The Group uses three categories of internal credit risk ratings for debt instruments and loans which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are determined through incorporating both qualitative and quantitative information that builds on information from external credit rating companies, supplemented with information specific to the counterparty and other external information that could affect the counterparty's behaviour.

The Group compute expected credit loss for this group of financial assets using the probability of default approach. In calculating the expected credit loss rates, the Group considers implied probability of default from external rating agencies where available and historical loss rates for each category of counterparty, and adjusts for forward looking macroeconomic data.

**47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)****(a) Credit risk (cont'd)**

- (i) *Debt securities at amortised cost, debt securities at fair value through other comprehensive income and loans at amortised cost (cont'd)*

A summary of the Group's internal grading category in the computation of the Group's expected credit loss model for the debt instruments and loans is as follows:

<b>Category</b>	<b>Definition of category</b>	<b>Basis for recognition of expected credit loss provision</b>	<b>Basis for calculating interest revenue</b>
Grade I	Customer have a low risk of default and capacity to meet contractual cash flows.	12-month expected credit losses	Gross carrying amount
Grade II	Customer debts for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if debts repayments are 30 days past due and/or there is an indication that the customers are in financial difficulty.	Lifetime expected credit losses	Gross carrying amount
Grade III	Existence of objective evidences that the customers are in financial difficulty and/or debts amount are in dispute and/or past 360 days past due.	Lifetime expected credit losses	Amortised cost of carrying amount (net of credit allowance)

There are no significant changes to estimation techniques or assumptions made during the reporting period.

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### (a) Credit risk (cont'd)

#### (ii) Financial assets at amortised cost

The loss allowance provision for financial assets at amortised cost as at 31 December 2018 reconciles to the opening loss allowance for that provision as follows:

	GROUP
	Financial assets at amortised cost \$'000
As at 1 January 2018	7,002
Loss allowance measured at:	
12-month ECL	(79)
Lifetime ECL	
– Trade amounts (Simplified approach)	(2,799)
<b>As at 31 December 2018</b>	<b>4,124</b>

The gross carrying amount of financial assets at amortised cost is as follows:

GROUP		31 December 2018 \$'000
12-month ECL	Financial assets at amortised cost	87,991
Lifetime ECL	Financial assets at amortised cost	90,907
<b>Total</b>		<b>178,898</b>

The gross carrying amount of trade receivables, long-term receivables, long-term amount due from associates, amount due from related parties and contract assets of the Group are disclosed in Notes 27, 22, 19, 32 and 3.

The gross carrying amount of loans of the Company as at 31 December 2018, without taking into account of any collaterals held or other credit enhancements which represents the maximum exposure to loss, is \$244,219,000.

**47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)****(a) Credit risk (cont'd)**

- (iii) *Long-term receivables, trade receivables, contract assets, amounts due from associates and amounts due from related parties*

The Group provides for lifetime expected credit losses for all trade-related balances including long-term receivables, trade receivables, contract assets, amounts due from associates and amounts due from related parties using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on similar loss pattern and geographical region. The loss allowance provision as at 31 December 2018 is determined as follows, the expected credit losses below also incorporate forward looking information based on specific economic data.

Summarised below is the information about the credit risk exposure on the Group's trade-related balances using provision matrix, grouped by geographical region:

**South East Asia:**

	Contract assets \$'000	Current \$'000	91 – 120 days \$'000	121 – 180 days \$'000	181 – 365 days \$'000	> 365 days \$'000	Total \$'000
<b>31 December 2018</b>							
Gross carrying amount	1,752	42,808	202	5,909	2,827	1,642	55,140
Loss allowance provision	–	548	–	14	2	2	566

**North East Asia:**

	Contract assets \$'000	Current \$'000	91 – 120 days \$'000	121 – 180 days \$'000	181 – 365 days \$'000	> 365 days \$'000	Total \$'000
<b>31 December 2018</b>							
Gross carrying amount	–	13,380	1,011	1,122	3,069	1,575	20,157
Loss allowance provision	–	14	28	30	286	1,079	1,437

**Other geographical areas:**

	Contract assets \$'000	Current \$'000	91 – 120 days \$'000	121 – 180 days \$'000	181 – 365 days \$'000	> 365 days \$'000	Total \$'000
<b>31 December 2018</b>							
Gross carrying amount	–	11,818	327	715	1,408	1,342	15,610
Loss allowance provision	–	511	67	121	769	618	2,086

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### (a) Credit risk (cont'd)

- (iii) Long-term receivables, trade receivables, contract assets, amounts due from associates and amounts due from related parties (cont'd)

Information regarding loss allowance movements for trade-related balances are detailed in the corresponding notes below.

#### Grand Total:

31 December 2018	Contract assets \$'000	Current \$'000	91 – 120 days \$'000	121 – 180 days \$'000	181 – 365 days \$'000	> 365 days \$'000	Total \$'000
Gross carrying amount	1,752	68,006	1,540	7,746	7,304	4,559	90,907
Loss allowance provision	–	1,073	95	165	1,057	1,699	4,089

#### 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 \$105,351,000 (31 December 2017: \$56,456,000, 1 January 2017: \$28,295,000) relating to corporate guarantees provided by the Company for the bank loans taken by its subsidiaries.

#### 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.

**47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)****(a) Credit risk (cont'd)**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, joint ventures and related parties on an ongoing basis excluding other receivables of \$20,358,000 (31 December 2017: \$11,135,000, 1 January 2017: \$20,099,000) and contract assets of \$1,752,000 (31 December 2017: \$286,000, 1 January 2017: \$348,000). The credit risk concentration profile of the Group's trade receivables, amounts due from associates, joint ventures and related parties at the end of the reporting period is as follows:

GROUP	Note	2018		31.12.2017		1.1.2017	
		\$'000	% of total	\$'000	% of total	\$'000	% of total
<b>By geographical regions:</b>							
South East Asia		69,555	63	45,503	27	45,494	48
Indian Oceania		998	1	288	–	334	–
Middle East		2,666	3	594	–	1,412	2
North East Asia		22,492	20	99,763	60	24,282	26
Rest of the world		14,822	13	20,871	13	22,928	24
		<b>110,533</b>	<b>100</b>	167,019	100	94,450	100
<b>By industry sectors:</b>							
Hotel Investments		21,248	19	25,753	15	21,992	23
Property Sales		22,698	21	38,040	23	38,475	41
Fee-based Segment		50,351	45	84,879	51	33,780	36
Head Office		16,236	15	18,347	11	203	–
		<b>110,533</b>	<b>100</b>	167,019	100	94,450	100
<b>Trade receivables</b>							
Non-current	22	43,130		24,058		29,093	
Current	27	38,057		36,442		43,155	
		<b>81,187</b>		60,500		72,248	

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### (a) Credit risk (cont'd)

#### Credit risk concentration profile (cont'd)

	Note	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
<b>Amounts due from associates</b>				
Current	30	3,070	64,963	203
<b>Amounts due from joint ventures</b>				
Non-current	18	–	12,110	–
Current	31	–	6,291	–
		–	18,401	–
<b>Amounts due from related parties</b>				
Current	32	26,276	23,155	21,999

#### Financial assets that are neither past due nor impaired

Trade and other receivables and amounts due from associates 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 27.

### (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 39.4% (31 December 2017: 33.6%, 1 January 2017: 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. 50.0% (31 December 2017: 33.2%, 1 January 2017: 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.

**47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)****(b) Liquidity risk (cont'd)**

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.

GROUP	Note	2018 Effective rate %	1 year \$'000	2 to 5 years \$'000	After 5 years \$'000	Total \$'000
<b>2018</b>						
<b>Financial assets</b>						
Long-term receivables	22	5.33	–	16,832	–	16,832
Trade receivables	22/27	–	33,223	21,209	830	55,262
Trade receivables	22/27	6.00	1,690	6,760	801	9,251
Trade receivables	27	5.33	3,777	–	–	3,777
Other receivables	23/28	–	18,983	–	1,375	20,358
Amounts due from associates	30	–	3,070	–	–	3,070
Amounts due from associates	19	5.33	–	15,442	45,535	60,977
Amounts due from related parties	32	–	26,276	–	–	26,276
Cash and short-term deposits	33	–	206,181	–	–	206,181
Total undiscounted financial assets			293,200	60,243	48,541	401,984
<b>Financial liabilities</b>						
Trade payables		–	(24,363)	–	–	(24,363)
Other payables	38	–	(126,720)	–	–	(126,720)
Other payables		–	–	–	(2,581)	(2,581)
Amounts due to associates	30	–	(17,882)	–	–	(17,882)
Amounts due to related parties	32	–	(2,352)	–	–	(2,352)
Loans and borrowings						
– S\$ floating rate loan	36	COF + 2.00	(24,995)	(12,381)	(12,764)	(50,140)
– S\$ floating rate loan	36	SIBOR + 2.00 to SIBOR + 3.25	(15,898)	(3,025)	–	(18,923)
– S\$ floating rate loan	36	SOR + 2.50	(1,331)	(32,663)	–	(33,994)
– US\$ floating rate loan	36	7.32	(7,277)	(31,403)	–	(38,680)
– BHT floating rate loan	36	MLR - 0.75 to MLR - 1.50	(36,844)	(153,296)	(22,093)	(212,233)
– BHT floating rate loan	36	3.63	(19,586)	–	–	(19,586)
Notes payable	37	4.85 to 4.88	(132,389)	(102,021)	–	(234,410)
Total undiscounted financial liabilities			(409,637)	(334,789)	(37,438)	(781,864)
Total net undiscounted financial (liabilities)/assets			(116,437)	(274,546)	11,103	(379,880)



# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### (b) Liquidity risk (cont'd)

