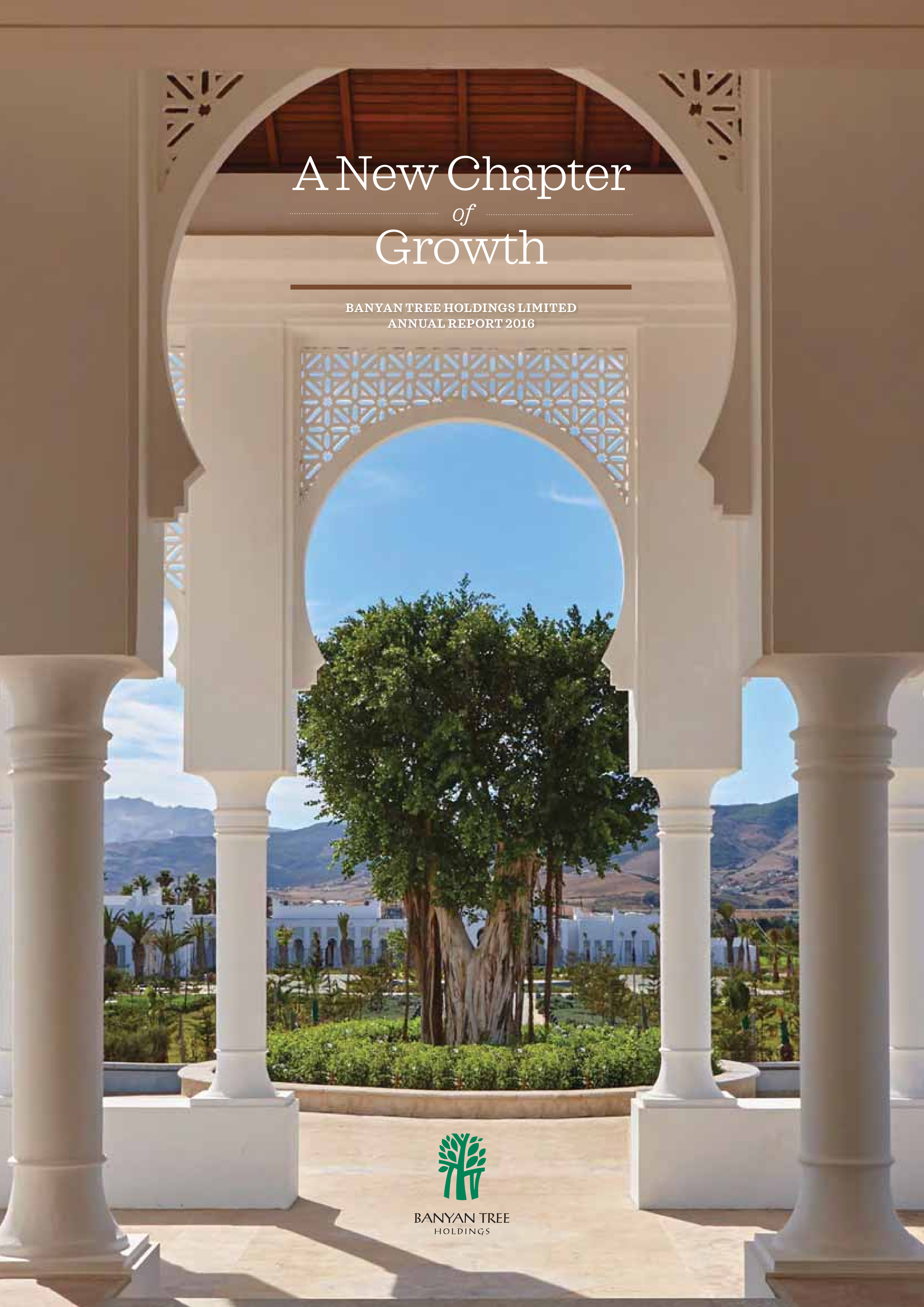

A New Chapter *of* Growth

BANYAN TREE HOLDINGS LIMITED
ANNUAL REPORT 2016

BANYAN TREE
HOLDINGS

A collection of four brands with distinctive experiences, openings in new fascinating destinations and recent strategic collaborations with global players, Banyan Tree's transformative journey continues.

As we begin a new chapter of growth, we are propelling our brands to all corners of the world while upholding our innovative spirit, service excellence and strong roots in sustainability.

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Additional Information

Dhawa Cayo Santa Maria
Cuba

Creating New Momentum *for Growth*

Banyan Tree has steadily grown its footprint over the past 20 years in Asia, parts of the Indian Ocean, and more recently the Caribbean. The recent alliance with AccorHotels (Accor) provides us with a fresh impetus for growth, at an unprecedented speed and scale. At the same time, our strength in the fast-growing luxury resorts segment brings a unique value proposition to Accor by enhancing their position in the luxury hotel space.

This mutually beneficial partnership will propel Banyan Tree's brands further into Europe, Africa, the Middle East and the Americas, areas where Accor already has a sizeable presence and the means and motivation to expand. In this way, Banyan Tree will be able to achieve – and reap the benefits of – a truly global reach and range.

No. of countries in which Banyan Tree is present:
25*

No. of countries in which Accor is present:
95**

* As at 31 December 2016
** Per Accor website as at 13 March 2017

Banyan Tree Lăng Cô, Central Vietnam
Vietnam

Accelerating *Fee-based Revenue*

Hotel keys under management

+62%

by 2020
(projected before collaboration)

Spa outlets under management

+34%

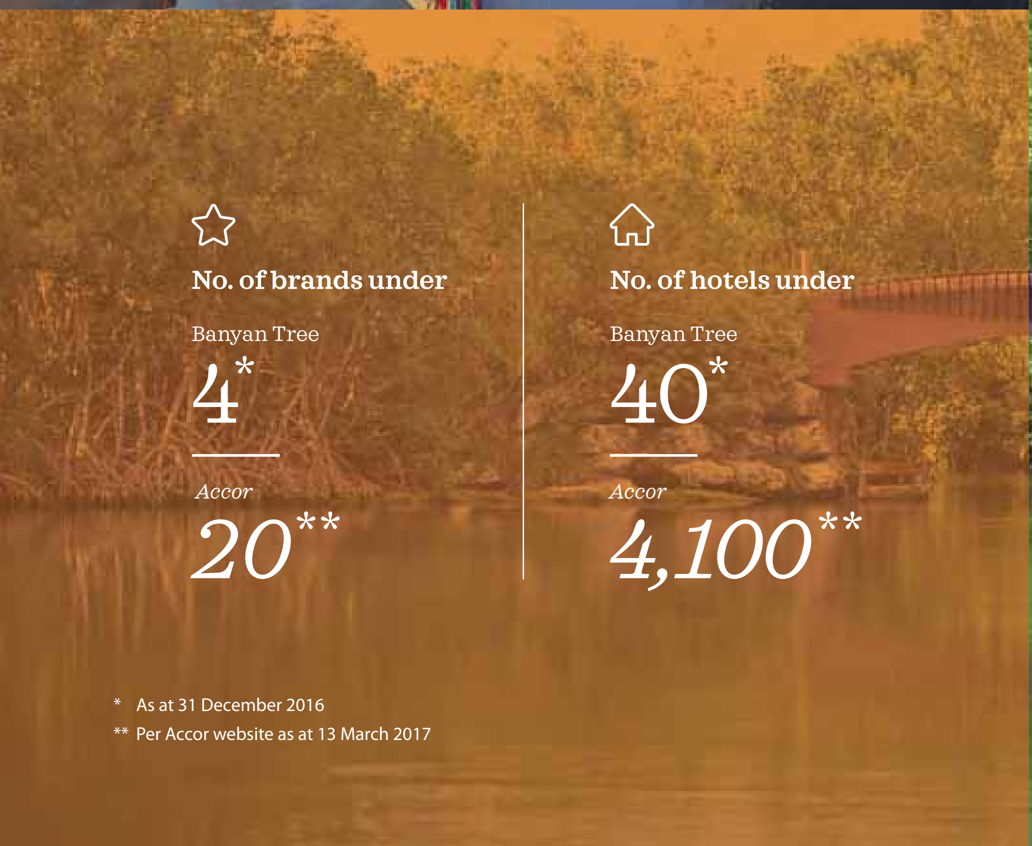
by 2020
(projected before collaboration)

Based on our existing pipeline, Banyan Tree is projected to have about 9,000 keys under management by 2020. We expect this number to climb significantly following the tie-up with Accor.

With its large and experienced business development team, Accor opens a new hotel every two days. Banyan Tree complements this with our iconic branding, boosting Accor's ability to attract luxury hotel owners. This pairing of strengths will accelerate the growth of fee-based revenue for Banyan Tree as we receive our share of management and other fees for co-developed hotels and residences. Furthermore, Banyan Tree will continue to independently seek and sign its own direct management agreements. We may also have opportunities to earn fees from managing some of the spas under Accor.

Banyan Tree Mayakoba
Mexico

Preserving Brand Equity *while Improving Competitiveness*



No. of brands under

Banyan Tree
4*

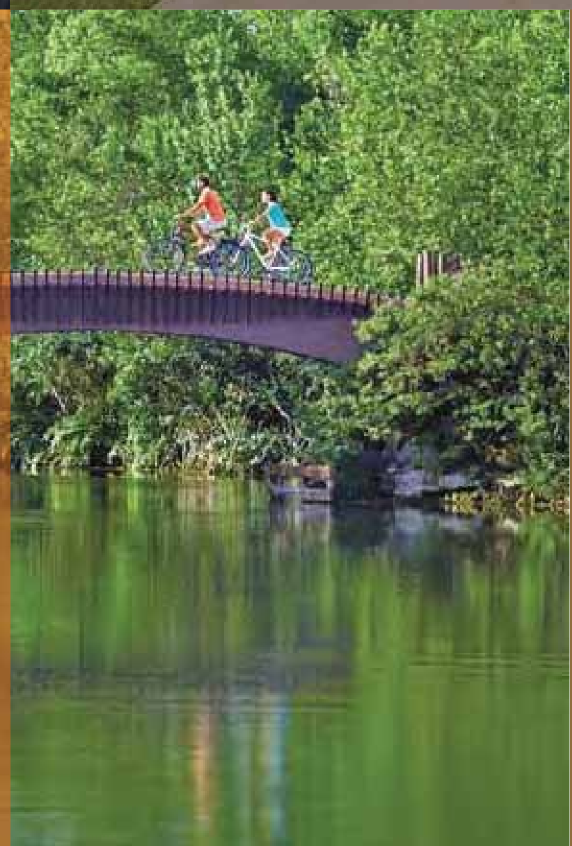
Accor
*20***

No. of hotels under

Banyan Tree
40*

Accor
*4,100***

* As at 31 December 2016
** Per Accor website as at 13 March 2017



With its massive network of properties, Accor will offer us improvements in innovation, productivity and economies of scale such as lower commission rates from online booking engines. In an era of consolidation among hospitality giants, and with peer-to-peer and online booking platforms disrupting traditional ways of doing business, the alliance with Accor enables us to compete effectively.

Banyan Tree's excellent brand equity has been the bedrock of our success to date. While we capitalise on the operational advantages presented by our partnership with Accor, we will continue with our brand management activities as an independent entity, and ensure that we maintain the high standards for which Banyan Tree is renowned.

Banyan Tree Jiuzhaigou
China

Continuing to Expand *our Presence in China*

Total Room Revenue from Chinese nationals

+7%

(from 2015 to 2016)

Percentage of our resorts in the pipeline that are located in China

47%

(projected before partnership with Vanke)

China remains a large and significant growth market for Banyan Tree. Our recently announced joint venture with China Vanke Co Ltd (Vanke), a large and reputable Chinese real estate developer listed on the Shenzhen and Hong Kong stock exchanges, will help to consolidate the ownership of Banyan Tree-branded hotels and assets in China. In addition to our own properties, Banyan Tree China (BTC) will have the discretion to invite other owners of Banyan Tree-branded properties to inject their hotels into BTC. By serving as an avenue for owners of our branded hotels to exit their investments, BTC will encourage more hotel owners to invite us to manage their hotels in China.

China's demography also presents opportunities for senior-living and active-ageing communities as part of a global trend towards wellness. This is an area in which both Banyan Tree and Vanke have experience and interest. BTC will therefore be a platform to develop and manage such projects as well as hotels. The partnership with Vanke will give us access to a database of 9 million homeowners, who are a potential source of customers for our hotels, spas and property sales.

OUR DIVERSIFIED PORTFOLIO WORLDWIDE*

Our Mission

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

Banyan Tree

22
Hotels

From 2015:
22 Hotels

Banyan Tree Vabbinfaru
Maldives

- Hotels & Resorts
- Spas
- Residences
- Gallery

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.

Angsana

13
Hotels

From 2015:
12 Hotels

Angsana Xi'an Lintong
China

- Hotels & Resorts
- Spas
- Residences
- Gallery

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

Cassia

1
Hotel

From 2015:
1 Hotel

Cassia Phuket
Thailand

- Hotels & Resorts
- Spas
- Residences

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.

Dhawa

1
Hotel

From 2015:
0 Hotels

Dhawa Cayo Santa Maria
Cuba

- Hotels & Resorts

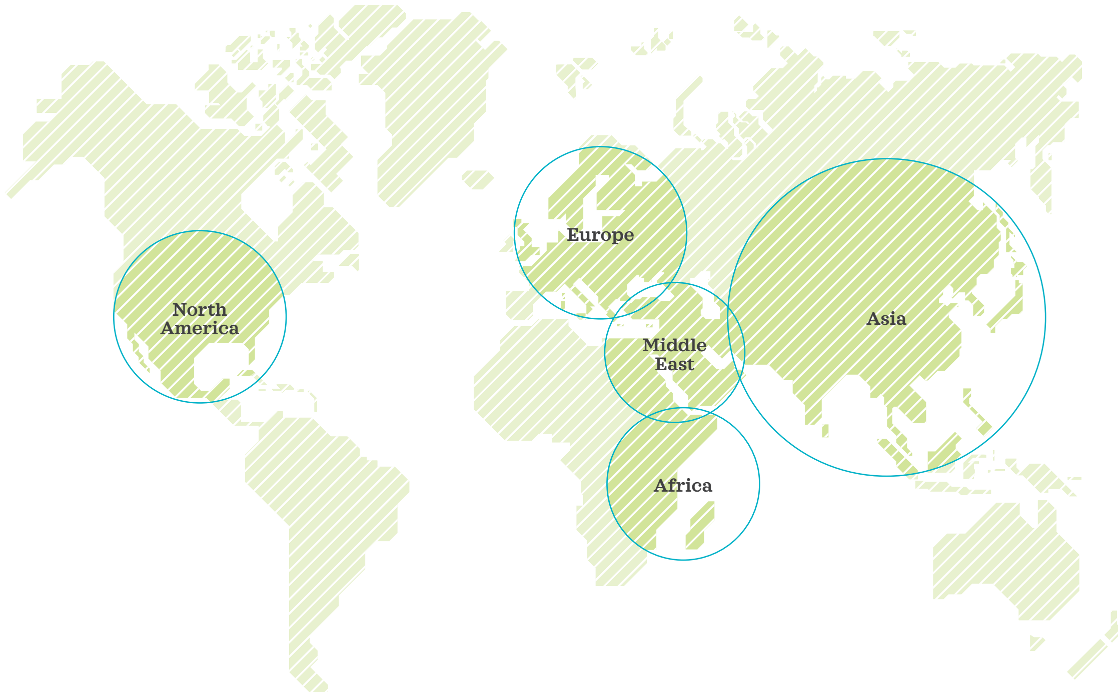
Dhawa is a casual and contemporary full-service hotel that fuses imaginative design, absolute comfort and seamless technology into a single stay experience. It curates a plethora of choices to achieve a truly customised stay. It caters to an emerging group of design-savvy travellers who seek distinctive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

* As at 31 December 2016

Our Strategic Locations

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 25 countries on four continents.

25	5,570	1,822	40*	64	77
Countries	Keys & Rooms	Awards Won to Date	Hotels	Spas	Gallery Outlets



Asia

Country	Hotels & Resorts	Spas
CHINA	13	18
SOUTH KOREA	1	1
JAPAN		2
THAILAND	7	8
MALAYSIA		2
INDONESIA	3	3
GUAM		1
TAIWAN		1
HONGKONG & MACAU	1	3
VIETNAM	2	2
LAOS	2	1
INDIA	1	2
SRI LANKA		1
MALDIVES	3	3
SINGAPORE		1

Middle East

Country	Hotels & Resorts	Spas
KUWAIT		1
QATAR		1

Africa

Country	Hotels & Resorts	Spas
MOROCCO	2	2
KENYA		1
MAURITIUS	1	1
SEYCHELLES	1	1
SOUTH AFRICA		1

Europe

Country	Hotels & Resorts	Spas
IRELAND		2
PORTUGAL		3

North America

Country	Hotels & Resorts	Spas
MEXICO	2	2
CUBA	1	

* Includes hotels under other brands: The Grand Luang Prabang, Laguna Holiday Club Phuket Resort and Maison Souvannaphoum Hotel.

KEY FIGURES

REVENUE

S$309.6M

*-16% year-on-year from **S$370.7M***

OPERATING PROFIT

S$51.7M

*+67% year-on-year from **S$31.0M***

CASH & CASH EQUIVALENTS

S$113.8M

*-31% year-on-year from **S$165.5M***

QUARTERLY FIGURES

Revenue *(S$M)*

	FY2016	FY2015
1Q	99.8	97.8
2Q	65.9	68.3
3Q	62.6	81.4
4Q	81.3	123.2
FY	309.6	370.7

Operating Profit *(S$M)*

	FY2016	FY2015
1Q	17.9	20.3
2Q	-3.3	3.3
3Q	0.3	5.7
4Q	36.8	1.7
FY	51.7	31.0

Net Tangible Assets *(including MI) (S$M)*

	FY2016	FY2015
1Q	660.1	732.4
2Q	626.5	692.1
3Q	628.1	688.0
4Q	699.6	664.5

RevPAR *(S$)*

	FY2016	FY2015
1Q	211	220
2Q	156	171
3Q	199	183
4Q	216	191
FY	195	191

Operating Profit Margin *(%)*

	FY2016	FY2015
1Q	18	21
2Q	-5	5
3Q	0	7
4Q	45	1
FY	17	8

Net Tangible Asset Value per Share *(including MI) (S$M)*

	FY2016	FY2015
1Q	0.87	0.96
2Q	0.82	0.91
3Q	0.83	0.90
4Q	0.92	0.87

FY2016 FY2015

Banyan Tree Yangshuo
China

FIVE-YEAR FINANCIAL HIGHLIGHTS

	2012 S$M	2013 S$M	2014 S$M	2015 S$M	2016 S$M
Revenue	338.4	356.1	327.4	370.7	**309.6**
Earnings before interest, tax, depreciation and amortisation (EBITDA or Operating Profit)	74.5	74.1	51.1	31.0	**51.7**
Profit before tax (PBT)	24.7	31.1	7.2	-19.5	**0.7**
Profit after tax (PAT)	15.4	18.2	0.6	-26.0	**-7.0**
Profit after tax & minority interests (PATMI)	14.9	18.1	1.0	-27.5	**-16.2**
Operating Profit margin	22%	21%	16%	8%	**17%**
Per share ($)					
– Basic earnings	0.020	0.024	0.001	-0.036	**-0.021**
– Diluted earnings	0.020	0.024	0.001	-0.036	**-0.021**
– Net tangible assets (including MI)	0.902	0.877	0.910	0.874	**0.919**
– Net tangible assets (excluding MI)	0.681	0.684	0.710	0.676	**0.698**
Net debt equity ratio	0.44	0.40	0.48	0.70	**0.69**

REVENUE
(S$M)

FY2012	338.4
FY2013	356.1
FY2014	327.4
FY2015	370.7
FY2016	**309.6**

OPERATING PROFIT
(S$M)

FY2012	74.5
FY2013	74.1
FY2014	51.1
FY2015	31.0
FY2016	**51.7**

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

FY2012	685.5
FY2013	667.1
FY2014	691.2
FY2015	664.5
FY2016	**699.6**

1

2

3

1 *Angsana Balaclava Mauritius*
Mauritius

2 *Angsana Villas Resort Phuket*
Thailand

3 *Banyan Tree Seychelles*
Seychelles

4 *Banyan Tree Huangshan*
China

4

2 Strategic *Overview*

In this Chapter

EXECUTIVE CHAIRMAN'S STATEMENT

Revenue
S$309.6M
-16% year-on-year from S$370.7M

Operating Profit*
S$51.7M
+67% year-on-year from S$31.0M

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

Executive Chairman's *Statement*

2016 mirrored 2015 to a large degree in terms of macro-economic conditions. The prolonged downturn in Europe persisted, as did the economic problems in Russia and the slowdown in China. Thailand again enjoyed a relatively uneventful year until August when bombings took place in Phuket and Hua Hin, though the country's resilient tourism sector was quick to bounce back.

Although these macro-economic conditions affected the Group's performance, measures we had previously taken served to pre-empt them and cushion their impact. These included geographical diversification, diversification of our customer base, and diversification of our brands and products through the introduction of Cassia and Dhawa. In addition, a group-wide restructuring we began in late 2015 succeeded in making our operations more efficient.

OUR PERFORMANCE

The Group posted revenue of S$309.6 million for the year, a decrease of S$61.1 million or 16% from the previous year. Despite lower revenue, Operating Profit increased by S$20.7 million or 67% to S$51.7 million in 2016. This was attributable to the positive contribution from Group-owned hotels, lower provision on delinquent debts and reclassification of net fair value gains to other income when Thai Wah Public Company Limited became the Group's associated company in 4Q2016.

Revenue from Group-owned hotels rose by S$0.7 million to S$197.4 million, on the back of improved results from Thailand, partially offset by lower revenue from the Maldives, China and Seychelles. Operating Profit for this segment increased by S$8.5 million to S$28.9 million, thanks to higher revenue, lower provision for delinquent debts and cost savings from our internal restructuring.

Revenue recognised from property sales fell by S$42.9 million or 46% to S$51.3 million in 2016. This was mostly due to the large number of Cassia and Laguna Park units in Phuket that were completed and recognised when they were handed over to buyers in late 2015. For the same reason, Operating Profit for this segment decreased by S$11.4 million.

The Group's fee-based income decreased by 24% to S$60.8 million in 2016, as the slowdown in China led to reductions in architectural and design fees earned from projects in China based on project milestones, hotel/fund management fees and spa/gallery revenue. Operating Profit from the fee-based segment dipped by S$0.6 million from a profit of S$0.6 million to a loss of S$0.02 million. This was largely because of lower revenue and higher foreign exchange loss, but was partially cushioned by lower provision for delinquent debts.

OUR PARTNERSHIPS

The year also saw far-ranging changes to the operating landscape of the hotel industry. In many ways, these changes were set in motion by the emergence of online booking engines and peer-to-peer platforms. As industry players sought to exploit economies of scale such as bulk commission rates, we saw a major consolidation take place in 2016, with, among other developments, AccorHotels purchasing Fairmont and Four Seasons, while Starwood acquired Marriott.

As an independent boutique luxury hotel operator, Banyan Tree sought to chart its own path through these global trends. Our success has always been due to the distinctive character of our brands, the authentic and memorable experience of stays at our properties, and the socially conscious ways in which we do business. Our challenge was the further differentiation and development

EXECUTIVE CHAIRMAN'S STATEMENT

As a Singaporean company, we are proud that our brands have attracted world-class partners like Accor and Vanke. This heralds an exciting future for Banyan Tree, our investors, associates, Board and Management, as well as for our guests.

of our brands in an increasingly crowded brand world and the commoditisation of many hospitality services.

Both the challenge and the solution lay in collaboration with truly strategic partners who recognise the unique value proposition of our Banyan Tree brands and who are well-positioned to help us extend our reach globally. Based on this, we have formed mutually beneficial alliances with one of the largest hotel groups in the world, AccorHotels (Accor), and China's largest listed property developer, China Vanke Co Ltd (Vanke).

Accor's extensive global footprint with a presence in Europe, the Middle East, Africa and the Americas will propel Banyan Tree's expansion into these markets. Their highly experienced business development team will complement our strong luxury branding to attract more high-end hotel owners to sign management contracts. This will boost our fees for management and other services as we co-develop new hotels and residences.

The tie-up with Accor also offers us lower commission rates on online booking systems, allowing us to compete more effectively. At the same time, we will be able to continue to be independent in signing our own management contracts and managing and developing our brands. This is important to ensure that we control and maintain Banyan Tree's signature standards of excellence.

The partnership with Vanke, on the other hand, offers benefits that are specific to China. Despite the ongoing economic slowdown, China remains a significant market for Banyan Tree, not only as a destination but also as a source of guests for our properties in other locations.

The joint venture with Vanke will help to consolidate the ownership of Banyan Tree-branded hotels and assets in China. In addition to properties we own, Banyan Tree China (BTC) may invite other owners of Banyan Tree-branded properties to inject their hotels into BTC. Providing an avenue to exit their investments will encourage more owners to engage us to manage their hotels in China. BTC will also serve as a platform for developing and managing senior-living and active-ageing communities, an area which both Banyan Tree and Vanke see as promising, given China's large and ageing population.