GROUP	Note	31.12.2017	1 year \$'000	2 to 5 years \$'000	After 5 years \$'000	Total \$'000
		Effective rate %				
<b>31 December 2017</b>						
<b>Financial assets</b>						
Loan to joint venture	18	COF + 2.50	478	14,024	–	14,502
Trade receivables	22/27	–	35,029	14,374	989	50,392
Trade receivables	22/27	6.00	1,988	7,727	2,484	12,199
Other receivables	23/28	–	7,646	–	3,489	11,135
Amounts due from associates	30	–	64,963	–	–	64,963
Amounts due from joint ventures	31	–	6,291	–	–	6,291
Amounts due from related parties	32	–	23,155	–	–	23,155
Cash and short-term deposits	33	–	158,988	–	–	158,988
Total undiscounted financial assets			298,538	36,125	6,962	341,625
<b>Financial liabilities</b>						
Trade payables		–	(25,311)	–	–	(25,311)
Other payables	38	–	(45,338)	–	–	(45,338)
Other payables		–	–	–	(654)	(654)
Amounts due to associates	30	–	(22,489)	–	–	(22,489)
Amounts due to joint ventures	31	–	(61,094)	–	–	(61,094)
Amounts due to related parties	32	–	(1,261)	–	–	(1,261)
Loans and borrowings						
– S\$ floating rate loan	36	COF + 2.00	(2,869)	(12,194)	(12,764)	(27,827)
– S\$ floating rate loan	36	SIBOR + 3.25	(4,870)	(8,448)	–	(13,318)
– US\$ floating rate loan	36	6.19	(1,850)	(36,474)	–	(38,324)
		MLR - 1.00				
– BHT floating rate loan	36	to MLR - 1.50	(26,861)	(102,940)	(5,373)	(135,174)
– BHT floating rate loan	36	3.63	(21,669)	–	–	(21,669)
Fixed rate debentures	36	5.15	(21,469)	–	–	(21,469)
Notes payable	37	4.85 to 5.75	(135,744)	(234,410)	–	(370,154)
Total undiscounted financial liabilities			(370,825)	(394,466)	(18,791)	(784,082)
Total net undiscounted financial liabilities			(72,287)	(358,341)	(11,829)	(442,457)

**47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (cont'd)**(b) Liquidity risk** (cont'd)

GROUP	Note	1.1.2017 Effective rate %	1 year \$'000	2 to 5 years \$'000	After 5 years \$'000	Total \$'000
<b>1 January 2017</b>						
<b>Financial assets</b>						
Trade receivables	22/27	–	41,815	17,640	1,266	60,721
Trade receivables	22/27	6.00	2,002	8,007	4,290	14,299
Other receivables	23/28	–	8,931	–	–	8,931
Other receivables	23	3.80 - 6.18	–	6,548	5,136	11,684
Amounts due from associates	30	–	203	–	–	203
Amounts due from related parties	32	–	21,999	–	–	21,999
Cash and short-term deposits	33	–	108,767	–	–	108,767
Total undiscounted financial assets			183,717	32,195	10,692	226,604
<b>Financial liabilities</b>						
Trade payables		–	(19,368)	–	–	(19,368)
Other payables	38	–	(40,381)	–	–	(40,381)
Other payables		–	–	–	(612)	(612)
Amounts due to associates	30	–	(5)	–	–	(5)
Amounts due to related parties	32	–	(864)	–	–	(864)
<b>Loans and borrowings</b>						
– S\$ floating rate loan	36	COF + 1.75	(12,020)	–	–	(12,020)
– S\$ floating rate loan	36	COF + 2.00	(6,923)	(7,196)	(1,160)	(15,279)
		6 mths				
– S\$ floating rate loan	36	SIBOR + 3.25	(20,855)	–	–	(20,855)
– S\$ floating rate loan	36	SIBOR + 2.00	(5,024)	–	–	(5,024)
– S\$ floating rate loan	36	SIBOR + 3.25	(3,077)	–	–	(3,077)
– S\$ floating rate loan	36	3.96	(3,001)	–	–	(3,001)
		MLR - 1.00				
– BHT floating rate loan	36	to MLR - 1.50	(29,658)	(104,794)	(14,164)	(148,616)
– BHT floating rate loan	36	3.63	(19,068)	–	–	(19,068)
– BHT floating rate loan	36	3.65	(2,073)	–	–	(2,073)
– BHT floating rate loan	36	5.00	(210)	–	–	(210)
– RMB floating rate loan	36	4.90	(4,308)	–	–	(4,308)
Fixed rate debentures	36	5.15	(1,012)	(20,848)	–	(21,860)
Notes payable	37	4.85 to 6.25	(68,946)	(370,154)	–	(439,100)
Total undiscounted financial liabilities			(236,793)	(502,992)	(15,936)	(755,721)
Total net undiscounted financial liabilities			(53,076)	(470,797)	(5,244)	(529,117)

# Notes to the Financial Statements

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## 47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### (b) Liquidity risk (cont'd)

COMPANY	Note	2018 Effective rate %	1 year \$'000	2 to 5 years \$'000	After 5 years \$'000	Total \$'000
<b>2018</b>						
<b>Financial assets</b>						
Long-term receivables	22	5.33	–	15,898	–	15,898
Trade receivables	27	–	3,254	–	–	3,254
Other receivables	28	–	7,292	–	–	7,292
Amounts due from subsidiaries	17/29	5.38 to 7.00	32,488	128,002	–	160,490
Amounts due from subsidiaries	17/29	–	165,432	–	127,913	293,345
Amounts due from associates	30	–	22	–	–	22
Amounts due from associates	19	5.33	–	1,696	5,000	6,696
Cash and short-term deposits	33	–	162,087	–	–	162,087
Total undiscounted financial assets			370,575	145,596	132,913	649,084
<b>Financial liabilities</b>						
Other payables	38	–	(69,287)	–	–	(69,287)
Amounts due to subsidiaries	29	–	(68,576)	–	(180,866)	(249,442)
Amounts due to associates	30	–	(17,831)	–	–	(17,831)
Amounts due to related parties	32	–	(12)	–	–	(12)
Loans and borrowings						
– S\$ floating rate loan	36	COF + 2.00	(24,995)	(12,381)	(12,764)	(50,140)
– S\$ floating rate loan	36	SOR + 2.50	(1,331)	(32,663)	–	(33,994)
Notes payable	37	4.85 to 4.88	(132,389)	(102,021)	–	(234,410)
Total undiscounted financial liabilities			(314,421)	(147,065)	(193,630)	(655,116)
Total net undiscounted financial assets/(liabilities)			56,154	(1,469)	(60,717)	(6,032)

**47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (cont'd)**(b) Liquidity risk** (cont'd)

COMPANY	Note	31.12.2017 Effective rate %	1 year \$'000	2 to 5 years \$'000	After 5 years \$'000	Total \$'000
<b>31 December 2017</b>						
<b>Financial assets</b>						
Other receivables	28	-	593	-	-	593
Amounts due from subsidiaries	29	-	213,206	-	-	213,206
Amounts due from associates	30	-	1,393	-	-	1,393
Amounts due from joint ventures	31	-	3,156	-	-	3,156
Amounts due from related parties	32	-	3	-	-	3
Cash and short-term deposits	33	-	72,869	-	-	72,869
Total undiscounted financial assets			291,220	-	-	291,220
<b>Financial liabilities</b>						
Other payables	38	-	(9,049)	-	-	(9,049)
Amounts due to subsidiaries	29	-	(57,317)	-	-	(57,317)
Amounts due to associates	30	-	(18,009)	-	-	(18,009)
Amounts due to joint venture	31	-	(60,298)	-	-	(60,298)
Loans and borrowings						
- S\$ floating rate loan	36	COF + 2.00	(2,869)	(12,194)	(12,764)	(27,827)
Notes payable	37	4.85 to 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)

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### (b) Liquidity risk (cont'd)

COMPANY	Note	1.1.2017 Effective rate %	1 year \$'000	2 to 5 years \$'000	After 5 years \$'000	Total \$'000
<b>1 January 2017</b>						
<b>Financial assets</b>						
Other receivables	28	-	70	-	-	70
Amounts due from subsidiaries	29	-	207,538	-	-	207,538
Cash and short-term deposits	33	-	28,052	-	-	28,052
Total undiscounted financial assets			235,660	-	-	235,660
<b>Financial liabilities</b>						
Other payables	38	-	(5,199)	-	-	(5,199)
Amounts due to subsidiaries	29	-	(46,699)	-	-	(46,699)
Loans and borrowings						
- S\$ floating rate loan	36	COF + 1.75	(12,020)	-	-	(12,020)
- S\$ floating rate loan	36	COF + 2.00	(6,923)	(7,196)	(1,160)	(15,279)
- S\$ floating rate loan	36	6 mths SIBOR + 3.25	(20,855)	-	-	(20,855)
- S\$ floating rate loan	36	3.96	(3,001)	-	-	(3,001)
Notes payable	37	4.85 to 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

SOR : Swap offered rate

**47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)****(b) Liquidity risk (cont'd)**

The table below shows the maximum amount of financial guarantee contracts, allocated to the earliest period in which the guarantee could be called.

COMPANY	1 year \$'000	2 to 5 years \$'000	After 5 years \$'000	Total \$'000
<b>31 December 2018</b>				
Financial guarantees	<b>105,351</b>	–	–	<b>105,351</b>
<b>31 December 2017</b>				
Financial guarantees	56,456	–	–	56,456
<b>1 January 2017</b>				
Financial guarantees	28,295	–	–	28,295

**(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 41% (2017: 64%) of the Group's interest-bearing financial liabilities are at fixed rates of interest. The table in Note 47(b) summarises the interest-bearing financial liabilities of the Group and the Company.

*Sensitivity analysis for interest rate risk*

At the end of the reporting period, if interest rates had been 75 (2017: 75) basis points lower/higher with all other variables held constant, the Group's profit before taxation would have been \$2,408,000 (2017: \$1,512,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate interest-bearing financial liabilities.

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### (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 2018, approximately 23% (2017: 27%) of the Group's 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	
		2018	2017
		\$'000	\$'000
USD/Baht	- strengthened 5% (2017: 5%)	98	119
	- weakened 5% (2017: 5%)	(98)	(119)
USD/SGD	- strengthened 5% (2017: 5%)	1,629	2,623
	- weakened 5% (2017: 5%)	(1,629)	(2,623)
RMB/SGD	- strengthened 5% (2017: 5%)	2	(17)
	- weakened 5% (2017: 5%)	(2)	17

## 48. CAPITAL MANAGEMENT

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the 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 2018 and 2017.

As disclosed in Note 43(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 2018 and 2017.

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	
	2018 \$'000	2017 \$'000
Interest-bearing loans and borrowings (Note 36)	<b>321,116</b>	222,060
Notes payable (Note 37)	<b>224,616</b>	343,886
Less: Cash and short-term deposits (Note 33)	<b>(206,181)</b>	(158,988)
Net debt	<b>339,551</b>	406,958
Total capital	<b>719,755</b>	777,536
Gearing ratio	<b>47%</b>	52%



# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 49. 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.