OUR PROSPECTS

Barring unforeseen circumstances, the International Monetary Fund expects global economic growth to pick up in 2017 following a very weak 2016.

We are starting to see signs of this in our business. Our hotel investments in Thailand are expected to perform favourably, with a growing number of visitors from Russia, albeit still below pre-sanctions levels. The decline in travellers from China to the Maldives has slowed, and we expect improvements going forward. For 1Q2017, overall forward bookings for Group-owned hotels have already shown a 10% improvement over the same period last year.

Likewise, property sales have been on the rise. In 4Q2016, we received booking deposits for S$17.9 million worth of sales, up 14% from a year earlier. We launched

1 *Banyan Tree Ungasan, Bali*
Indonesia

2 *Banyan Tree Jiuzhaigou*
China

Angsana Beachfront Residences, Phuket, in late December, and sold all 30 units by the end of January 2017.

We expect to open four resorts in the coming year. Three of these are in China – Banyan Tree Jiuzhaigou in Sichuan, Angsana Zhuhai Phoenix Bay in Guangdong and Angsana Xishuangbanna in Yunnan – and the fourth is Cassia Bintan in Indonesia. We also anticipate launching five new spa outlets in the same period.

We see 2017 as only the beginning of Banyan Tree's next growth phase. The strategic collaborations with Accor and Vanke are expected to generate higher revenue for the Group, starting with potential valuation gains from our disposal of assets in China to BTC in the coming year or so. In the medium term, we will see an increase in management fees as we take on co-development projects around the world with Accor, and as Vanke transfers its hotels and serviced apartments to our management.

Going forward, Vanke's database of 9 million home owners will also serve as a valuable source of potential customers for our hotels, spas and property sales.

SUSTAINABILITY

As Banyan Tree continues to grow, the issue of sustainability will become more important. We see new alliances and the ongoing expansion of our operations as opportunities not only to strengthen our business but also to spread our message of social consciousness and to do even greater good across the globe. Many of the initiatives that we have implemented, such as tree planting, environmental protection and remediation, and supporting community crafts, have the potential to be adapted to and replicated in different locations.

ACKNOWLEDGMENTS

As a Singaporean company, we are proud that our brands have attracted world-class partners like Accor and Vanke. This heralds an exciting future for Banyan Tree, our investors, associates, Board and Management, as well as for our guests. I would like to thank all of you for your ongoing support, and I look forward to your participation in a new chapter of growth.

Ho KwonPing
Executive Chairman

BOARD OF DIRECTORS

Ho KwonPing
Executive Chairman

The founder of our Group, Mr Ho is responsible for its overall management and operations. He has been a Director since 5 July 2000. He was designated Executive Chairman on 1 March 2004 and was last re-elected on 28 April 2016.

Mr Ho is also Chairman of Laguna Resorts & Hotels Public Company Limited, Thai Wah Public Company Limited, the Board of Trustees of Singapore Management University and the Advisory Committee of the School of Hotel and Tourism Management at the Hong Kong Polytechnic University. He is a non-executive Director of Diageo Plc and serves as a Governor of the London Business School.

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

Ariel P Vera
Non-Executive and Non-Independent Director

Mr Vera was appointed Director on 11 April 2000 and served as Group Managing Director from 1 March 2004 up to his retirement on 31 December 2013. He remains as a Non-Executive and Non-Independent Director of the Company. He was last re-elected on 28 April 2016.

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

Prior to joining the Group, he was Director of Finance and Administration of Asian Resorts Pte. Ltd. from 1992 to 1995, and Vice President, Finance, of Tropical Resorts Limited from 1995 to 1997. He has over 30 years of experience in the hotel industry.

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

Chia Chee Ming Timothy
Lead Independent Director

Mr Chia has been a Director since 8 June 2001, and became Lead Independent Director on 28 February 2007. He is Chairman of the Nominating & Remuneration Committee and was last re-elected on 29 April 2015.

Mr Chia is Chairman of Hup Soon Global Corporation Private Limited. He sits on the boards of several other private and public companies, including Fraser and Neave, Limited, The Straits Trading Company Limited, Singapore Power Limited, Vertex Venture Holdings Ltd, Ceylon Guardian Investment Trust PLC, Ceylon Investment PLC and Malaysia Smelting Corporation Berhad. He is a member of the Board of Trustees of the Singapore Management University, an Advisory Council Member of the ASEAN Business Club and a member of the Advisory Board of the Asian Civilisations Museum.

From 1986 to 2004, he was a Director of PAMA Group where he was responsible for private equity investments and served as President from 1995 to 2004. He was previously Chairman – Asia for Coutts & Co Ltd and Senior Advisor to EQT Funds Management Ltd.

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

from left to right:
Ho KwonPing
Ariel P Vera
Chia Chee Ming Timothy
Fang Ai Lian
Chan Heng Wing
Elizabeth Sam
Lim Tse Ghow Olivier
Tham Kui Seng

BOARD OF DIRECTORS

Fang Ai Lian
Independent Director

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

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

She was the Chairman of Great Eastern Holdings Limited and its insurance subsidiaries as well as a Director of OCBC Bank until her retirement in April 2014. Prior to that, she was with Ernst & Young for over 30 years until her retirement in March 2008. She was appointed Managing Partner in 1996 and Chairman in 2005. Her past directorships include Singapore Telecommunications Limited and MediaCorp Pte Ltd.

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

Chan Heng Wing
Independent Director

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

He is the Non-resident High Commissioner of Singapore to Bangladesh. He is a Director of Frasers Centrepoint Limited, EC World REIT, Fusang Family Office Pte Ltd as well as Precious Treasure Pte Ltd and Precious Quay Pte Ltd which own the Fullerton Heritage and Fullerton Bay Hotels respectively. He is also the Senior Advisor to the Milken Institute Asia Center.

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

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

Elizabeth Sam
Independent Director

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

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

She was a Director of the Singapore International Monetary Exchange and served as its Chairman from 1987 to 1990 and 1993 to 1996, until its merger with the Stock Exchange of Singapore. She was also previously a Director of The Straits Trading Company Limited.

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

Lim Tse Ghow Olivier
Independent Director

Mr Lim was appointed an Independent Director on 13 November 2014 and was last re-elected on 29 April 2015. He is a member of the Audit & Risk Committee.

He is Chairman of Certis CISCO Security Pte. Ltd., Frasers Property Australia Pty Ltd and globalORE Pte Ltd., and a Director of Raffles Medical Group Ltd. He is also a member of the Board of JTC Corporation, the Board of Trustees of the Singapore Management University (SMU), and the Board of Governors of Northlight School. He serves on the Securities Industry Council and the Advisory Board of SMU's Institute for Societal Leadership.

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 CapitaMalls Asia Limited, The Ascott Limited and The Anglo-Chinese Schools Foundation Limited.

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

Tham Kui Seng
Independent Director

Mr Tham was appointed an Independent Director on 1 June 2012 and was last re-elected on 29 April 2015. He is a member of the Audit & Risk Committee.

Mr Tham is a Director of Global Logistic Properties Limited, Sembcorp Industries Ltd, The Straits Trading Company Limited and Avanda Investment Management Pte. Ltd. He is a member of the Board of the Singapore Land Authority and a Corporate Advisor for Temasek International Advisors Pte Ltd.

From 2002 to 2008, he was the Chief Corporate Officer of CapitaLand Limited, overseeing the corporate services functions of the real estate group. He also previously served as a member of the Board of the Housing & Development Board.

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

MANAGEMENT TEAM

Claire Chiang

Senior Vice President
BANYAN TREE HOLDINGS

Chairperson
CHINA BUSINESS DEVELOPMENT

Chairperson
BANYAN TREE GLOBAL FOUNDATION

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

Ms Chiang was Chairman of Wildlife Reserves Singapore from 2008 to 2015. She is currently Chairperson of the Wildlife Reserves Singapore Conservation Fund and the National Book Development Council of Singapore. She was appointed Director of Mandai Park Holdings and Denmark-based ISS A/S in 2015. In 2016, she joined the Board of Directors of Dufry AG, Switzerland, and was also appointed as a Director of Singapore Art Museum.

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

For her advocacy in social issues, Ms Chiang has won national and international awards, including the Public Service Star BBM in 2014 for her contribution to implementing work-life integration in Singapore. Most recently she received the Distinguished Arts and Social Sciences Alumni Award 2016 from the National University of Singapore Faculty of Arts and Social Sciences.

Ms Chiang is married to Group Executive Chairman, Mr Ho KwonPing, with whom she received the Hospitality Lifetime Achievement Award at the China Hotel Investment Summit 2009.

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.

Eddy See Hock Lye

Senior Vice President

Group Managing Director

In addition to being the Group Managing Director, Mr See will continue to retain his earlier role as Group Chief Financial Officer, a position he held since 2004. He also serves as a Board Director 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.

Shankar Chandran

Senior Vice President

Managing Director
LAGUNA RESORTS & HOTELS PLC
AND SPA OPERATIONS

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 Banyan Tree Hotels & Resorts. As the Owner's Representative for 14 hotels, those hotels will directly report to him on hotel management, operational and owners' 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.

Dharmali Kusumadi

Senior Vice President

Managing Director
ARCHITRAVE

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

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

He has been a member of the Indonesian Institute of Architects since 1991 and holds a Master of Architecture from Parahyangan Catholic University, Bandung, Indonesia.

MANAGEMENT TEAM

Des Pugson

Senior Vice President

Managing Director

BANYAN TREE HOTELS & RESORTS

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

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

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.

Shelly Yeo

Vice President

CORPORATE FINANCE

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

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

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.

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.

Timothy Cheong

Vice President

Group Human Resource Director

Mr Cheong became Vice President, Group Human Resource Director in 2015, overseeing all human resource matters for the Group including LRH. He joined Banyan Tree as Assistant Vice President, Group Human Resource Director, in 2011, and was promoted to Senior Assistant Vice President in 2013.

Prior to joining the Group, he had some 20 years of experience as a senior human resource manager in the public education sector as well as project management, oil & gas and banking industries. He has also held senior positions in marketing, finance and internal audit in other companies. Mr Cheong holds a Bachelor of Business Administration from the University of Singapore (now known as the National University of Singapore), a Masters of Social Science (Counselling) from the University of South Australia and a Graduate Diploma in Human Resource Management, conferred by Monash University and Australian Institute of HR Management.

MANAGEMENT TEAM


Cindy Lee

Vice President
Managing Director
GROUP PROJECT SERVICES

Ms Lee joined Banyan Tree in 2001 as a cost manager and was promoted to her current role in 2015. She oversees the development of all new projects by the Banyan Tree Group, with the 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.

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.



Philip Lim

Vice President
HOTEL OPERATIONS (CHINA)

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

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

Mr Lim has a Masters 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.

Kenneth Law

Vice President
SALES

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

In 2012, he was promoted to Senior Assistant Vice President to oversee key account acquisitions and the development of Regional Sales Offices in the Asia Pacific region, and in 2015 he was placed in charge of sales globally. With more than 20 years of 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, and concluded eight hotel openings.

Kanruethai Roongruang

Vice President
Executive Director of Operations
BANYAN TREE SPA & GALLERY

Ms Roongruang assumed her current role in 2015. Her responsibilities include overseeing the global operations of Banyan Tree Spa and Gallery which are integrated as a core business unit of the Group. Her previous appointment was Senior Assistant Vice President – Spa Operations, Asia Pacific (2011) and Senior Assistant Vice President, Executive Director – Spa Operations, Global, from 2012.

Ms Roongruang joined LRH in 1997 as Manager of Canal Village (Laguna Phuket Shopping Complex) and subsequently became Spa Manager at Banyan Tree Spa Bangkok in 2000. She has 15 years experience in spa operations, growing her career in tandem with the expansion of Banyan Tree's global footprint. She holds a Bachelor of Arts in English from the Prince of Songkla University in Thailand.

MANAGEMENT TEAM

Gavin Herholdt

Vice President

Managing Director

LAGUNA LĂNG CÔ, VIETNAM (LLC)

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

Alan Chin

Country Head

CHINA

Vice President

CHINA PROPERTY DEVELOPMENT

Managing Director

BANYAN TREE CHINA FUND

Mr Chin is Country Head, China and Vice President, China Property Development. He is also Managing Director, Banyan Tree China Fund.

He joined Banyan Tree in 2010 as General Manager, Wenjiang Company, and Director of Special Projects. With over 20 years of experience in the hospitality and real estate industries, he has practised in the developer, consultancy and private equity sectors.

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 Polytechnic University with a Bachelor of Arts in Civil Engineering.

Carolyn Zhang

Vice President

CORPORATE (CHINA)

Ms Zhang plays a key role in the overall running of the corporate office in mainland China, where she is in charge of all corporate finance and administration functions. She also supports other corporate functions such as human resource, legal and information and communications technology, with co-ordination and direction from the Group Head Office in Singapore.

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

Kuan Chiet

Vice President

FINANCE & ADMINISTRATION, LAGUNA RESORTS & HOTELS PLC

Head

GROUP ASSET MANAGEMENT

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

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

1

2

3

1 ***Banyan Tree Phuket***
Thailand

2 ***Angsana Riads Collection Morocco***
Morocco

3 ***Banyan Tree Ungasan, Bali***
Indonesia

3 Operating & *Financial Review*

In this Chapter

MILESTONES

More than 20 years ago, Banyan Tree's flagship resort in Phuket pioneered the all-pool villas concept and the first tropical garden spa on the site of an abandoned tin mine. Today, we have 40 hotels, 64 spas, 77 retail galleries and three golf courses in 25 countries.

1994

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

Banyan Tree Phuket
Thailand

1995

- Two resorts open – Banyan Tree Vabbinfaru, Maldives, and Banyan Tree Bintan, Indonesia.

2000

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

2001

- Banyan Tree Spa Academy is set up to train therapists and research new treatment recipes and techniques.
- Opening of Angsana Ihuru, Maldives and Angsana Bangalore, India.
- The Green Imperative Fund is launched to implement the Group's corporate social responsibility initiatives.

2002

- Banyan Tree Seychelles is launched.
- The Westin Banyan Tree is rebranded as Banyan Tree Bangkok.

Banyan Tree Ringha
China

2003

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

2005

- The first Banyan Tree resort in China – Banyan Tree Ringha – opens in Yunnan.
- Opening of Maison Souvannaphoum Hotel, Laos.
- The Group acquires Thai Wah Plaza, which houses Banyan Tree Bangkok in Thailand.

2006

- Banyan Tree Holdings Limited is listed on the Singapore Stock Exchange.
- Opening of Banyan Tree Lijiang, China, and Angsana Velavaru, Maldives.
- The Group introduces Banyan Tree Private Collection, Asia's first asset-backed destination club offering perpetual and transferable membership.

2007

- Angsana Riads Collection Morocco, opens its doors.
- The Group fully subscribes to LRH rights issue and shareholding in LRH increases from 51.78% to 65.75%.
- Banyan Tree establishes the S$400 million Multicurrency Medium Term Note programme.

2008

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

2009

- Banyan Tree Indochina Hospitality Fund achieves a total capital commitment of US$283 million at final closing.
- Opening of Banyan Tree Mayakoba, Mexico, Banyan Tree Hangzhou, China, and Banyan Tree Ungasan, Bali, Indonesia.

Banyan Tree Spa Marina Bay Sands
Singapore

2010

- Banyan Tree China Hospitality Fund achieves a total capital commitment of RMB1 billion.
- Opening of Banyan Tree Cabo Marqués, Mexico, Banyan Tree Club & Spa Seoul, South Korea, Banyan Tree Samui, Thailand, and Angsana Fuxian Lake, China.
- LRH sells Dusit Laguna Phuket, Thailand, for THB2.6 billion (S$112.3 million).

2011

- The first Banyan Tree Spa in Singapore – Banyan Tree Spa Marina Bay Sands opens.
- Opening of Banyan Tree Macau, China, Angsana Hangzhou, China, and Angsana Balaclava Mauritius.
- Sheraton Grande Laguna Phuket is rebranded as Angsana Laguna Phuket.
- LRH sells Laguna Beach Resort, Thailand, for THB717.2 million (S$29.6 million).

2012

- Three resorts open – Banyan Tree Shanghai On The Bund, China, Banyan Tree Lăng Cô, Central Vietnam and Angsana Lăng Cô, Central Vietnam.
- The Group acquires the remaining 70% stake in Banyan Tree Seychelles and 77.5 hectares of adjoining undeveloped freehold land for US$25 million (S$31.6 million).

2013

- Three resorts open in China – Banyan Tree Tianjin Riverside, Banyan Tree Chongqing Beibei, and Angsana Tengchong • Hot Spring Village.
- The Group sells Angsana Velavaru, Maldives, for US$71 million (S$86.8 million) and leases it back for 10 years.

2014

- Banyan Tree celebrates its 20th anniversary.
- Opening of Banyan Tree Yangshuo, China and Angsana Xi'an Lintong, China.
- Banyan Tree increases the size of the Multicurrency Medium Term Note programme to S$700 million.
- **The Group launches its third brand, Cassia.**

Cassia Phuket
Thailand

2015

- The first Cassia hotel opens in Phuket, Thailand.
- Opening of Banyan Tree Huangshan, China.
- **The Group launches its fourth brand, Dhawa,** a casual and contemporary full-service hotel targeting middle-class travellers.

2016

- Opening of Banyan Tree Tamouda Bay, Morocco, Dhawa Cayo Santa Maria, Cuba, and The Grand Luang Prabang, Laos.
- Outrigger Laguna Phuket Resort and Villas is rebranded as Angsana Villas Resort Phuket.
- 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 new 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 binding term sheets are finalised in January 2017.

AWARDS & ACCOLADES

As a leading international developer and operator of resorts, residences, spas, galleries and golf courses, Banyan Tree Hotels & Resorts was founded with the core value of driving sustainable development. We believe that the only way a business can succeed is to be valued by its stakeholders. In 2016, we were pleased to receive 280 awards and accolades, bringing the total to 1,822 since the Group began operations.

280
Awards won in 2016

1,822
Awards won to date

Travel

Condé Nast Traveler China's Gold List Awards
The Best Leisure Hotel
BANYAN TREE RINGHA

DestinAsian Readers' Choice Awards 2016
Phuket: Banyan Tree Phuket (3rd consecutive year, 9th win)
BANYAN TREE PHUKET

Tourism Authority of Thailand (TAT) 2016 People's Choice Awards Thailand Voted by Chinese Tourists
Most Favourite City Hotel
BANYAN TREE BANGKOK

Condé Nast Traveller (UK) – Readers' Travel Awards 2016
The World's Best Hotels – The Middle East, Africa & the Indian Ocean
#15 BANYAN TREE VABBINFARU

Travel + Leisure 2016 China Awards
China's Best New Hotels
BANYAN TREE HUANGSHAN

Condé Nast Traveler (US) – Readers' Choice Awards 2016
ASIA – TOP 40
#19 BANYAN TREE LĂNG CÔ, CENTRAL VIETNAM, VIETNAM
#20 ANGSANA LĂNG CÔ, CENTRAL VIETNAM, VIETNAM
#31 BANYAN TREE PHUKET, THAILAND

Forbes Travel Guide 2016 Star Award
Macau Five-Star Hotels
BANYAN TREE MACAU

2016 Golden Pillow Award (China Hotel)
The Best City Resort
BANYAN TREE SHANGHAI ON THE BUND

2016 Hurun Best of the Best Awards
Hotel Brand Star Performer
BANYAN TREE HOTELS & RESORTS

Spa

9th Annual TTG China Travel Awards 2016
Best Spa Resort in China
BANYAN TREE LIJIANG

Hurun Presidential Awards – Hurun Hot Hotel Awards 2016
Best Spa in Macau
BANYAN TREE MACAU

SpaChina Awards 2016
Best Global Spa Hotel and Resort of the Year
BANYAN TREE HOTELS & RESORTS

Annual Travel Trade Gazette (TTG) Travel Awards 2016
Travel Hall of Fame – Best Spa Operator for 10 consecutive years (2nd Year) since induction
BANYAN TREE SPA

Condé Nast Traveller – Readers' Travel Awards 2016
The World's Best Overseas Hotel Spas
#9 BANYAN TREE SPA PHUKET

2016 Hurun Best of the Best Awards
Best Spa Brand (for the 10th consecutive year)
BANYAN TREE SPA

2016 Shanghai Morning Post Tourism Awards
Best Spa Brand (for the 4th consecutive year)
BANYAN TREE SPA

16th China Hotel Industry Golden Horse Awards 2016
Best Spa Brand
BANYAN TREE SPA

5th Spa & Wellness Mexico Spa Awards
Best Spa of Mexico
BANYAN TREE MAYAKOBA

Asia Enterprise Brand Awards 2016
Asia Wellness Excellence Award
BANYAN TREE SPA

Corporate

SIAS Investors' Choice Awards 2016
Most Transparent Company Award – Mainboard Small Caps, Runner Up
BANYAN TREE HOLDINGS LIMITED

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

ARC International Awards – Traditional Annual Report
Gold – ARC Awards 'Hotel & Leisure' category (Annual Report 2015)
BANYAN TREE HOLDINGS LIMITED

Marketing Institute of Singapore
#52 in Singapore Top 100 Brands 2016
BANYAN TREE HOTELS & RESORTS

9th Asian Hotel Awards
Best Resort Hotel Brand
BANYAN TREE HOTELS & RESORTS

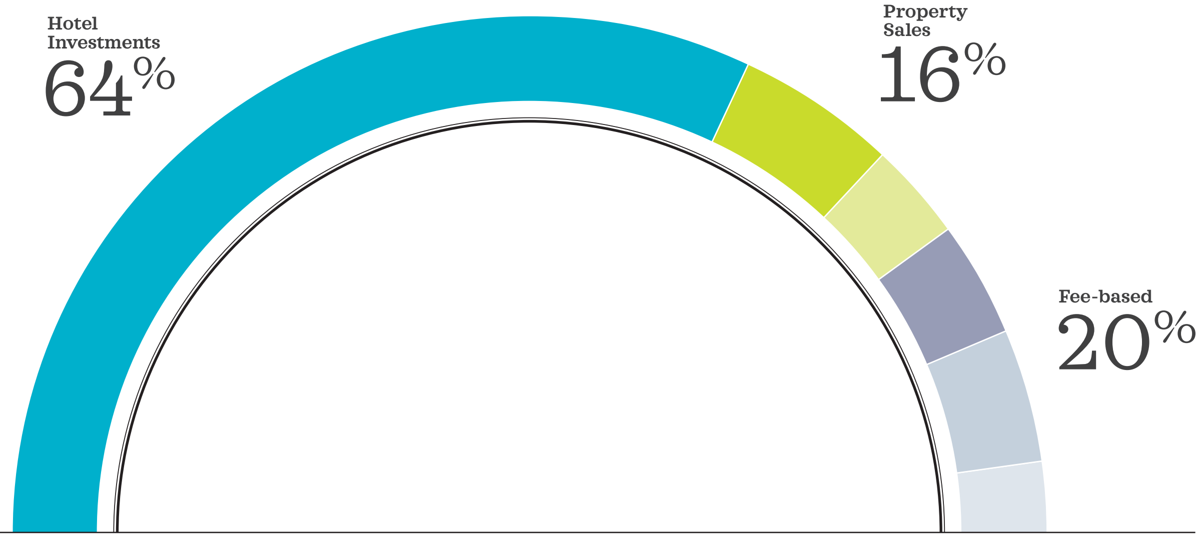
AMCHAM's CSR Excellence Recognition
Ambassador Award – for outstanding CSR and contribution to Thai social and economic development
LAGUNA PHUKET

1 *Banyan Tree Shanghai On the Bund*
China

2 *Banyan Tree Phuket*
Thailand

3 *Banyan Tree Spa Bintan*
Indonesia

OUR BUSINESS IN BRIEF



Hotel Investments

	Hotel Investments	
	S$197.4M	100.0%

Property Sales

	Laguna Property Sales	
	S$32.0M	62%
	Hotel Residences	
	S$19.3M	38%

Fee-based

	Hotel/Fund/Club Management	
	S$23.0M	38%
	Spa/Gallery Operations	
	S$24.4M	40%
	Design and Others	
	S$13.5M	22%

Banyan Tree

Group Revenue

S$309.6M

YoY from **S$370.7M**

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

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

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

Hotel Investments

Revenue

S$197.4M

YoY from **S$196.7M**

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

We hold equity interest in 19 hotels, comprising over 2,000 keys.

Through asset rebalancing exercises carried out over the last few years, we have diversified our revenue base. As at 31 December 2016, revenue from our Hotel Investments was contributed by Thailand (61%), Indian Ocean (31%), China (6%) and Others (2%).

Property Sales

Revenue

S$51.3M

YoY from **S$94.2M**

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, Seychelles, Thailand and Vietnam.

In 2016, we expanded our offering of luxury residences by launching Banyan Tree branded apartments in Brisbane, Australia. These are pure apartment sales and not part of hotel operations.