### (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					
2018					
Fair value measurements at the end of the reporting period using					
	Note	Quoted prices in active markets for identical instruments (Level 1) \$'000	Significant observable inputs other than quoted prices (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000	Total \$'000
<b>Assets measured at fair value</b>					
<b>Financial assets:</b>					
<u>Equity securities at FVOCI</u>					
- Equity shares (quoted)	20	2	-	-	2
- Equity shares (unquoted)	20	-	-	29,851	29,851
Total equity securities at FVOCI		2	-	29,851	29,853
<b>Financial assets as at 31 December 2018</b>		2	-	29,851	29,853

## 49. FAIR VALUE OF ASSETS AND LIABILITIES (cont'd)

## (b) Assets and liabilities measured at fair value (cont'd)

					GROUP	
					2018	
					Fair value measurements at the end of the reporting period using	
	Note	Quoted prices in active markets for identical instruments (Level 1) \$'000	Significant observable inputs other than quoted prices (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000	Total \$'000	
<b>Assets measured at fair value (cont'd)</b>						
<b>Non-financial assets:</b>						
<u>Investment properties</u>						
Freehold land						
– Thailand, Phuket		–	–	10,260	10,260	
– Northern Thailand		–	–	8,025	8,025	
Freehold buildings						
– Thailand, Phuket		–	–	1,006	1,006	
– Thailand, Bangkok		–	–	32,510	32,510	
Total investment properties	14	–	–	51,801	51,801	
<u>Property, plant and equipment</u>						
Freehold land						
– Singapore		–	–	45,153	45,153	
– Thailand, Phuket		–	–	243,635	243,635	
– Thailand, Bangkok		–	–	41,307	41,307	
– Morocco		–	–	6,863	6,863	
– Sri Lanka		–	–	5,386	5,386	
Freehold buildings						
– Singapore		–	–	5,099	5,099	
– Thailand, Phuket		–	–	109,305	109,305	
– Thailand, Bangkok		–	–	51,281	51,281	
– Morocco		–	–	9,644	9,644	
– Sri Lanka		–	–	331	331	
Total property, plant and equipment	13	–	–	518,004	518,004	
<b>Non-financial assets as at 31 December 2018</b>						
		–	–	569,805	569,805	

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 49. FAIR VALUE OF ASSETS AND LIABILITIES (cont'd)

### (b) Assets and liabilities measured at fair value (cont'd)

GROUP					
31.12.2017					
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	
<b>Assets measured at fair value</b>					
<b>Financial assets:</b>					
Available-for-sale financial assets					
– Equity shares (quoted) 20	2	–	–	2	
Total available-for-sale financial assets					
	2	–	–	2	
Financial assets as at 31 December 2017					
	2	–	–	2	

## 49. FAIR VALUE OF ASSETS AND LIABILITIES (cont'd)

## (b) Assets and liabilities measured at fair value (cont'd)

GROUP					
31.12.2017					
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	
<b>Assets measured at fair value (cont'd)</b>					
<b>Non-financial assets:</b>					
<u>Investment properties</u>					
Freehold land					
	–	–	10,015	10,015	
	–	–	7,822	7,822	
	–	–	22,865	22,865	
Freehold buildings					
	–	–	1,080	1,080	
	–	–	28,862	28,862	
14	–	–	70,644	70,644	
<u>Property, plant and equipment</u>					
Freehold land					
	–	–	45,153	45,153	
	–	–	237,836	237,836	
	–	–	40,323	40,323	
	–	–	6,814	6,814	
	–	–	6,262	6,262	
	–	–	13,141	13,141	
Freehold buildings					
	–	–	5,287	5,287	
	–	–	106,432	106,432	
	–	–	48,098	48,098	
	–	–	9,725	9,725	
	–	–	394	394	
	–	–	48,405	48,405	
13	–	–	567,870	567,870	
Non-financial assets as at 31 December 2017					
	–	–	638,514	638,514	

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 49. FAIR VALUE OF ASSETS AND LIABILITIES (cont'd)

### (b) Assets and liabilities measured at fair value (cont'd)

GROUP					
31.12.2017					
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	
<b>Liabilities measured at fair value</b>					
<b>Financial liabilities:</b>					
Derivatives	38	–	(368)	–	(368)
Financial liabilities as at 31 December 2017		–	(368)	–	(368)
GROUP					
1.1.2017					
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	
<b>Assets measured at fair value</b>					
<b>Financial assets:</b>					
Available-for-sale financial assets					
– Equity shares (quoted)	20	2	–	–	2
Total available-for-sale financial assets		2	–	–	2
Financial assets as at 1 January 2017		2	–	–	2

**49. FAIR VALUE OF ASSETS AND LIABILITIES (cont'd)****(b) Assets and liabilities measured at fair value (cont'd)**

<b>GROUP</b>				
<b>1.1.2017</b>				
<b>Fair value measurements at the end of the reporting period using</b>				
Note	Quoted prices in active markets for identical instruments (Level 1) \$'000	Significant observable inputs other than quoted prices (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000	Total \$'000
<b>Assets measured at fair value (cont'd)</b>				
<b>Non-financial assets:</b>				
<u>Investment properties</u>				
Freehold land				
	–	–	9,771	9,771
	–	–	7,620	7,620
	–	–	24,616	24,616
Freehold buildings				
	–	–	1,066	1,066
	–	–	27,523	27,523
Total investment properties	14	–	70,596	70,596
<u>Property, plant and equipment</u>				
Freehold land				
	–	–	44,843	44,843
	–	–	241,578	241,578
	–	–	39,338	39,338
	–	–	6,806	6,806
	–	–	6,874	6,874
	–	–	14,147	14,147
Freehold buildings				
	–	–	5,402	5,402
	–	–	107,348	107,348
	–	–	48,720	48,720
	–	–	13,144	13,144
	–	–	441	441
	–	–	53,747	53,747
Total property, plant and equipment	13	–	582,388	582,388
Non-financial assets as at 1 January 2017		–	652,984	652,984

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 49. 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 2018 \$'000	Valuation techniques	Unobservable inputs	Range (weighted average)
<b>Recurring fair value measurements</b>				
<b>At FVOCI:</b>				
La Punta Resorts S.A. De C.V.	<b>4,254</b>	Discounted cash flow	Growth rate Discount rate	5.0% 13.3%
Mayakoba Thai S.A. De C.V.	<b>10,521</b>	Discounted cash flow	Growth rate Discount rate	5.0% 13.3%
<b>Investment properties:</b>				
<b>Freehold land</b>				
Thailand, Phuket	<b>10,260</b>	Market value approach	Yield adjustments*	35.5%
Northern Thailand	<b>8,025</b>	Market value approach	Yield adjustments*	34.5% to 35.7%
<b>Freehold buildings</b>				
Thailand, Phuket	<b>1,006</b>	Discounted cash flow	Growth rate Discount rate 10 years operating cash flow	10.0% 9.0% Baht 16.4 million to Baht 22.4 million (Baht 19.2 million)
Thailand, Bangkok	<b>32,510</b>	Discounted cash flow	Growth rate Discount rate 10 years operating cash flow	3.0% to 10.0% 11.0% Baht 18.6 million to Baht 55.8 million (Baht 39.7 million)

**49. 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 2018 \$'000	Valuation techniques	Unobservable inputs	Range (weighted average)
<b>Recurring fair value measurements (cont'd)</b>				
<b>Property, plant and equipment:</b>				
<u>Freehold land</u>				
Singapore	<b>45,153</b>	Market value approach	Yield adjustments*	15.0% to 24.0%
Thailand, Phuket	<b>243,635</b>	Market value approach	Yield adjustments*	2.8% to 87.1% (32.4%)
Thailand, Bangkok	<b>41,307</b>	Market value approach	Yield adjustments*	23.1%
Morocco	<b>6,863</b>	Market value approach	Yield adjustments*	11.0% to 12.0%
Sri Lanka	<b>5,386</b>	Market value approach	Yield adjustments*	Rs 550,000 perch to Rs 1,250,000 perch (Rs 908,000 perch)
<u>Freehold buildings</u>				
Singapore	<b>5,099</b>	Market value approach	Yield adjustments*	15.0% to 24.0%
Thailand, Phuket	<b>109,305</b>	Fair value approach	Standard construction cost per Sq meter	Baht 600 to Baht 75,000 per Sq meter (Baht 11,448)
Thailand, Bangkok	<b>51,281</b>	Fair value approach	Standard construction cost per Sq meter	Baht 1,000 to Baht 47,000 per Sq meter (Baht 23,346)
Morocco	<b>9,644</b>	Market value approach	Yield adjustments*	11.0% to 12.0%
Sri Lanka	<b>331</b>	Replacement cost approach	Standard construction cost per Sq feet	Rs 2,000 psf to Rs 6,000 psf (Rs 5,076 psf)

Unquoted equity instrument – Long-term investment in Banyan Tree Assets (China) Holdings Pte. Ltd. ("BTAC")

The fair value of the unquoted equity shares in BTAC is determined by reference to the recent transaction price among unrelated willing buyer and seller. The key unobservable inputs include adjustments made to the most recent transaction price among unrelated willing buyer and seller.