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

Fee-based

Revenue

S$60.8M

YoY from **S$79.8M**

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

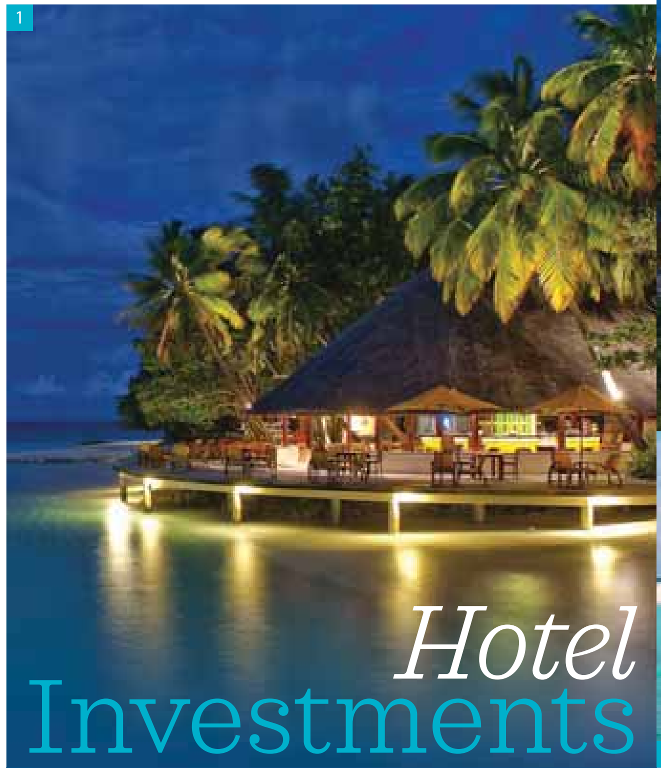
We manage 21 resorts and hotels, and operate 64 spas, 77 gallery outlets and three golf courses.

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

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

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

BUSINESS REVIEW
HOTEL INVESTMENTS



The return of Russian visitors from mid-2016 played a large part in overall revenue growth for Thailand.

1 *Angsana Ihuru*
Maldives

2 *Banyan Tree Seychelles*
Seychelles

3 *Banyan Tree Vabbinfaru*
Maldives

4 *Banyan Tree Lijiang*
China

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

Angsana Laguna Phuket
Thailand

Revenue from Group-owned hotels increased slightly from S$196.7 million in 2015 to S$197.4 million in 2016. The improved performance of our hotels in Thailand more than offset declines in Maldives, China and Seychelles.

Our hotels faced a very competitive landscape, further marred by the economic uncertainty in China. Overall, the Group saw a 15% drop in room revenue from Chinese nationals, with Angsana Velavaru, Banyan Tree Vabbinfaru and Banyan Tree Lijiang most affected. On the other hand, revenue from South Korean citizens continued to grow, by a significant 16% year-on-year, with Angsana Laguna Phuket and Banyan Tree Bangkok posting the highest growth.

Operating Profit increased by S$8.5 million to S$28.9 million, due to higher revenue and cost management initiatives implemented as a result of the Group-wide restructuring to streamline business processes and structures.

Operating Profit *

↑42%

FY2016: S$28.9M
FY2015: S$20.4M

THAILAND

Our hotels in Thailand posted a combined revenue of S$121.2 million, an increase of 12% from S$108.6 million the previous year. All hotels showed year-on-year growth. Revenue for Banyan Tree Phuket rose by S$4.9 million following renovations to the pool villas. The new Cassia Phuket and the taking over of Angsana Villas Resort Phuket in August 2016 also added to overall revenue growth for Thailand.

The return of Russian visitors to Thailand from mid-2016 played a large part in this growth. This was partially set off by the Chinese government's crackdown on zero-dollar Chinese tours that impacted group business for Banyan Tree Bangkok, Angsana Laguna Phuket and Cassia Phuket.

BUSINESS REVIEW
HOTEL INVESTMENTS

While the period of mourning for HM King Bhumibol Adulyadej affected Banyan Tree Bangkok, pent-up demand in the last quarter of 2016 led to a quick turnaround. With competition intensifying in Bangkok, we invested not only in physically refreshing and improving Banyan Tree Bangkok, but also in training the staff to deliver standards of service that will differentiate the hotel from others in the city.

MALDIVES

Our Maldives resorts recorded revenue of S$45.6 million, down 16% year-on-year. The average room rate declined, while overall occupancy slid by 3 percentage points to 59%, contributing to the lower revenue.

Tourism in the Maldives was adversely impacted by the slowdown in arrivals from key source market China. Although the European and Russian markets showed signs of growth, the nominal increase could not compensate for the reduced revenue our Maldives resorts received from Chinese visitors.

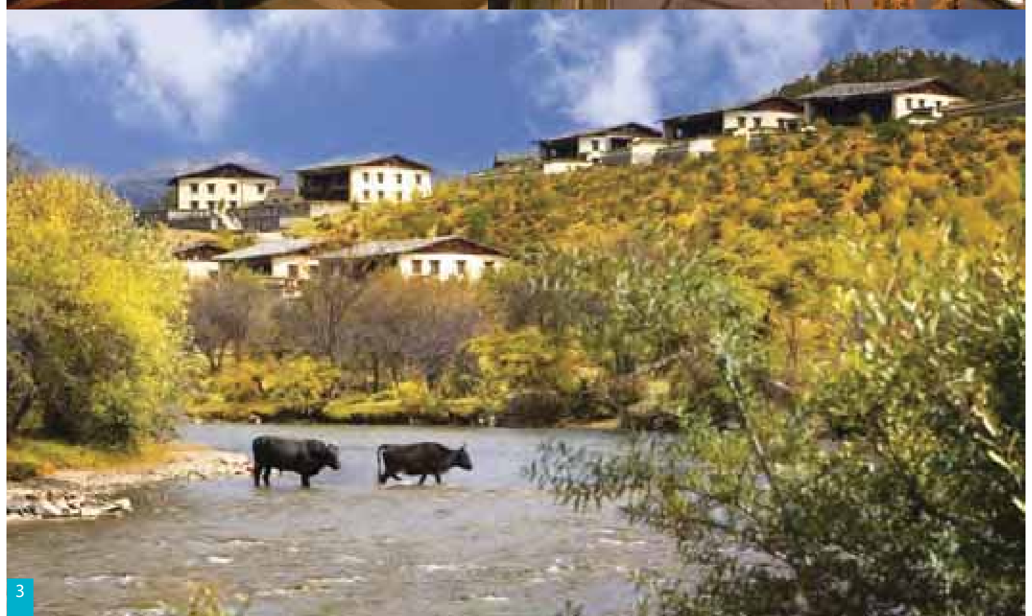
CHINA

Group-owned hotels in China reported a decrease of 13% in revenue from S$14.4 million in 2015 to S$12.5 million in 2016. The price war initiated by our competitors continued to affect our results. This was exacerbated by the economic slowdown in China, as the domestic market remains the key source of guests for our China properties.

Banyan Tree Lijiang was impacted by bad press about tourists in the city falling victim to fraudulent activities, but began to see a turnaround in the fourth quarter. The hotel also continued to face aggressive price competition from three luxury hotels that opened in 2015.

MOROCCO

Morocco struggled as political issues and terrorism had a negative effect on tourism. Consequently, Angsana Riads Collection Morocco saw revenue dip by 8% to S$0.8 million, with both room rate and revenue declining.



1 *Banyan Tree Bangkok*
Thailand

2 *Angsana Riads Collection Morocco*
Morocco

3 *Banyan Tree Ringha*
China

Angsana Villas Resort Phuket
Thailand

SEYCHELLES

Revenue from Banyan Tree Seychelles decreased by 9% from S$17.8 million in 2015 to S$16.2 million in 2016, mainly due to fewer arrivals from China and Germany.

SALES AND MARKETING

We ran several global tactical campaigns during the year, which succeeded in generating over 10,000 room nights for our hotels around the world. The China cluster also ran a number of campaigns including a 10th Anniversary offer to celebrate the 10th year of Banyan Tree Lijiang and an Alitrip campaign.

We made a significant step in recognising our most loyal customers through a generous and exclusive reward – a complimentary, all-inclusive two-night stay under the Banyan Tree Community concept. This was very well received, even leading to some recipients purchasing properties under the Banyan Tree portfolio. We are in the process of drawing up and exploring other retention and loyalty strategies to be rolled out in the coming year.

Direct online bookings continued to grow, in part because of effective search engine optimisation. Overall, the quality of our website traffic has improved, with higher conversion rates. To widen our reach globally, we are now extending our search engine optimisation to three more languages: Chinese, Korean and Russian.

We also increased our brand exposure on leading travel platforms such as Expedia, Sojern, AliTrip, TripAdvisor, Kayak and Trivago. Meanwhile, we generated tremendous growth in social media following for our brands. Cassia saw the highest increase, with 260% more followers.

In December 2016, we launched our fourth brand website, promoting Dhawa, specifically our first Dhawa hotel in Cuba.

BUSINESS REVIEW
PROPERTY SALES

The property sales segment comprises sales of hotel residences, Laguna properties and Angsana Vacation Club memberships. Total revenue decreased by 46% from S$94.2 million in 2015 to S$51.3million in 2016. The lower revenue was mainly due to Cassia Phuket and Laguna Park Phuket which were substantially completed and recognised in 3Q2015 and 4Q2015.

We offer a complete range of products to cater for all market segments, from our affordably priced Cassia serviced apartments targeting the emerging middle class in Asia, through to our high-end Banyan Tree branded residential offerings.

Demand for resort-based property remained soft in 2016 with few new projects being launched. The most active segment was entry-level resort condominiums and apartments which were largely investor-driven. Demand in the villa segment was also relatively inactive due to a surplus of resale inventory.

The spending power of Russian buyers, a key source market, continued to be constrained by the weak rouble. Overall, sluggish global growth also dampened investor confidence and discretionary spending.

Meanwhile, the off-plan apartment market in Brisbane saw a downturn in momentum in the later part of 2016 due to lending constraints imposed by banks, an increase in stamp duty for foreign buyers and an oversupply of investor-led off-plan apartment projects.

HOTEL RESIDENCES

Revenue recognised from hotel residences in 2016 was S$19.3 million, mainly comprising the recognition of Banyan Tree Grand Residences, Phuket, Banyan Tree Phuket Spa Pool villas, Cassia Phuket apartments and Dusit Phuket villas in Thailand. In the prior year, revenue recognised was S$44.0 million, mostly due to the completion and initial recognition of Cassia Phuket.

We have a healthy pipeline of sales amounting to approximately S$74.1 million, largely from Angsana Beachfront Residences, Banyan Tree Grand Residences, Banyan Tree Residences Brisbane, Cassia Phuket and Cassia Bintan. This revenue will be recognised upon completion in 2017-2019.

Overall, 61 units were sold in 2016 for a total of S$51.8 million. This was double the value of the previous year's sales.

The units sold were:

- Seven Angsana Beachfront Residences totalling S$10.6 million (new launch in December 2016);
- 17 Banyan Tree Residences Brisbane apartments totalling S$26.6 million (new launch in April 2016);
- Two Banyan Tree villas totalling S$3.1 million (2015: four villas totalling S$13.9 million);
- 32 Cassia apartments totalling S$9.1 million (2015: 35 apartments totaling S$9.5 million); and
- Three Dusit Phuket villas totalling S$2.4 million. (2015: three villas totalling S$2.3 million).

Operating Profit *

↓76%

FY2016: S$3.7M
FY2015: S$15.1M

1 *Angsana Beachfront Residences*
Thailand

2 *Banyan Tree Grand Residences*
Thailand

3 *The Lofts at Laguna Village*
Thailand

4 *Cassia Bintan*
Indonesia

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

BUSINESS REVIEW
PROPERTY SALES


Artist's Impression

We have approximately S$12.7 million worth of Laguna property sales in the pipeline, to be recognised upon completion in 2017.

In Thailand:
- We successfully launched Angsana Beachfront Residences, Phuket in December 2016. As at end January 2017, all 30 units with total sale value of S$48.5 million had been reserved with deposits received. On the back of this successful launch, a further phase of 18-24 units was released in January 2017.
- Construction commenced on Phase 2 of Cassia Phuket, with completion expected by early 2018.
- We sold all remaining Dusit Phuket villas.

In Australia:
- We launched Banyan Tree-branded luxury two- to four-bedroom residential apartments in 2Q2016 in Brisbane. Priced from S$0.9 million to S$6.5 million, these apartments expand the Group's offering of luxury residences within the Asia-Pacific region. After a strong initial response, off-plan sales momentum slowed across the market because of several factors. The federal election (potential abolition of tax subsidies on investment properties and capital gains tax), an increase in foreign buyer stamp duty, lending constraints imposed by banks, and an oversupply of investor-led off-plan apartments, all created a level of market uncertainty and softened demand.
- We received development approval for our Gold Coast beachfront site, comprising two towers with over 400 residential and hotel apartments. Discussions are ongoing with a potential consortium of investment partners to develop the site.

In Indonesia:
- Steady sales of Cassia Bintan apartments continued. This second property under the Cassia brand is scheduled to open in 2017.

LAGUNA PROPERTY SALES

Revenue recognised from property sales in 2016 was S$23.5 million versus S$42.5 million in 2015, and was mainly attributable to the completion and initial recognition of units at Laguna Park Phuket in 2nd half of 2015.

We have approximately S$12.7 million worth of sales in the pipeline, to be recognised upon completion in 2017.

Overall, 32 units were sold in 2016 at a total sales value of S$14.0 million – a decrease of 21% (in value terms) compared to prior year. The units sold consisted of:

- 25 Laguna Park townhomes and bungalows totalling S$11.1 million (2015: 22 townhomes and bungalows totalling S$11.2 million);
- Three Laguna Village apartments, townhomes and bungalows totalling S$2.4 million (2015: five apartments, townhomes and bungalows totalling S$3.9 million); and
- Four Laguna Chengdu apartments totalling S$0.5 million (2015: 24 apartments totaling S$2.6 million).

Laguna Park Phuket saw increased demand in 2016 due to the completion of the common landscaped areas and swimming pool facilities. Laguna Park Bintan is still pending construction.

Laguna Chengdu experienced positive sales take-up when launched in 2015. However, we were forced to stop sales temporarily due to the local government's inability to provide vital infrastructure (water, power, sewerage and gas) to the project site by time of delivery of the first apartments. This eroded consumer confidence and resulted in considerable expenses not being offset by sales. As at 31 December 2016, we had sold a total of 67 units or about 31% of total available units for sale under Phase 1A. We are in discussions with the Wenjiang government to resolve this situation as quickly as possible, but sales may continue to be suspended well into 2017. However, with more national-level developers, such as Evergrande and Vanke, looking at land acquisitions in Wenjiang for wellness-themed projects, we expect renewed interest from 4Q2017 onwards.

ANGSANA VACATION CLUB

We launched the Angsana Vacation Club (ANVC) in 2016 as planned. Unlike Laguna Holiday Club, which has since stopped selling memberships, ANVC is points-based with inventory owned by an independent trustee, and members enjoying access to selected Angsana and Banyan Tree Resorts.

ANVC operates out of Laguna Phuket and markets itself largely to hotel guests of Angsana Laguna Phuket and Cassia Phuket. It also reaches out to credit card members of various banks through joint direct mail marketing campaigns.

In its first year of operations, ANVC sold a total of 185 memberships, generating S$5.0 million in revenue. Members are predominantly Chinese nationals who were guests at Angsana Laguna Phuket and, to a lesser extent, members of Laguna Holiday Club and individuals referred by them.

1 ***Banyan Tree Residences Brisbane***
Australia

2 ***Laguna Village Deluxe Residences Phuket***
Thailand

BUSINESS REVIEW
FEE-BASED

1


2


3


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$60.8 million in 2016, a decrease of S$18.9 million or 24% compared to the previous year. This was due to reduced architectural and design fees earned from projects in China based on project milestones, lower hotel/fund management fees and lower revenue from spa/gallery operations.

HOTEL MANAGEMENT

Group revenue from hotel management contracts was S$22.7 million in 2016, 11% or S$2.9 million lower than the previous year. This was due to lower management fees from several China resorts as a result of the economic slowdown in China. Not withstanding lower revenue, Operating Profit was S$5.2 million in 2016, versus a loss of S$1.8 million in the previous year. This was mainly because of lower provision for doubtful debts and lower staff costs following a group-wide restructuring exercise at the beginning of the year.

During the year, we expanded the portfolio of hotels under our management, opening the 92-key Banyan Tree Tamouda Bay on the northwestern coast of Morocco. Located 15 km from the city of Tetouan and a 45-minute drive from Tangier, the resort offers spectacular waterfront views of the Mediterranean Sea. Dhawa Cayo Santa Maria, our first property in Cuba, opened on Christmas Eve. The 516-key resort is situated in Jardines del Rey archipelago whose vast acres of coral reefs, underwater fauna and diverse flora make it popular with marine enthusiasts. In addition, we began managing The Grand Luang Prabang in Laos, which comprises 75 keys. This is our second hotel in the country.

China

Group-managed hotels in China fared worse in 2016, with room revenue declining by 10% on a same-store basis over 2015. This was mainly due to the economic slowdown in China which started in 3Q2015 and affected luxury travel. There was also a reduction in keys to be managed for Angsana Fuxian Lake resort, following the resort owner's sale of units to individuals.

Asia Pacific

Overall room revenue for managed hotels in the Asia Pacific region excluding China saw a slight dip of 2% year-on-year. The best performing properties were Banyan Tree Lăng Cô, Central Vietnam, Angsana Lăng Cô, Central Vietnam and Banyan Tree Samui which benefited from the stabilising political climate in their respective countries. Banyan Tree Macau saw a drop in business because of the continued slowdown in the gaming segment, especially in the first half of the year.

Europe, Middle East and Africa

Continuing weakness in oil prices dampened the business outlook and consumer travel interest in this region. Consequently, room revenue slipped by 1%. On a positive note, Angsana Balaclava Mauritius delivered a 16% increase in room revenue.

Banyan Tree Samui
Thailand

Operating Profit *

↓100%

FY2016: S$0.0M
FY2015: S$0.6M

1 *Banyan Tree Club & Spa Seoul*
South Korea

2 *Banyan Tree Sanya*
China

3 *Banyan Tree Yangshuo*
China

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

BUSINESS REVIEW
FEE-BASED

In an increasingly competitive environment, our Spa segment maintained a positive Operating Profit margin at 26%.

Americas
Room revenue was 1% lower than 2015, with Banyan Tree Mayakoba recording a slight improvement of 1%. Banyan Tree Cabo Marqués posted a decline of 6% mainly due to external factors like political unrest in the surrounding area and the Zika virus.

In the pipeline
Three hotel openings in China are planned. The 323-key Banyan Tree Jiuzhaigou will feature modern oriental architecture to complement the natural beauty of Jiuzhaigou's pools, waterfalls, limestone terraces and mountains. The 202-key Angsana Zhuhai Phoenix Bay at the Dalang Bay Peninsula will be a unique "urban resort" and the only beach resort in Guangdong province. Angsana Xishuangbanna with 423 keys will open in the Horon Monbala Royal Southeast Asian Botanical Garden Resort Zone in Menghai County.

We will also be launching our second Cassia property. This will be located on the private Tanjong Said Bay in Bintan, Indonesia.

FUND MANAGEMENT
Revenue from fund management was S$0.3 million, down by S$3.1 million or 91% year-on-year because of lower resort development management fees from the China Fund.

Going forward, the Group's China-owned assets will be injected into Banyan Tree China (BTC), the new joint venture between Banyan Tree and Vanke. Limited partners of the China Fund, including the Group's 5% equity investment in the Fund, will be offered an exit by selling their stake to BTC for cash or shares.

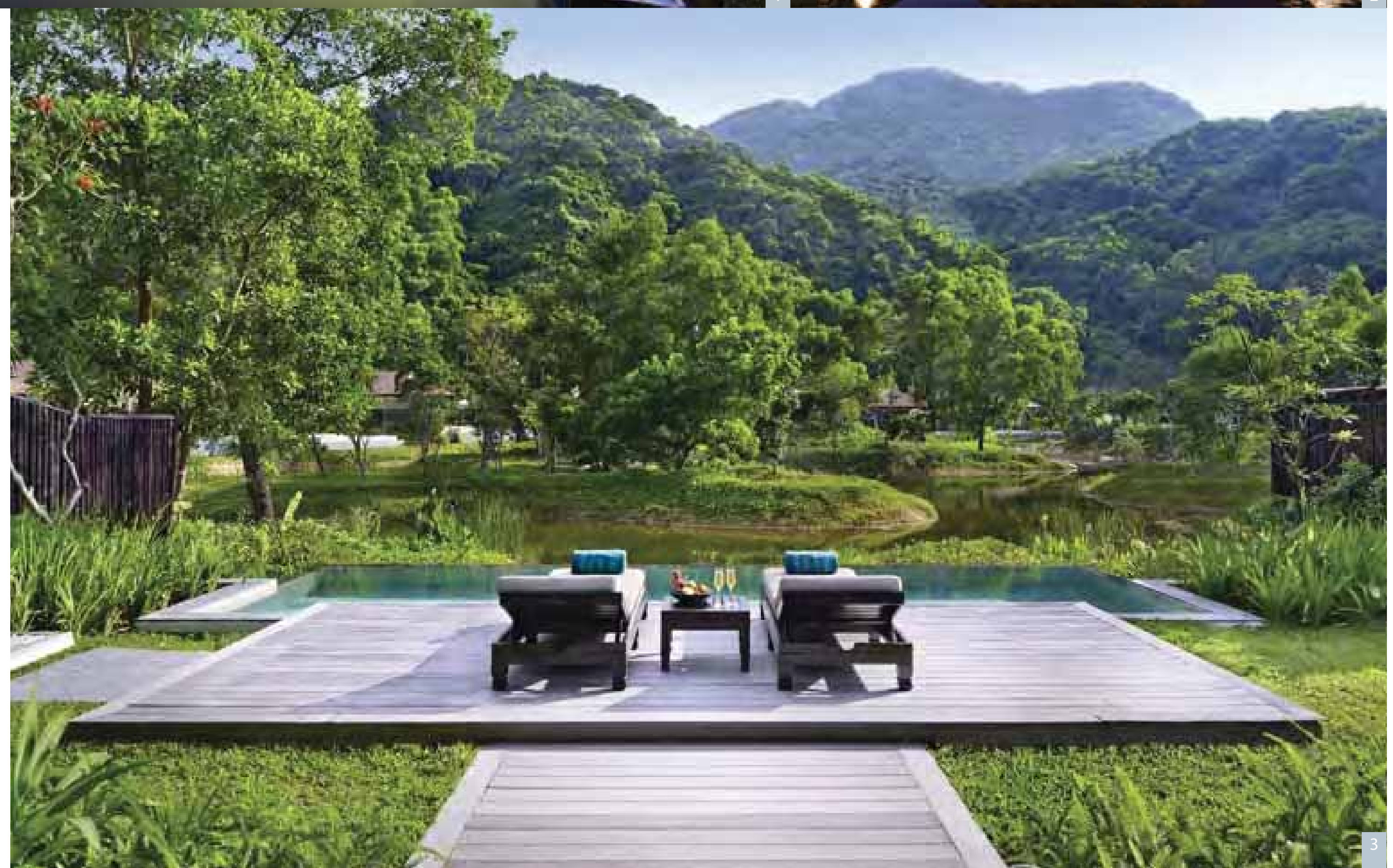
BTC will at its discretion invite owners of existing hotels and hotels under development bearing various Banyan Tree brands to inject their hotels into BTC. Vanke may also inject its hotels. The goal is to attain sufficient size to secure an initial public offering.

SPA OPERATIONS
As at 31 December 2016, the Group's Spa footprint covered 24 countries on four continents. Two new outlets in Morocco and China opened in 2016, with another five in the pipeline for 2017. These additions will grow the Group's portfolio to 67 spas.

In an increasingly competitive environment, our Spa segment maintained a positive Operating Profit margin at 26%. Our focus was to continue driving revenue from major performing outlets and increase take-up rate. Operating Profit improved in Thailand and Maldives, especially Bangkok which saw a major rebound as the political situation stabilised. To maintain a strong profit margin, we closed two low-performance outlets in Egypt and Thailand as well as four outlets in the United Arab Emirates whose management contracts were completed. These closures, combined with the lower performance recorded by our China outlets due to China's economic slowdown, caused revenue to decrease by 14% from the previous year's S$20.4 million to S$17.6 million.

1 *Angsana Tengchong • Hot Spring Village*
China

2 *Banyan Tree Mayakoba*
Mexico



3 *Banyan Tree Lăng Cô, Central Vietnam*
Vietnam

BUSINESS REVIEW
FEE-BASED

To position and future-proof the Spa within an increasingly competitive and saturated wellness market, our strategic response is three-pronged. First, to increase efficiency and improve expense management, we streamlined work processes for all the Spa and Gallery functions, integrating departments for synergy. This resulted in effective cost reduction as well as an enhanced focus on the Spa's strengths of training, operational excellence, and menu development. By analysing demand trends, we streamlined menu offerings and therefore training hours, further enhancing productivity. In closing low performing outlets and streamlining work flows, the management focused on key outlets that generated the majority of revenue, applying a rigorous analysis of productivity, capture and take-up rate.