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



# Notes to the Financial Statements

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## 49. 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)
<b>Recurring fair value measurements</b>				
<b>Investment properties:</b>				
<u>Freehold land</u>				
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%
<u>Freehold buildings</u>				
Thailand, Phuket	1,080	Discounted cash flow	Growth rate Discount rate 10 years operating cash flow	11.0% 9.0% Baht 16.6 million to Baht 21.5 million (Baht 19.1 million)
Thailand, Bangkok	28,862	Discounted cash flow	Growth rate Discount rate 10 years operating cash flow	3.0% to 10.0% 11.0% Baht 20.4 million to Baht 48.4 million (Baht 35.9 million)

**49. 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)
<b>Recurring fair value measurements (cont'd)</b>				
<b>Property, plant and equipment:</b>				
<u>Freehold land</u>				
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  Discount rate  Terminal yield	USD1.6 million to USD5.1 million (USD4.0 million)  8.8% to 11.8% (10.3%)  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)

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 49. 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)
<b>Recurring fair value measurements (cont'd)</b>				
<b>Property, plant and equipment: (cont'd)</b>				
<u>Freehold buildings</u>				
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%
Seychelles	46,487	Discounted cash flow	10 years operating cash flow Discount rate Terminal yield	USD1.6 million to USD5.1 million (USD4.0 million) 8.8% to 11.8% (10.3%) 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)

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

**49. 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 1 January 2017 \$'000	Valuation techniques	Unobservable inputs	Range (weighted average)
<b>Recurring fair value measurements</b>				
<b>Investment properties:</b>				
<u>Freehold land</u>				
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%
<u>Freehold buildings</u>				
Thailand, Phuket	1,066	Discounted cash flow	Growth rate	3.0%
			Discount rate	13.0%
			10 years operating 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)

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 49. 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 1 January 2017 \$'000	Valuation techniques	Unobservable inputs	Range (weighted average)
<b>Recurring fair value measurements (cont'd)</b>				
<b>Property, plant and equipment:</b>				
<u>Freehold land</u>				
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 Discount rate Terminal yield	USD1.6 million to USD5.1 million (USD4.0 million) 8.8% to 11.8% (10.3%) 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)

**49. 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 1 January 2017 \$'000	Valuation techniques	Unobservable inputs	Range (weighted average)
<b>Recurring fair value measurements (cont'd)</b>				
<b>Property, plant and equipment: (cont'd)</b>				
<u>Freehold buildings</u>				
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 Discount rate Terminal yield	USD1.6 million to USD5.1 million (USD4.0 million) 8.8% to 11.8% (10.3%) 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, 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.

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 49. 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)							Financial assets at FVOCI	Equity shares (unquoted) \$'000	Total \$'000					
	Property, plant and equipment							Property, plant and equipment										Investment properties				
	Freehold land							Freehold buildings										Freehold land			Freehold buildings	
	Singapore \$'000	Morocco \$'000	Seychelles \$'000	Thailand, Phuket \$'000	Thailand, Bangkok \$'000	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
<b>GROUP 2018</b>																						
Opening 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			
Adoption of SFRS(I)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,844	16,844		
Total gains or losses for the period																						
- Included in profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13	(100)	2,204	-	2,117			
- Included in other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,069)	(2,069)		
Purchases, issues, sales and settlements																						
- Purchases	-	-	-	-	-	-	-	33	570	940	-	-	-	-	-	-	-	728	-	2,271		
- Disposal of subsidiaries	-	-	(13,395)	-	-	-	-	-	(49,382)	-	-	-	(23,307)	-	-	-	-	-	-	(86,084)		
- Transferred (to)/from property development costs	-	-	-	-	-	-	-	-	-	(775)	4,212	-	-	-	-	-	-	-	-	3,437		
- Transferred from construction-in-progress	-	-	-	-	-	-	-	-	-	4,838	-	-	-	-	-	-	-	-	-	4,838		
- Transferred from joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	87,225	87,225		
Depreciation	-	-	-	-	-	-	(188)	(581)	(735)	(4,207)	(2,209)	(10)	-	-	-	-	-	-	-	(7,930)		
Exchange differences	-	49	254	5,799	984	(876)	-	467	1,142	2,077	1,180	(53)	442	245	190	26	716	-	12,642			
<b>Closing balance</b>	<b>45,153</b>	<b>6,863</b>	<b>-</b>	<b>243,635</b>	<b>41,307</b>	<b>5,386</b>	<b>5,099</b>	<b>9,644</b>	<b>-</b>	<b>109,305</b>	<b>51,281</b>	<b>331</b>	<b>-</b>	<b>10,260</b>	<b>8,025</b>	<b>1,006</b>	<b>32,510</b>	<b>102,000</b>	<b>671,805</b>			

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 49. 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)										Total \$'000	
	Property, plant and equipment						Property, plant and equipment						Investment properties					
	Freehold land						Freehold buildings						Freehold land		Freehold buildings			
GROUP 31 December 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	
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 2018

## 49. 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 SFRS(I) 13 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
<b>31 December 2018</b>					
<b>Assets</b>					
	17	–	–	<b>190,998</b>	<b>71,619</b>
	19	<b>30,798</b>	<b>33,336</b>	–	–
<b>31 December 2017</b>					
<b>Assets</b>					
	17	–	–	89,420	71,619
	19	33,868	33,099	–	–
<b>1 January 2017</b>					
<b>Assets</b>					
	17	–	–	91,323	71,619
	19	33,042	31,098	–	–

**49. 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 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 receivables, notes payable, interest-bearing loans and borrowings 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 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	Financial assets at amortised cost \$'000	Financial assets at FVOCI \$'000	Non-financial assets \$'000	Total \$'000
<b>Year ended 31 December 2018</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	–	–	599,435	599,435
Investment properties	14	–	–	51,801	51,801
Intangible assets	15	–	–	33,351	33,351
Land use rights	16	–	–	2,201	2,201
Associates	19	42,072	–	119,007	161,079
Long-term investments	20	–	102,002	–	102,002
Deferred tax assets	40	–	–	18,951	18,951
Prepaid island rental	21	–	–	20,029	20,029
Prepayments		–	–	292	292
Long-term receivables	22	43,130	–	–	43,130
Other receivables	23	1,375	–	–	1,375
		<b>86,577</b>	<b>102,002</b>	<b>845,067</b>	<b>1,033,646</b>

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 49. FAIR VALUE OF ASSETS AND LIABILITIES (cont'd)

### (h) Classification of financial instruments (cont'd)

GROUP	Note	Financial assets at amortised cost \$'000	Financial assets at FVOCI \$'000	Non-financial assets \$'000	Total \$'000
<b>Year ended 31 December 2018</b>					
<b>Current assets</b>					
Property development costs	24	–	–	279,977	279,977
Inventories	25	–	–	6,229	6,229
Prepayments and other non-financial assets	26	–	–	19,630	19,630
Trade receivables	27	38,057	–	–	38,057
Other receivables	28	18,983	–	–	18,983
Contract assets	3	1,752	–	–	1,752
Amounts due from associates	30	3,070	–	–	3,070
Amounts due from related parties	32	26,276	–	–	26,276
Cash and short-term deposits	33	206,181	–	–	206,181
		<b>294,319</b>	<b>–</b>	<b>305,836</b>	<b>600,155</b>
<b>Total assets</b>		<b>380,896</b>	<b>102,002</b>	<b>1,150,903</b>	<b>1,633,801</b>
GROUP	Note	Liabilities at amortised cost \$'000	Non-financial liabilities \$'000	Fair value through Profit or Loss \$'000	Total \$'000
<b>Year ended 31 December 2018</b>					
<b>Current liabilities</b>					
Tax payable		–	11,700	–	11,700
Other non-financial liabilities	35	–	13,502	–	13,502
Interest-bearing loans and borrowings	36	90,486	–	–	90,486
Notes payable	37	124,690	–	–	124,690
Trade payables		24,363	–	–	24,363
Other payables	38	126,720	–	–	126,720
Contract liabilities	3	–	46,767	–	46,767
Amounts due to associates	30	17,882	–	–	17,882
Amounts due to related parties	32	2,352	–	–	2,352
		<b>386,493</b>	<b>71,969</b>	<b>–</b>	<b>458,462</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities	40	–	113,445	–	113,445
Defined and other long-term employee benefits	41	–	3,336	–	3,336
Deposits received		–	2,068	–	2,068
Other non-financial liabilities		–	3,598	–	3,598
Interest-bearing loans and borrowings	36	230,630	–	–	230,630
Notes payable	37	99,926	–	–	99,926
Other payables		2,581	–	–	2,581
		<b>333,137</b>	<b>122,447</b>	<b>–</b>	<b>455,584</b>
<b>Total liabilities</b>		<b>719,630</b>	<b>194,416</b>	<b>–</b>	<b>914,046</b>

**49. 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
<b>Year ended 31 December 2017</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	–	–	642,013	642,013
Investment properties	14	–	–	70,644	70,644
Intangible assets	15	–	–	33,208	33,208
Land use rights	16	–	–	2,445	2,445
Associates	19	–	–	107,249	107,249
Joint ventures	18	12,110	–	120,140	132,250
Long-term investments	20	–	14,862	–	14,862
Deferred tax assets	40	–	–	16,378	16,378
Prepaid island rental	21	–	–	20,432	20,432
Prepayments		–	–	2,723	2,723
Long-term receivables	22	24,058	–	–	24,058
Other receivables	23	3,489	–	–	3,489
		39,657	14,862	1,015,232	1,069,751
<b>Current assets</b>					
Property development costs	24	–	–	283,342	283,342
Inventories	25	–	–	7,634	7,634
Prepayments and other non-financial assets	26	–	–	13,633	13,633
Trade receivables	27	36,442	–	–	36,442
Other receivables	28	7,646	–	–	7,646
Contract assets	3	286	–	–	286
Amounts due from associates	30	64,963	–	–	64,963
Amounts due from joint ventures	31	6,291	–	–	6,291
Amounts due from related parties	32	23,155	–	–	23,155
Cash and short-term deposits	33	158,988	–	–	158,988
		297,771	–	304,609	602,380
Assets of disposal group classified as held for sale	34	6,936	–	–	6,936
		304,707	–	304,609	609,316
<b>Total assets</b>		<b>344,364</b>	<b>14,862</b>	<b>1,319,841</b>	<b>1,679,067</b>

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 49. 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 \$'000	Total \$'000
<b>Year ended 31 December 2017</b>					
<b>Current liabilities</b>					
Tax payable		–	7,106	–	7,106
Other non-financial liabilities	35	–	14,063	–	14,063
Interest-bearing loans and borrowings	36	71,371	–	–	71,371
Notes payable	37	119,270	–	–	119,270
Trade payables		25,311	–	–	25,311
Other payables	38	44,970	–	368	45,338
Contract liabilities	3	–	39,602	–	39,602
Amounts due to associates	30	22,489	–	–	22,489
Amounts due to joint venture	31	61,094	–	–	61,094
Amounts due to related parties	32	1,261	–	–	1,261
		345,766	60,771	368	406,905
<b>Non-current liabilities</b>					
Deferred tax liabilities	40	–	109,989	–	109,989
Defined and other long-term employee benefits	41	–	2,820	–	2,820
Deposits received		–	1,976	–	1,976
Other non-financial liabilities		–	3,882	–	3,882
Interest-bearing loans and borrowings	36	150,689	–	–	150,689
Notes payable	37	224,616	–	–	224,616
Other payables		654	–	–	654
		375,959	118,667	–	494,626
<b>Total liabilities</b>		<b>721,725</b>	<b>179,438</b>	<b>368</b>	<b>901,531</b>

## 49. 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
<b>As at 1 January 2017</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	–	–	657,746	657,746
Investment properties	14	–	–	70,596	70,596
Intangible assets	15	–	–	33,202	33,202
Land use rights	16	–	–	2,982	2,982
Associates	19	–	–	93,884	93,884
Long-term investments	20	–	14,887	–	14,887
Deferred tax assets	40	–	–	16,072	16,072
Prepaid island rental	21	–	–	22,839	22,839
Prepayments		–	–	3,555	3,555
Long-term receivables	22	29,093	–	–	29,093
Other receivables	23	11,168	–	–	11,168
		40,261	14,887	900,876	956,024
<b>Current assets</b>					
Property development costs	24	–	–	251,795	251,795
Inventories	25	–	–	9,398	9,398
Prepayments and other non-financial assets	26	–	–	18,335	18,335
Trade receivables	27	43,155	–	–	43,155
Other receivables	28	8,931	–	–	8,931
Contract assets	3	348	–	–	348
Amounts due from associates	30	203	–	–	203
Amounts due from related parties	32	21,999	–	–	21,999
Cash and short-term deposits	33	108,767	–	–	108,767
		183,403	–	279,528	462,931
Assets of disposal group classified as held for sale	34	5,143	11,856	172,268	189,267
		188,546	11,856	451,796	652,198
<b>Total assets</b>		228,807	26,743	1,352,672	1,608,222

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 49. 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
<b>As at 1 January 2017</b>				
<b>Current liabilities</b>				
Tax payable		–	7,039	7,039
Other non-financial liabilities	35	–	13,913	13,913
Interest-bearing loans and borrowings	36	97,981	–	97,981
Notes payable	37	49,031	–	49,031
Trade payables		19,368	–	19,368
Other payables	38	40,381	–	40,381
Contract liabilities	3	–	27,054	27,054
Amounts due to associates	30	5	–	5
Amounts due to related parties	32	864	–	864
		207,630	48,006	255,636
Liabilities of disposal group classified as held for sale	34	20,155	5,402	25,557
		227,785	53,408	281,193
<b>Non-current liabilities</b>				
Deferred income	39	–	8,041	8,041
Deferred tax liabilities	40	–	107,116	107,116
Defined and other long-term employee benefits	41	–	2,927	2,927
Deposits received		–	1,814	1,814
Other non-financial liabilities		–	4,100	4,100
Interest-bearing loans and borrowings	36	125,687	–	125,687
Notes payable	37	343,886	–	343,886
Other payables		612	–	612
		470,185	123,998	594,183
<b>Total liabilities</b>		697,970	177,406	875,376



## 49. FAIR VALUE OF ASSETS AND LIABILITIES (cont'd)

## (h) Classification of financial instruments (cont'd)

COMPANY	Note	Financial assets at amortised cost \$'000	Non-financial assets \$'000	Total \$'000
<b>Year ended 31 December 2018</b>				
<b>Non-current assets</b>				
Intangible assets	15	–	2,828	2,828
Subsidiaries	17	222,190	337,283	559,473
Associates	19	5,268	869	6,137
Long-term receivables		12,553	–	12,553
		<b>240,011</b>	<b>340,980</b>	<b>580,991</b>
<b>Current assets</b>				
Prepayments and other non-financial assets	26	–	291	291
Trade receivables		3,254	–	3,254
Other receivables	28	7,292	–	7,292
Amounts due from subsidiaries	29	196,282	–	196,282
Amounts due from associates	30	22	–	22
Cash and short-term deposits	33	162,087	–	162,087
		<b>368,937</b>	<b>291</b>	<b>369,228</b>
<b>Total assets</b>		<b>608,948</b>	<b>341,271</b>	<b>950,219</b>
<b>Year ended 31 December 2018</b>				
<b>Current liabilities</b>				
Tax payable		–	73	73
Other non-financial liabilities	35	–	879	879
Interest-bearing loans and borrowings	36	23,600	–	23,600
Notes payable	37	124,690	–	124,690
Other payables	38	69,287	–	69,287
Amounts due to subsidiaries	29	68,576	–	68,576
Amounts due to associates	30	17,831	–	17,831
Amounts due to related parties	32	12	–	12
		<b>303,996</b>	<b>952</b>	<b>304,948</b>
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings	36	48,633	–	48,633
Notes payable	37	99,926	–	99,926
Amounts due to subsidiaries		180,866	–	180,866
		<b>329,425</b>	<b>–</b>	<b>329,425</b>
<b>Total liabilities</b>		<b>633,421</b>	<b>952</b>	<b>634,373</b>

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 49. 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
<b>Year ended 31 December 2017</b>				
<b>Non-current assets</b>				
Intangible assets	15	–	2,890	2,890
Subsidiaries	17	223,626	315,492	539,118
Associates	19	–	869	869
Joint ventures	18	12,110	–	12,110
		<u>235,736</u>	<u>319,251</u>	<u>554,987</u>
<b>Current assets</b>				
Prepayments and other non-financial assets	26	–	120	120
Other receivables	28	593	–	593
Amounts due from subsidiaries	29	213,206	–	213,206
Amounts due from associates	30	1,393	–	1,393
Amounts due from joint ventures	31	3,156	–	3,156
Amounts due from related parties	32	3	–	3
Cash and short-term deposits	33	72,869	–	72,869
		<u>291,220</u>	<u>120</u>	<u>291,340</u>
<b>Total assets</b>		<u>526,956</u>	<u>319,371</u>	<u>846,327</u>
<b>Year ended 31 December 2017</b>				
<b>Current liabilities</b>				
Other non-financial liabilities	35	–	534	534
Interest-bearing loans and borrowings	36	2,600	–	2,600
Notes payable	37	119,270	–	119,270
Other payables	38	9,049	–	9,049
Amounts due to subsidiaries	29	57,317	–	57,317
Amounts due to associates	30	18,009	–	18,009
Amounts due to joint venture	31	60,298	–	60,298
		<u>266,543</u>	<u>534</u>	<u>267,077</u>
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings	36	21,233	–	21,233
Notes payable	37	224,616	–	224,616
		<u>245,849</u>	<u>–</u>	<u>245,849</u>
<b>Total liabilities</b>		<u>512,392</u>	<u>534</u>	<u>512,926</u>

**49. 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
<b>As at 1 January 2017</b>				
<b>Non-current assets</b>				
Property, plant and equipment	13	–	1	1
Intangible assets	15	–	2,471	2,471
Subsidiaries	17	329,785	183,769	513,554
Associates	19	–	869	869
		329,785	187,110	516,895
<b>Current assets</b>				
Prepayments and other non-financial assets	26	–	134	134
Other receivables	28	70	–	70
Amounts due from subsidiaries	29	207,538	–	207,538
Amounts due from related parties	32	1	–	1
Cash and short-term deposits	33	28,052	–	28,052
		235,661	134	235,795
<b>Total assets</b>		565,446	187,244	752,690

COMPANY	Note	Liabilities at amortised cost \$'000	Non-financial liabilities \$'000	Total \$'000
<b>As at 1 January 2017</b>				
<b>Current liabilities</b>				
Other non-financial liabilities	35	–	514	514
Interest-bearing loans and borrowings	36	41,608	–	41,608
Notes payable	37	49,031	–	49,031
Other payables	38	5,199	–	5,199
Amounts due to subsidiaries	29	46,699	–	46,699
		142,537	514	143,051
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings	36	7,572	–	7,572
Notes payable	37	343,886	–	343,886
		351,458	–	351,458
<b>Total liabilities</b>		493,995	514	494,509

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 50. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on the nature of products and services provided, with each reportable operating segment representing strategic business units that offers different products and serves different markets. The reportable operating segments are as follows:

The Hotel investments segment relates to hotel and restaurant operations.

The Property sales segment comprises hotel residences, Laguna property sales and development project/site sales. Hotel residences business relates 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.

**50. SEGMENT INFORMATION** (cont'd)**Information about major customers**

There is no concentration of revenue derived from any one single customer for both years ended 31 December 2018 and 2017.

**(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 2018 and 2017:

	Hotel investments \$'000	Property sales \$'000	Fee-based segment \$'000	Head Office \$'000	Total \$'000
<b>Year ended 31 December 2018</b>					
<b>Revenue:</b>					
Segment revenue					
Sales	<b>192,956</b>	<b>76,959</b>	<b>82,793</b>	–	<b>352,708</b>
Inter-segment sales	<b>(432)</b>	–	<b>(23,230)</b>	–	<b>(23,662)</b>
Sales to external customers	<b>192,524</b>	<b>76,959</b>	<b>59,563</b>	–	<b>329,046</b>
<b>Results:</b>					
Segment results	<b>13,254</b>	<b>4,922</b>	<b>11,996</b>	<b>(12,573)</b>	<b>17,599</b>
Unallocated income					<b>43,168</b>
Profit from operations and other gains					<b>60,767</b>
Finance income	<b>125</b>	<b>1,317</b>	<b>46</b>	<b>1,281</b>	<b>2,769</b>
Finance costs	<b>(6,366)</b>	<b>(1,901)</b>	<b>(2,924)</b>	<b>(37,900)</b>	<b>(49,091)</b>
Share of results of associates	–	–	<b>66</b>	<b>11,337</b>	<b>11,403</b>
Share of results of joint ventures	–	–	–	<b>(879)</b>	<b>(879)</b>
Profit before taxation					<b>24,969</b>
Income tax expense					<b>(10,576)</b>
Profit for the financial year					<b>14,393</b>

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 50. SEGMENT INFORMATION (cont'd)

### (a) Operating segments (cont'd)

	Hotel investments \$'000	Property sales \$'000	Fee-based segment \$'000	Head Office \$'000	Total \$'000
<b>Year ended 31 December 2017</b>					
<b>Revenue:</b>					
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
<b>Results:</b>					
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