With an optimised cost structure in place, our second priority was a refined revenue strategy compatible with changing market trends. Sales strategies were defined through pricing analysis (dynamic, seasonal and hotel average daily rate price adjustments), hotel sales integration for upselling, package inclusion for direct bookings, and in-house guest conversion initiatives. In line with industry competition, we employed seasonal yield management tactics to increase guest spending and occupancy.

Lastly, we are focusing on capability enhancement to enrich our offerings to the growing wellness market. New development areas included service touch points, spa workshops and two themed wellness packages, Sense of Rejuvenation and Sense of Romance. We also revamped menu offerings and training processes to emphasise simplification and personalisation of guests' needs. We began introducing the new menu at a few locations in late 2016.

1 *Banyan Tree Spa Hangzhou*
China

2 *Banyan Tree Gallery*
Banyan Tree Jasmine Rice Collection

Through this year, we sharpened our competitive edge through proactive revenue seeking, effective cost reduction, capability enhancement and service excellence provision. Our global brand recognition and position as Asia's leading spa operator continued to be affirmed through strategic partnerships and international acclaim. We garnered 59 awards in 2016, bringing the total to 547 since inception.

GALLERY OPERATIONS

Banyan Tree Gallery, the Group's socially responsible retail arm, celebrated its 20th anniversary in 2016 as one of the largest retail chains in the hospitality industry, operating 77 outlets in 23 countries. Besides retail, the Gallery provides product development, design expertise, procurement and logistical services for the Group.

Inspired by the concept of "retailing with a difference", the Gallery is committed to sustaining the livelihood of village artisans through gainful employment, and conserving natural and cultural resources through its unique merchandise. Our brand positioning emphasises heritage, natural ingredients, quality and consistency. We were recognised as Best CSR Hotel Retailer at the 16th China Hotel Industry Golden Horse Awards 2016 and won the CSR Award at the Spa & Bath Times Awards 2016. Our Jasmine Rice Facial Foaming Wash was named Best Brightening Cleanser at the Singapore Harper's Bazaar Beauty Awards 2016.

After 20 years in operation, this year was a pivotal one in reassessing the business within current market trends, to capitalise on key strengths while developing new channels to position for future growth. We took an important step to enhance the customer experience with a major revamp of numerous outlets, launched a refreshed communications approach, and renewed emphasis on service excellence and training. To facilitate a holistic approach to customer development, we focused on strengthening the connection between the Group's retail, spa and hotel segments for enhanced capture and conversion.

In terms of product, we implemented a focused merchandising framework that scaled back variety to two main strategic thrusts. First, we identified our signature spa and aromatherapy offerings as a key area to expand in range and distribution, with the view to establishing a niche as the frontrunner in Asian home spa brands. Second, we reviewed our craft network of over 60 communities to focus on lifestyle products such as apparel, jewellery and accessories, besides home décor items.

With this focus, we broadened distribution channels with key industry partners such as airlines, travel retailers and corporate sales. Recognising that online presents a significant opportunity to extend our customers' lifetime value, we relaunched our e-commerce platform to deliver a personalised and brand-defining retail experience. During the year, the Banyan Tree Gallery and MatterPrints e-commerce platforms, along with third-party sites, saw healthy growth of 176% year-on-year as online revenue increased alongside average order value and repeat customer purchases.

Total Gallery revenue for 2016 was S$6.9 million and the shortfall of 9% versus last year was largely due to outlet closures and the decline in shipment sales. This revenue decline was further impacted by expense increase in payroll and marketing, resulting in an overall Operating Profit reduction of 167%. The expense increase was essential to realign the Gallery's strategy to boost the online and corporate sales segments, which saw revenue increase by 176% year-on-year and whose efficiencies are expected in subsequent years.

DESIGN AND OTHER SERVICES

Design and other services registered total revenue of S$13.5 million for the year, as compared with S$22.8 million the previous year. The 41% decline was mainly due to lower revenue from architectural and design fees.

Revenue from architectural and design services is recognised progressively in accordance with percentage of project completion, and was lower in 2016 because the economic slowdown in China affected the progress of several development projects owned by third parties.

In terms of Operating Profit, design and other services posted a loss of S$8.0 million compared with a loss of S$0.4 million last year. This was largely due to lower overall revenue. Given the smaller number of projects at hand, the Group will further scale down the architectural and design division to reduce costs.

PORTFOLIO EXISTING RESORTS IN 2016

Existing Resorts with Equity Interest

19 Total No. of Resorts/Hotels with Equity Interest

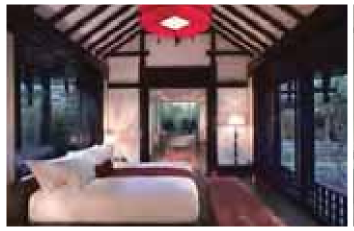
2,373 Total No. of Keys for Resorts/Hotels with Equity Interest

Banyan Tree


Vabbinfaru 48
Maldives


Seychelles 60
Seychelles


Ringha 32
China

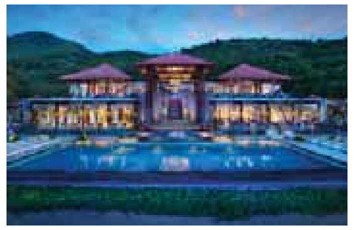

Lijiang 125
China


Bangkok 325
Thailand

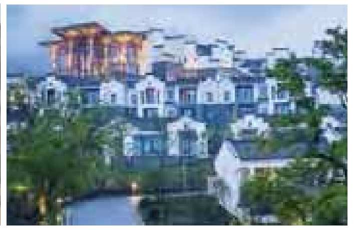

Phuket 173
Thailand


Mayakoba 117
Mexico


Cabo Marqués 45
Mexico


Lăng Cô Central Vietnam ++ 56
Vietnam

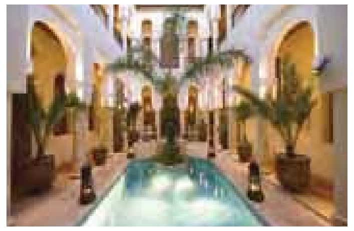

Yangshuo +++ 142
China


Huangshan +++ 110
China

11

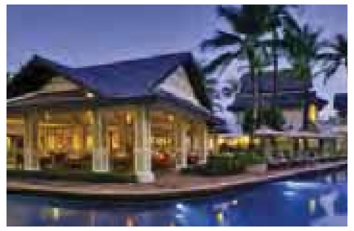
1,233

Angsana

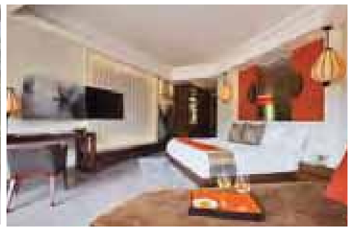

Riads Collection Morocco 40
Morocco


Ihuru 45
Maldives


Velavaru + 113
Maldives


Laguna Phuket 324
Thailand


Villas Resort Phuket 48
Thailand


Lăng Cô Central Vietnam ++ 229
Vietnam

6

799

Cassia


Phuket 229
Thailand

1

229

Others


Laguna Holiday Club Phuket Resort 112
Thailand

1

112

\+ Under sale and leaseback arrangement w.e.f. 31 January 2013.
++ Project developed by Banyan Tree Indochina Hospitality Fund. The Group's equity investment in the fund was US$41.9 million which had been progressively injected from 2009 to 2013.
+++ Project developed by Banyan Tree China Hospitality Fund. The Group's equity investment in the fund was RMB57 million which had been progressively injected from 2010 to 2013.

Hotels/Resorts
Keys

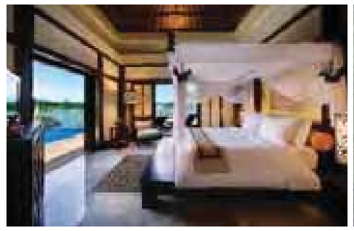
PORTFOLIO EXISTING RESORTS IN 2016

Existing Resorts *without Equity Interest*

21 Total No. of Resorts/Hotels without Equity Interest

3,197 Total No. of Keys for Resorts/Hotels without Equity Interest

Banyan Tree



Bintan 64
Indonesia

Sanya 49
China

Ungasan, Bali 71
Indonesia

Hangzhou 72
China

Tamouda Bay 92
Morocco

Club & Spa Seoul 50
South Korea

Samui 88
Thailand

Macau 256
China

Shanghai On The Bund 130
China

Tianjin Riverside 153
China

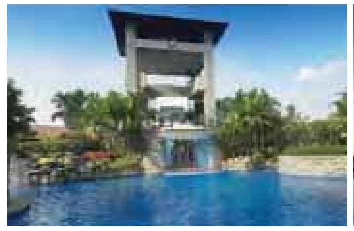
Chongqing Beibei 106
China

11

1,131

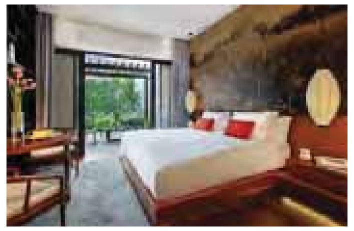
Angsana

Bintan 113
Indonesia

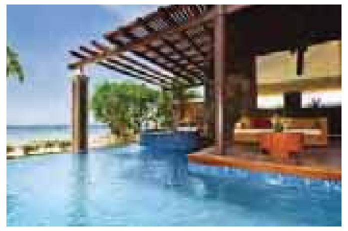


Bangalore 79
India

Fuxian Lake 711
China

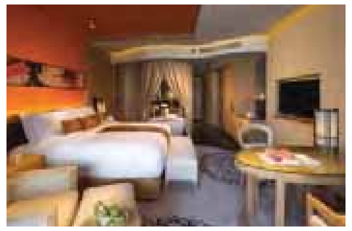


Hangzhou 59
China



Balaclava Mauritius 52
Mauritius

Tengchong • Hot Spring Village 37
China



Xi'an Lintong 400
China

7

1,451

Dhawa

Cayo Santa Maria 516
Cuba

1

516

Others

The Grand Luang Prabang 75
Laos

Maison Souvannaphoum Hotel 24
Laos

2

99

Hotels/Resorts
Keys

PORTFOLIO PIPELINE OF NEW PROJECTS*

Resorts/Hotels with Equity Interest

1 Total No. of Resorts/Hotels with Equity Interest

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

Name of Resort/Hotel		Country	No. of Hotel Keys	Range of Room Rates (US$)	Equity	Year of Opening
Cassia						
1	Bintan (Phase 1)	Indonesia	104	100-200	100.0%	2017
2	Bintan (Phase 2)	Indonesia	76	100-200	100.0%	2018
3	Phuket (Phase 2)	Thailand	105	100-200	65.8%	2018
	Subtotal		**285**			
Grand Total			**285**			

1

285

* As at 31 December 2016.