**50. 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 2018 and 2017:

	Hotel investments \$'000	Property sales \$'000	Fee-based segment \$'000	Head Office \$'000	Total \$'000
<b>Year ended 31 December 2018</b>					
<b>Assets and liabilities:</b>					
Segment assets	521,847	374,111	267,296	290,517	1,453,771
Associates	–	–	274	160,805	161,079
Deferred tax assets	8,681	9,025	1,067	178	18,951
Total assets					<u>1,633,801</u>
Segment liabilities	44,632	63,787	35,676	99,074	243,169
Interest-bearing loans and borrowings	105,103	77,135	57,262	81,616	321,116
Notes payable	–	–	–	224,616	224,616
Current and deferred tax liabilities	67,453	44,842	7,987	4,863	125,145
Total liabilities					<u>914,046</u>
<b>Other segment information:</b>					
Capital expenditure	26,014	1,022	243	264	27,543
Depreciation of property, plant and equipment	17,467	580	1,844	213	20,104
Amortisation expense	2,168	–	–	94	2,262
Other non-cash items	79	–	(833)	(1,474)	(2,228)

# Notes to the Financial Statements

for the financial year ended 31 December 2018

## 50. SEGMENT INFORMATION (cont'd)

### (a) Operating segments (cont'd)

	Hotel investments \$'000	Property sales \$'000	Fee-based segment \$'000	Head Office \$'000	Total \$'000
<b>Year ended 31 December 2017</b>					
<b>Assets and liabilities:</b>					
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					<u>1,679,747</u>
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					<u>902,211</u>
<b>Other segment information:</b>					
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
<b>As at 1 January 2017</b>					
<b>Assets and liabilities:</b>					
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					<u>1,608,222</u>
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					<u>875,376</u>



**50. 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	
	2018 \$'000	2017 \$'000	2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
Singapore	768	714	79,425	78,579	77,405
South East Asia	252,754	218,725	661,149	633,984	632,867
Indian Oceania	57,164	61,652	40,139	128,316	141,023
Middle East	697	3,310	–	–	–
North East Asia	9,199	25,928	27,675	150,485	10,756
Rest of the world	8,464	7,182	17,728	19,600	22,753
	<b>329,046</b>	317,511	<b>826,116</b>	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.

**51. DIVIDENDS**

	COMPANY	
	2018 \$'000	2017 \$'000
<b>Proposed but not recognised as a liability as at 31 December</b>		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
– Final exempt (one-tier) dividend for 2018: 1.05 cents (2017: 1 cent) per share	<b>8,813</b>	8,412

**52. AUTHORISATION OF FINANCIAL STATEMENTS**

The financial statements for the financial year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 15 March 2019.

# Worldwide Resorts

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Worldspan - BY HGHBT

#### Banyan Tree Huangshan

No.1 Banyan Tree Road  
Hongcun Town, Yi County  
Huangshan  
Anhui Province 245531  
People's Republic of China  
Tel : +86 559 226 5000  
Fax : +86 559 226 5999  
huangshan@banyantree.com

Amadeus - BY TXNHSH  
Galileo - BY B6211  
Sabre - BY 284268  
Worldspan - BY BTCNH

#### Banyan Tree Jiuzhaigou

No.1 Baohai Road  
Baohua Town  
Jiuzhaigou County, Aba,  
Sichuan Province 623400  
People's Republic of China  
Tel : +86 837 889 8888  
Fax : +86 837 777 6577  
jiuzhaigou@banyantree.com

Amadeus - BY JZHBAN  
Galileo - BY E4880  
Sabre - BY 319808  
Worldspan - BY ANJZH

#### Banyan Tree Kuala Lumpur

2 Jalan Conlay, 50450 Kuala Lumpur,  
Malaysia  
Tel : +603 2113 1888  
Fax : +603 2113 1999  
kualalumpur@banyantree.com

Amadeus - BY KULBAN  
Galileo - BY E7248  
Sabre - BY 322193  
Worldspan - BY BYKUL

#### Banyan Tree Lăng Cô, Central Vietnam

Cu Du Village  
Loc Vinh Commune  
Phu Loc District  
Thua Thien Hue Province  
Vietnam  
Tel : +84 234 3695 888  
Fax : +84 234 3695 999  
reservations-langco@banyantree.com

Amadeus - BY DADLRR  
Galileo - BY 49463  
Sabre - BY 165309  
Worldspan - BY BTLAN

#### Banyan Tree Lijiang

Yuerong Road, Shuhe  
Gucheng District, Lijiang,  
Yunnan Province 674100  
People's Republic of China  
Tel : +86 888 533 1111  
Fax : +86 888 533 6666  
lijiang@banyantree.com

Amadeus - BY LJG899  
Galileo - BY 12616  
Sabre - BY 48673  
Worldspan - BY 1899

#### Banyan Tree Macau

Galaxy Macau™ Resort  
Avenida Marginal  
Flor de Lotus Cotai, Macau  
China  
Tel : +853 8883 6888  
Fax : +853 8883 0123  
macau@banyantree.com

Amadeus - BY MFMBTM  
Galileo - BY 88408  
Sabre - BY 138120  
Worldspan - BY MFMBT

#### Banyan Tree Phuket

33, 33/27 Moo 4  
Srisoonthorn Road  
Cherngtalay, Amphur Talang  
Phuket 83110  
Thailand  
Tel : +66 (0) 76 372 400  
Fax : +66 (0) 76 325 552  
phuket@banyantree.com

Amadeus - BY HKT887  
Galileo - BY 12654  
Sabre - BY 177  
Worldspan - BY 1887

#### Banyan Tree Spa Sanctuary Phuket

33, 33/27 Moo 4  
Srisoonthorn Road  
Cherngtalay, Amphur Talang  
Phuket 83110  
Thailand  
Tel : +66 (0) 76 372 400  
Fax : +66 (0) 76 325 552  
phuket@banyantree.com

Amadeus - BY HKT887  
Galileo - BY 12654  
Sabre - BY 177  
Worldspan - BY 1887

#### DoublePool Villas by Banyan Tree, Phuket

33, 33/27 Moo 4  
Srisoonthorn Road  
Cherngtalay, Amphur Talang  
Phuket 83110  
Thailand  
Tel : +66 (0) 76 372 400  
Fax : +66 (0) 76 325 552  
phuket@banyantree.com

Amadeus - BY HKT887  
Galileo - BY 12654  
Sabre - BY 177  
Worldspan - BY 1887

#### Banyan Tree Ringha

Hong Po Village  
Jian Tang Town  
Shangrila County  
Diqing, Tibetan Autonomous  
Prefecture  
Yunnan Province 674400  
People's Republic of China  
Tel : +86 887 828 8822  
Fax : +86 887 828 8911  
ringha@banyantree.com

Amadeus - BY KMGBTR  
Galileo - BY 14853  
Sabre - BY 7158  
Worldspan - BY KMGBT

#### Banyan Tree Samui

99/9 Moo 4, Maret, Samui  
Surat Thani 84310  
Thailand  
Tel : +66 077 915 333  
Fax : +66 077 915 388  
samui@banyantree.com

Amadeus - BY USMBTS  
Galileo - BY 62546  
Sabre - BY 12424  
Worldspan - BY USMBT

# Worldwide Resorts

## Banyan Tree Sanya

No. 6 Luling Road, Luhuitou Bay,  
Sanya, Hainan Province 572000  
People's Republic of China  
Tel : +86 898 8860 9988  
Fax : +86 898 8860 1188  
sanya@banyantree.com

Amadeus - BY SYXBTT  
Galileo - BY 81509  
Sabre - BY 79610  
Worldspan - BY SYXBT

## Banyan Tree Shanghai On The Bund

19 Gong Ping Road  
Hongkou District  
Shanghai 200082  
People's Republic of China  
Tel : +86 212 509 1188  
Fax : +86 215 509 1199  
shanghaionthebund@  
banyantree.com

Amadeus - BY SHASTB  
Galileo - BY 52477  
Sabre - BY 166891  
Worldspan - BY TCNSO

## Banyan Tree Tengchong

Mayugu International Hot  
Springs Resorts  
Beihai Town, Tengchong County  
Yunnan Province 679100  
People's Republic of China  
Tel : +86 875 899 9888  
Fax : +86 875 899 8999  
tengchong@banyantree.com

Amadeus - BY BSDANG  
Galileo - BY 32883  
Sabre - BY 185650  
Worldspan - BY TCZAN

## Banyan Tree Tianjin Riverside

No. 34 Haihe East Road  
Hebei District  
Tianjin Province 300010  
People's Republic of China  
Tel : +86 22 5861 9999  
Fax : +86 22 5861 9998  
gs-tianjin@banyantree.com

Amadeus - BY TSNTIA  
Galileo - BY 50809  
Sabre - BY 168407  
Worldspan - BY TSNTR

## Banyan Tree Ungasan

Jl. Melasti, Banjar Kelod  
Ungasan, Bali 80364  
Indonesia  
Tel : +62 361 300 7000  
Fax : +62 361 300 7777  
ungasan@banyantree.com

Amadeus - BY DPSBTU  
Galileo - BY 71042  
Sabre - BY 58289  
Worldspan - BY DPSBT

## Banyan Tree Yangshuo

No. 168 Zhengdong Street  
Fuli Town  
Yangshuo County, Guilin City  
Guangxi Province 541905  
People's Republic of China  
Tel : +86 773 322 8888  
Fax : +86 773 322 8999  
reservations-yangshuo@  
banyantree.com

Amadeus - BY KWLBTY  
Galileo - BY B0865  
Sabre - BY 271059  
Worldspan - BY BTCNY

## SOUTH ASIA

### Banyan Tree Vabbinfaru

Vabbinfaru Island  
North Malé Atoll  
Republic of Maldives  
Tel : +960 664 3147  
Fax : +960 664 3843  
reservations-vabbinfaru@  
banyantree.com

Amadeus - BY MLE896  
Galileo - BY 12644  
Sabre - BY 39760  
Worldspan - BY 1896

## ANGSANA

### AFRICA

#### Angsana Balaclava Mauritius

Turtle Bay  
Balaclava  
Republic of Mauritius  
Tel : +230 204 1888  
Fax : +230 204 1986  
balaclava@angsana.com

Amadeus - BY MRUABB  
Galileo - BY 57595  
Sabre - BY 143709  
Worldspan - BY MRUAB

#### Angsana Riads Collection Morocco

Riad Dar Zaouia  
N.1 Riad Zitoun Jdid Derb  
Nakouss Derb Zaouia  
40000 Marrakech  
Morocco  
Tel : +212 524 388 905/6  
Fax : +212 524 386 611  
marrakech@angsana.com

Amadeus - BY RAKANN  
Galileo - BY 13790  
Sabre - BY 81704  
Worldspan - BY RAKAN

#### Angsana Riads Si Said\*

N.1-2-4 Derb Abbes El Fassi  
Riad Zitoun Jdid, Medina  
40000 Marrakech  
Morocco

Amadeus - BY RAKANN  
Galileo - BY 13790  
Sabre - BY 81704  
Worldspan - BY RAKAN

\* Key area for guest check-in

## AMERICAS

### Angsana Cayo Santa Maria

Cayo Las Brujas, Caibarien,  
Villa Clara, Cuba  
reservas@dhawa.co.cu

## ASIA PACIFIC

### Angsana Bintan

Jalan Teluk Berembang  
Laguna Bintan Resorts  
Lagoi 29155  
Indonesia  
Tel : +62 770 693 111  
+62 770 692 957  
Fax : +62 770 693 222  
reservations-bintan@angsana.com

Amadeus - BY SINANG  
Galileo - BY 11741  
Sabre - BY 55936  
Worldspan - BY 80378

### Angsana Fuxian Lake

No. 8 Huanhu Beilu  
Chengjiang  
Yunnan Province 652500  
People's Republic of China  
Tel : +86 877 681 8888  
Fax : +86 877 681 8889  
reservations-fuxianlake@angsana.com

Amadeus - BY KMGAF  
Galileo - BY 16394  
Sabre - BY 127890  
Worldspan - BY KMGAF

### Angsana Hangzhou

8 Westbrook Resort  
Zijingang Road  
Hangzhou  
Zhejiang Province 310030  
People's Republic of China  
Tel : +86 571 8500 2000  
Fax : +86 571 8500 2111  
hangzhou@angsana.com

Amadeus - BY HGHAHH  
Galileo - BY 33066  
Sabre - BY 142420  
Worldspan - BY HGHAH

### Angsana Laguna Phuket

10 Moo 4 Srisoonthorn Road  
Phuket 83110  
Thailand  
Tel : +66 76 358 500  
Fax : +66 76 324 108  
reservations-lagunaphuket@  
angsana.com

Amadeus - BY HKTALP  
Galileo - BY 69833  
Sabre - BY 33348  
Worldspan - BY HKTAL

### Angsana Lăng Cô, Central Vietnam

Cu Du Village,  
Loc Vinh Commune,  
Phu Loc District,  
Thua Thien Hue Province  
Vietnam  
Tel : +84 234 3695 800  
Fax : +84 234 3695 900  
reservations-langco@angsana.com

Amadeus - BY DADALL  
Galileo - BY 58225  
Sabre - BY 165714  
Worldspan - BY DADAL

### Angsana Villas Resort Phuket

142/3 Moo.6, Cherngtaly, Thalang  
Phuket 83110  
Thailand  
Tel : +66 76 336 900  
Fax : +66 76 336 970  
reservations-villasresort@  
angsana.com

Amadeus - BY HKTTLP  
Galileo - BY 67747  
Sabre - BY 10325  
Worldspan - BY ANTLP

### Angsana Xi'an Lintong

No. 8 East Yue Chun Road,  
Lintong District, Xi'an,  
Shaanxi Province 710600  
People's Republic of China  
Tel : +86 029 8387 8888  
Fax : +86 029 8387 6666  
reservations-xianlintong@  
angsana.com

Amadeus - BY SIAANG  
Galileo - BY B6121  
Sabre - BY 284134  
Worldspan - BY ANCNX

### Angsana Zhuhai Phoenix Bay

No. 9 Quanxing East Road,  
Hi-Tech Zone, Zhuhai,  
Guangdong Province 519000  
People's Republic of China  
Tel : +86 (0)756 6331 999  
Fax : +86 (0)756 6331 000  
zhuhai@angsana.com

Amadeus - BY ZUHANA  
Galileo - BY E4909  
Sabre - BY 320092  
Worldspan - BY PHZUH

### Maison Souvannaphoum Hotel by Angsana

Rue Chao Fa Ngum  
Banthatluang, PO Box 741  
Luang Prabang, Laos  
Tel : +856 71 254 609  
Fax : +856 71 212 577  
maison@angsana.com

Amadeus - BY LPQMSH  
Galileo - BY 20916  
Sabre - BY 38056  
Worldspan - BY VTEMS

## SOUTH ASIA

### Angsana Bangalore

Northwest Country  
Main Doddaballapur Road  
Rajankunte Bangalore 560064  
India  
Tel : +91 80 2846 8892  
Fax : +91 80 2846 8897  
bangalore@angsana.com

### Angsana Ihuru

North Malé Atoll  
Republic of Maldives  
Tel : +960 664 3502  
Fax : +960 664 5933  
reservations-ihuru@angsana.com

Amadeus - BY MLEANG  
Galileo - BY 37922  
Sabre - BY 60405  
Worldspan - BY MLEIH

# Worldwide Resorts

**Angsana Velavaru**  
South Nilandhe Atoll (Dhaalu Atoll)  
Republic of Maldives  
Tel : +960 676 0028  
Fax : +960 676 0061  
reservations-maldives@angsana.com

Amadeus - BY MLEANN  
Galileo - BY 13765  
Sabre - BY 74305  
Worldspan - BY MLEAN

## CASSIA

### ASIA PACIFIC

**Cassia Bintan**  
Jalan Teluk Berembang  
Laguna Bintan Resorts  
Lagoi 29155  
Indonesia  
Tel : +65 6849 5888  
Fax : +65 6462 2463  
sales-bintan@cassia.com

Amadeus - BY TNJCAS  
Galileo - BY E4822  
Sabre - BY 320041  
Worldspan - BY CATNJ

**Cassia Phuket**  
64 Moo 4 Srisoonthorn Road  
Tambon, Chongtalay, Amphur  
Thalang, Phuket 83110,  
Thailand  
Tel : +66 76 356999  
reservations-phuket@cassia.com

Amadeus - BY HKTCAT  
Galileo - BY B6859  
Sabre - BY 284831  
Worldspan - BY CATHP

## DHAWA

### AMERICAS

**Dhawa Cayo Santa Maria**  
Cayo Las Brujas Caibarien, Villa Clara  
Cuba  
dhawa-cuba.com  
Tel : +53 42 350893

### ASIA PACIFIC

**Dhawa Jinshanling**  
Jinshanling Great Wall Scenic Hub,  
Chengde City,  
Hebei Province 068254  
People's Republic of China  
Tel : +86 314 596 9999  
reservations-jinshanling@dhawa.com

### OTHER HOTELS & RESORTS

### ASIA PACIFIC

**Pavilion Hotel Kuala Lumpur**  
Managed by Banyan Tree  
170, Jalan Bukit Bintang,  
Kuala Lumpur 55100  
Malaysia  
Tel : +603 2117 2888  
Fax : +603 2117 2999  
pavilionhotel-kualalumpur@banyantree.com

Amadeus - BY KULBNY  
Galileo - BY N0001  
Sabre - BY 324277  
Worldspan - BY BNKUL

# Worldwide Offices

## CORPORATE OFFICE

**Banyan Tree Hotels & Resorts**  
Group Marketing Services  
211 Upper Bukit Timah Road  
Singapore 588182  
Tel : +65 6849 5888  
corporate@banyantree.com

## WORLDWIDE SALES

### ASIA PACIFIC

**China - Beijing**  
Tel : +86 10 5920 8353  
sales-beijing@banyantree.com  
sales-beijing@angsana.com

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

**China - Hong Kong**  
Tel : +852 9718 6360  
sales-hongkong@banyantree.com  
sales-hongkong@angsana.com

**China - Shanghai**  
Tel : +86 21 2321 3181

**China - Taiwan**  
Tel : +886 2 2546 9833  
Fax : +886 2 2546 9849  
sales-taiwan@banyantree.com  
sales-taiwan@angsana.com

**Japan**  
Tel : +81 3 6403 5748  
Fax : +81 3 6869 4737  
sales-tokyo@banyantree.com  
sales-tokyo@angsana.com

### EUROPE

**Germany, Austria & Switzerland**  
Tel : +49 179 5181 180  
sales-germany@banyantree.com  
sales-germany@angsana.com

**United Kingdom**  
Tel : +44 7538 633 637  
sales-london@banyantree.com  
sales-london@angsana.com

## WORLDWIDE RESERVATIONS TOLL-FREE NUMBERS

### AMERICAS

**United States**  
Tel : 180 0591 0439

**Mexico**  
Tel : 00 188 8213 4992

**Other Countries**  
Tel : +140 7284 4284

### ASIA PACIFIC

**Australia**  
Tel : 18 0005 0019

**China**  
Tel : 400 921 9789 (Banyan Tree)  
400 921 9567 (Angsana)

**Hong Kong**  
Tel : 80 0903 881

**Japan**  
Tel : 01 2077 8187

**Singapore**  
Tel : 1800 232 5599 (Banyan Tree)  
1800 849 5788 (Angsana)

**Other Countries**  
Tel : +65 6232 5505

### EUROPE

**Germany**  
Tel : 00 800 3002 0000

**United Kingdom**  
Tel : 00 800 3002 0000

**Other Countries**  
Tel : +49 69 6641 9608

### MIDDLE EAST

**United Arab Emirates**  
Tel : 800 065 0586

# Corporate Information

## BOARD OF DIRECTORS

Ho KwonPing (Executive Chairman)  
 Ariel P Vera  
 Chia Chee Ming Timothy  
 Fang Ai Lian  
 Chan Heng Wing  
 Tham Kui Seng  
 Lim Tse Ghow Olivier  
 Zhang Xu  
 Gaurav Bhushan  
 Chew Van Hoong Jason  
 Mohamed Al-Hashmi (Alternate  
 Director to Chew Van Hoong Jason)

## AUDIT & RISK COMMITTEE

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

## NOMINATING & REMUNERATION COMMITTEE

Chia Chee Ming Timothy (Chairman)  
 Chan Heng Wing

## MANAGEMENT TEAM

Claire Chiang  
 Ho KwonCjan  
 Eddy See Hock Lye  
 Shankar Chandran  
 Dharmali Kusumadi  
 Stuart Reading  
 Alan Chin  
 Cindy Lee  
 Kuan Chiet  
 Shelly Yeo  
 Hokan Limin  
 Philip Lim  
 Ho Ren Yung  
 Kenneth Law  
 Sachiko Shiina  
 Gavin Herholdt  
 Carolyn Zhang  
 Peter Wang  
 Henry Ngai  
 Anthony Loh

## 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

## SOLICITOR

WongPartnership LLP

## BANKERS

The Hongkong and Shanghai Banking  
 Corporation Limited  
 Malayan Banking Berhad  
 Qatar National Bank (Q.P.S.C.)  
 The Siam Commercial Bank Public  
 Company Limited

## COMPANY SECRETARY

Shelly Yeo  
 Tel : +65 6389 1346  
 Fax : +65 6462 0186  
 shelly.yeo@banyantree.com

## BUSINESS DEVELOPMENT

bd@banyantree.com

## GROUP SALES & MARKETING

211 Upper Bukit Timah Road  
 Singapore 588182  
 Tel : +65 6849 5888  
 Fax : +65 6462 9800  
 pr@banyantree.com

# Statistics of Shareholdings

as at 12 March 2019

## 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	19	0.60	682	0.00
100 – 1,000	417	13.15	374,585	0.04
1,001 – 10,000	1,779	56.12	9,620,216	1.15
10,001 – 1,000,000	937	29.56	46,184,056	5.50
1,000,001 AND ABOVE	18	0.57	783,182,841	93.31
<b>Total</b>	<b>3,170</b>	<b>100.00</b>	<b>839,362,380*</b>	<b>100.00</b>

\* The total number of issued shares excludes the 2,002,600 treasury shares. Percentage of 2,002,600 treasury shares against total number of issued shares (excluding treasury shares) is 0.24%.

## SUBSTANTIAL SHAREHOLDERS<sup>1</sup>

	Direct interests No. of shares	% <sup>2</sup>	Deemed interests No. of shares	% <sup>2</sup>
Ho KwonPing <sup>3</sup>	–	–	301,948,882	35.97
Claire Chiang <sup>4</sup>	–	–	293,319,882	34.95
Ho KwonCjan <sup>5</sup>	16,000,000	1.91	49,629,000	5.91
Bibace Investments Ltd <sup>6</sup>	–	–	286,519,882	34.14
Bibace Management Company Limited (acting as trustee of The Bibace Trust) <sup>7</sup>	–	–	286,519,882	34.14
Bibace Management Company Limited (acting as trustee of Merit Trust) <sup>7</sup>	–	–	286,519,882	34.14
Bibace Management Company Limited (acting as trustee of Ho Ren Hua Family Line Trust) <sup>7</sup>	–	–	286,519,882	34.14
Bibace Management Company Limited (acting as trustee of Ho Ren Yung Family Line Trust) <sup>7</sup>	–	–	286,519,882	34.14
Bibace Management Company Limited (acting as trustee of Ho Ren Chun Family Line Trust) <sup>7</sup>	–	–	286,519,882	34.14
Banyan Tree Global Foundation Limited <sup>8</sup>	–	–	286,519,882	34.14
Qatar Holding LLC <sup>9</sup>	–	–	205,870,443	24.53
Qatar Investment Authority <sup>10</sup>	–	–	205,870,443	24.53

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

<sup>2</sup> Percentage shareholding is based on issued share capital as at 12 March 2019 (excluding treasury shares).

<sup>3</sup> 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).

<sup>4</sup> 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 Investments Ltd ("**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.).

<sup>5</sup> 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).

<sup>6</sup> Bibace Investments Ltd is deemed to have an interest in the shares held by its nominees, HSBC (Singapore) Nominees Pte Ltd and Raffles Nominees (Pte.) Limited.

<sup>7</sup> 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.

<sup>8</sup> 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.

<sup>9</sup> Qatar Holding LLC ("**QH**") is deemed to have an interest in the shares held through third party nominees.

<sup>10</sup> Qatar Investment Authority is deemed to have an interest in the shares held by its wholly-owned subsidiary, QH.

# Statistics of Shareholdings

as at 12 March 2019

## TWENTY LARGEST SHAREHOLDERS

(As shown in the Register of Members and Depository Register)

No.	Name	No. of Shares	%
1.	HSBC (Singapore) Nominees Pte Ltd	325,150,582	38.74
2.	DBSN Services Pte. Ltd.	205,987,243	24.54
3.	Citibank Nominees Singapore Pte Ltd	50,338,114	6.00
4.	UOB Kay Hian Private Limited	40,789,400	4.86
5.	BNP Paribas Nominees Singapore Pte. Ltd.	37,366,000	4.45
6.	ICD (HK) Limited	31,000,000	3.69
7.	DBS Nominees (Private) Limited	24,895,961	2.97
8.	Raffles Nominees (Pte.) Limited	21,524,335	2.56
9.	Ho KwonCjan	16,000,000	1.91
10.	Freesia Investments Ltd	10,000,000	1.19
11.	Recourse Investments Ltd.	6,000,000	0.71
12.	BPSS Nominees Singapore (Pte.) Ltd.	4,164,240	0.50
13.	Phillip Securities Pte Ltd	2,831,900	0.34
14.	Maybank Kim Eng Securities Pte. Ltd.	1,894,466	0.23
15.	United Overseas Bank Nominees (Private) Limited	1,624,100	0.19
16.	Ang Koon San Sunny	1,488,000	0.18
17.	Ariel P Vera	1,120,500	0.13
18.	Pang Shun Pen	1,008,000	0.12
19.	DB Nominees (Singapore) Pte Ltd	849,000	0.10
20.	Leong Hong Cheong	800,000	0.10
	<b>Total</b>	<b>784,831,841</b>	<b>93.51</b>

As at 12 March 2019, approximately 32.32% 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 Nineteenth Annual General Meeting (“**AGM**”) of the Company will be held at The Straits Room, Level 4, The Fullerton Hotel, 1 Fullerton Square, Singapore 049178, on Wednesday, 24 April 2019 at 2.30 p.m. to transact the following business:

## Ordinary Business

- 1 To receive and adopt the Directors’ Statement and Audited Financial Statements for the financial year ended 31 December 2018 and the Independent Auditor’s Report thereon.
- 2 To declare a first and final tax exempt (one-tier) dividend of 1.05 cents per ordinary share for the financial year ended 31 December 2018 (FY2017: 1.0 cent).
- 3 To re-elect the following directors who are retiring by rotation in accordance with Regulations 100 and 101 of the Constitution of the Company (the “**Constitution**”) and who, being eligible, offer themselves for re-election:
  - i. Mr Ho KwonPing
  - ii. Mr Chan Heng Wing
  - iii. Mrs Fang Ai Lian
- 4 To re-elect Mr Chew Van Hoong Jason, a director who will cease to hold office in accordance with Regulation 106 of the Constitution and who, being eligible, offers himself for re-election.
- 5 To approve payment of Directors’ Fees of S\$655,825 for the financial year ended 31 December 2018 (FY2017: S\$573,455).
- 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 the following ordinary resolutions, with or without modifications:
  - 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 (the “**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 9 April 2019 (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;

# Notice of Annual General Meeting

(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:

**“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.

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

By Order of the Board

**Shelly Yeo**  
Company Secretary  
Singapore, 9 April 2019

## Explanatory Notes

In relation to Ordinary Resolution 3(i), Mr Ho KwonPing will, upon re-election as Director, continue to serve as Executive Chairman of the Company.

In relation to Ordinary Resolution 3(ii), Mr Chan Heng Wing will, upon re-election as Director, continue to serve as a member of the Nominating & Remuneration Committee. Mr Chan is considered an Independent Director.

In relation to Ordinary Resolution 3(iii), Mrs Fang Ai Lian will, upon re-election as Director, continue to serve as Chairman of the Audit & Risk Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual.

In relation to Ordinary Resolution 4, Mr Chew Van Hoong Jason 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 2018. 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", "Corporate Governance Report" and "Additional Information on Directors Seeking Re-election" in the Company's Annual Report 2018.

## Statement pursuant to Regulation 61 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.

# Notice of Annual General Meeting

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 2018 is set out in the Letter.

## 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 the AGM, 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 72 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:**

- 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.
- 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 Wednesday, 24 April 2019 at The Straits Room, Level 4, 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*
<b>As Ordinary Business</b>			
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2018 and the Independent Auditor's Report thereon		
2	Payment of first and final tax exempt (one-tier) dividend		
3	Re-election of Directors pursuant to Regulations 100 and 101 of the Constitution of the Company (the " <b>Constitution</b> ")	(i) Mr Ho KwonPing	
		(ii) Mr Chan Heng Wing	
		(iii) Mrs Fang Ai Lian	
4	Re-election of Mr Chew Van Hoong Jason as Director pursuant to Regulation 106 of the Constitution		
5	Approval of Directors' Fees		
6	Re-appointment of Ernst & Young LLP as Auditor		
<b>As Special Business</b>			
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		

\* 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 \_\_\_\_\_ 2019

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.**



1<sup>st</sup> fold along line

Affix  
postage  
stamp

## Banyan Tree Holdings Limited

211 Upper Bukit Timah Road

Singapore 588182

Attention: Company Secretary

2<sup>nd</sup> fold along line

### Notes:

1. Please insert the total number of 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 the AGM, and who is not a Relevant Intermediary, is entitled to appoint one (1) or two (2) 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 the AGM, 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 72 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 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 majority of our shareholders and enjoy the soft copy in order to reduce consumption of resources from printing and distributing hard copies. The portable document format (PDF) soft copy is available for download via Banyan Tree's website: [www.banyantree.com](http://www.banyantree.com)

**ABOUT THE FOREST STEWARDSHIP COUNCIL:**

The Forest Stewardship Council™ (FSC™) is an independent, non-governmental, not-for-profit organisation established to promote the responsible management of the world's forests. FSC™ certification provides a credible link between responsible production and consumption of forest products, enabling consumers and businesses to make purchasing decisions that benefit people and the environment as well as providing ongoing business value.

For more information, please visit: [www.fsc.org](http://www.fsc.org)

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This is an FSC-certified publication.





BANYAN TREE  
HOLDINGS

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