Resorts/Hotels without Equity Interest

18 Total No. of Resorts/Hotels without Equity Interest

3,194 Total No. of Keys for Resorts/Hotels without Equity Interest

Name of Resort/Hotel		Country	No. of Hotel Keys	Range of Room Rates (US$)	Year of Opening
Banyan Tree					
1	Jiuzhaigou	China	323	225-380	2017
2	Anji	China	151	245-395	2018
3	Yangcheng Lake	China	120	240-390	2018
4	Jilin Riverside	China	113	225-370	2018
5	Royale Pavilion by Banyan Tree	Malaysia	337	150-350	2018
6	Kuala Lumpur	Malaysia	56	225-450	2018
7	Dali	China	180	235-375	2019
8	Hainan Tufu Bay	China	154	245-395	2019
9	Bodrum	Turkey	70	400-500	2019
10	Krabi	Thailand	72	300-550	2020
11	Tayrona, Santa Marta	Colombia	40	325-475	2020
12	Topuito Isles	Mozambique	60	400-500	2020
	Subtotal		**1,676**		
Angsana					
1	Zhuhai Phoenix Bay	China	202	170-230	2017
2	Xishuangbanna	China	423	155-190	2017
3	Corfu	Greece	199	275-425	2018
4	Teluk Bahang	Malaysia	230	150-250	2019
5	Tengchong	China	284	150-190	2019
6	Tayrona, Santa Marta	Colombia	180	175-275	2020
	Subtotal		**1,518**		
Grand Total			**3,194**		

12

1,676

6

1,518

Hotels/Resorts

Keys

PORTFOLIO
EXISTING SPAS

Existing Spas

64 Total No. of Outlets

591 Total No. of Treatment Rooms

Name of Spa		Country	No. of Treatment Rooms
Banyan Tree			
1	Phuket	Thailand	23
2	Vabbinfaru	Maldives	5
3	Bintan	Indonesia	11
4	Seychelles	Seychelles	8
5	Bangkok	Thailand	16
6	Shanghai	China	13
7	Phoenix Seagaia Resort	Japan	10
8	Ringha	China	6
9	Lijiang	China	7
10	Sanya	China	8
11	Mayakoba	Mexico	13
12	Hangzhou	China	9
13	Ungasan	Indonesia	8
14	Cabo Marqués	Mexico	6
15	Estoril	Portugal	11
16	Club & Spa Seoul	South Korea	11
17	Samui	Thailand	10
18	Macau	China	19
19	Marina Bay Sands	Singapore	15
20	Shanghai On The Bund	China	11
21	Lăng Cô	Vietnam	6
22	Tianjin Riverside	China	9
23	Chongqing Beibei	China	9
24	Yangshuo	China	9
25	Huangshan	China	2
26	Tamouda Bay	Morocco	8
	Subtotal		**263**
Angsana			
1	Dusit Thani Laguna Phuket	Thailand	8
2	Bintan	Indonesia	15
3	Laguna Phuket	Thailand	12
4	Ihuru	Maldives	8
5	Oasis Spa & Resort Bangalore	India	6
6	Outrigger Laguna Phuket Beach Resort	Thailand	8
7	Park Island	Hong Kong	7
8	The Brehon	Ireland	6
9	Vineyard Hotel	South Africa	10

26

263

33

291

Name of Spa		Country	No. of Treatment Rooms
Angsana			
10	Luang Prabang	Laos	3
11	City Club & Spa Crescat City	Sri Lanka	11
12	Velavaru	Maldives	10
13	Bunratty	Ireland	5
14	ANA Crowne Plaza Kobe	Japan	8
15	The Garden Hotel, Guangzhou	China	12
16	Sheraton Laguna Guam	Guam	8
17	Morocco	Morocco	2
18	Tivoli Marina Vilamoura	Portugal	11
19	Oasis Spa UB City Bangalore	India	11
20	Wyndham Grand Regency Doha	Qatar	9
21	Hotel Nikko Shanghai	China	11
22	Sankara Nairobi	Kenya	7
23	Fuxian Lake	China	14
24	Hotel ICON	Hong Kong	4
25	Balaclava Mauritius	Mauritius	6
26	Caesar Park Kenting	Taiwan	6
27	Nusajaya	Malaysia	6
28	Seaview Xiamen	China	8
29	Lăng Cô	Vietnam	10
30	Tengchong • Hot Spring Village	China	15
31	Jinling Nanjing	China	11
32	Xi'an Lintong	China	15
33	Biquan Conghua	China	8
	Subtotal		**291**
Elements Spa By Banyan Tree			
1	Kuwait	Kuwait	7
2	Tivoli Victoria	Portugal	7
	Subtotal		**14**
Chill Chill			
1	Sathorn	Thailand	8
2	Glenmarie	Malaysia	8
3	Laguna Phuket	Thailand	7
	Subtotal		**23**
Grand Total			**591**

2

14

3

23

Outlets
Rooms

PORTFOLIO
SPAS IN THE PIPELINE

24 Total No. of Spas

Year of Opening 2017

Banyan Tree

Jiuzhaigou
China

Angsana

Xishuangbanna
China

Zhuhai Phoenix Bay
China

Spa & Hot Spring Monbala Xishuangbanna
China

Wadi Degla Runda Nairobi
Kenya

Year of Opening 2018

Banyan Tree

Anji
China

Jilin Riverside
China

Yangcheng Lake
China

Kuala Lumpur
Malaysia

Royale Pavilion by Banyan Tree
Malaysia

Angsana

Corfu
Greece

Marino Sands
Sri Lanka

Alto Residences
China

Ruisui Hualien
Taiwan

Chill Chill

Cassia Bintan
Indonesia

Year of Opening 2019

Banyan Tree

Bodrum
Turkey

Dali
China

Hainan Tufu Bay
China

Angsana

Teluk Bahang
Malaysia

Tengchong
China

Year of Opening 2020

Banyan Tree

Krabi
Thailand

Tayrona, Santa Marta
Colombia

Topuito Isles
Mozambique

Angsana

Tayrona, Santa Marta
Colombia

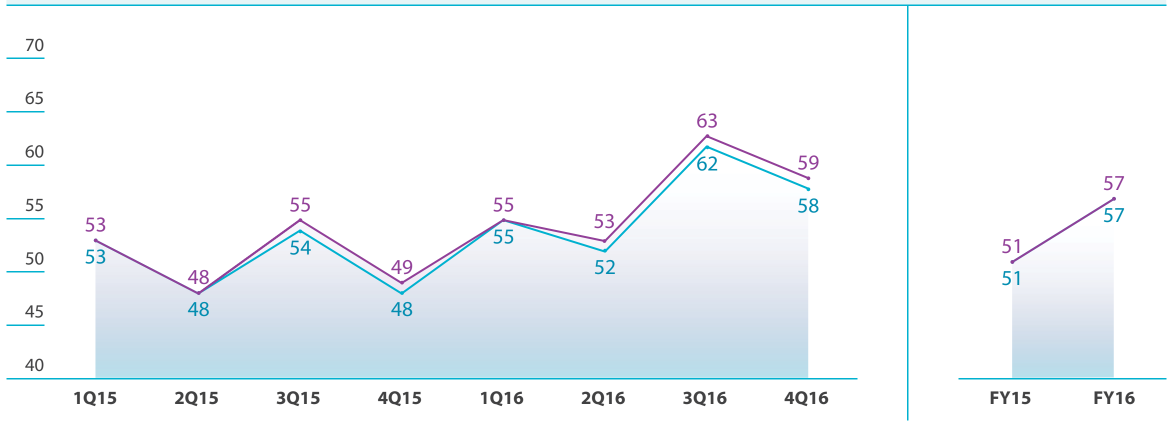
12 Banyan Tree

11 Angsana

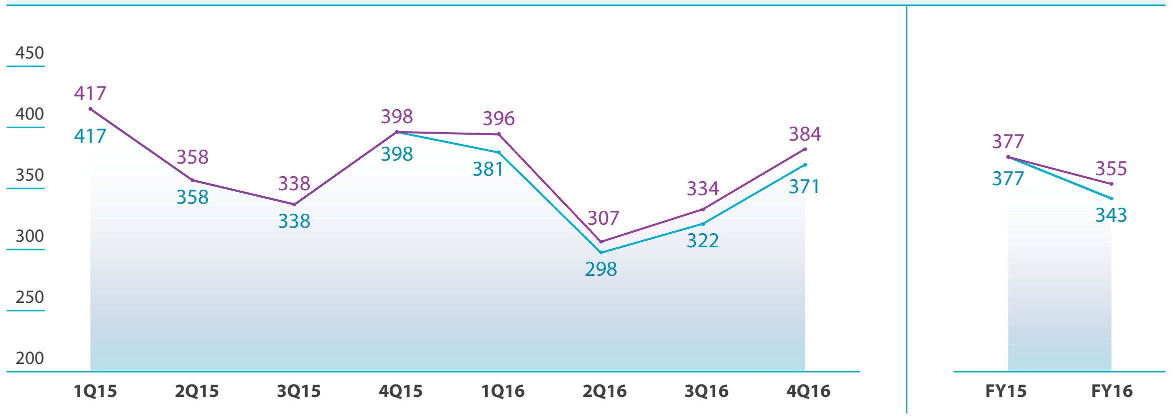
1 Chill Chill

KEY STATISTICS
ALL HOTELS[1]

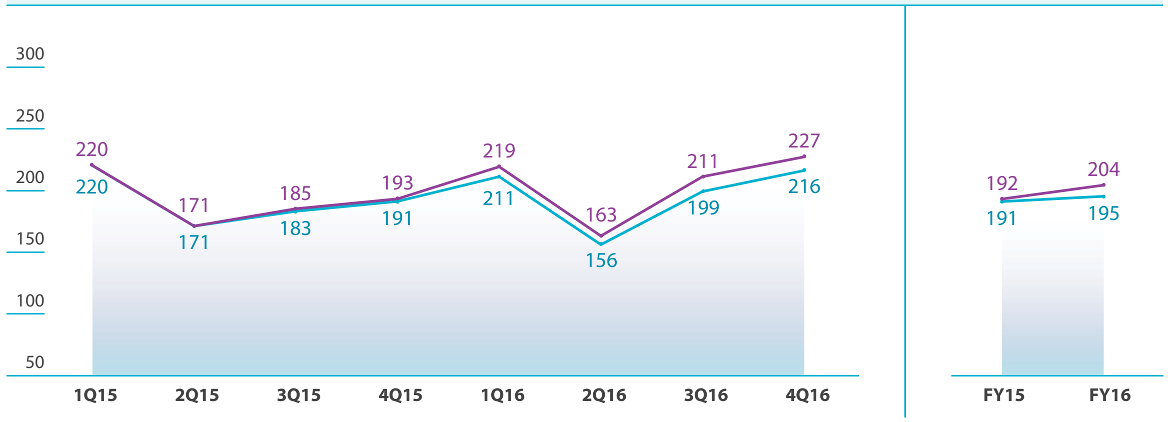
Average Occupancy (%)



Average Room Rates (S$)



RevPAR[2] (S$)

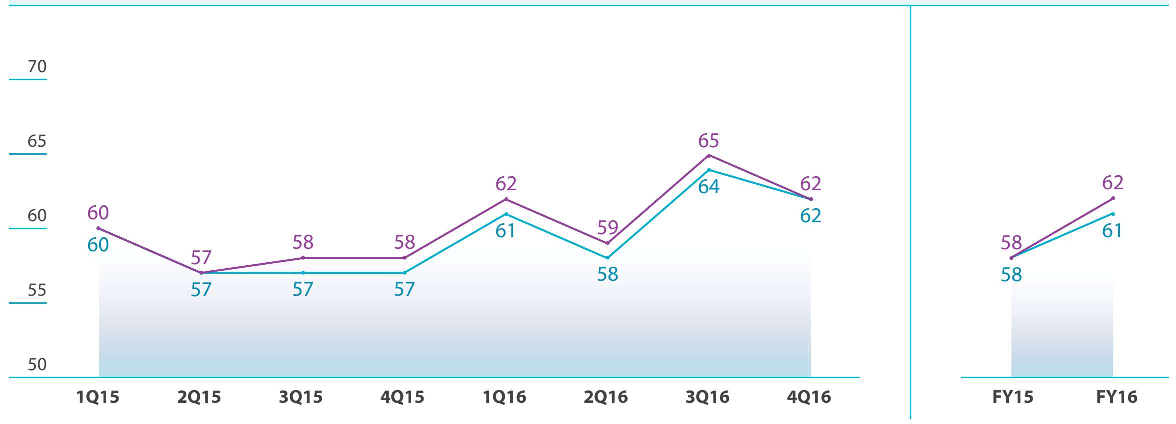


- Same Store[3]
- Total Resorts

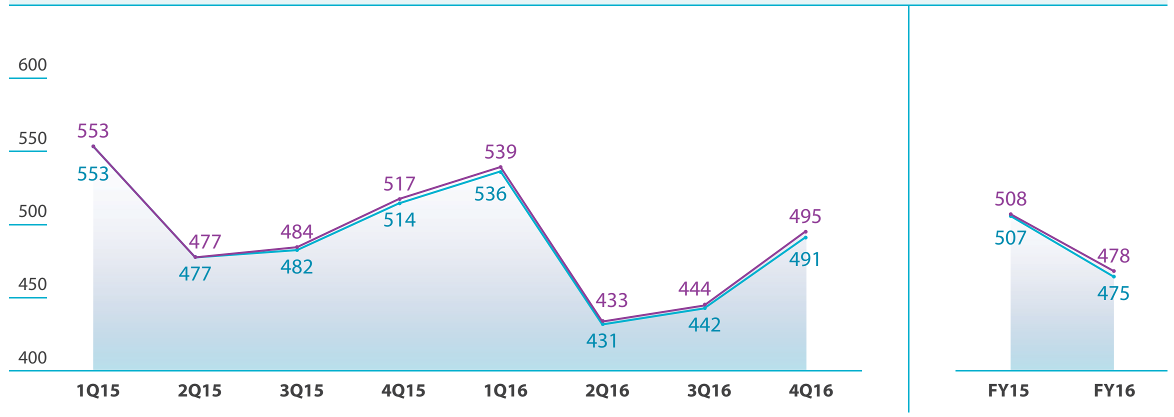
Notes:
[1] All hotels refer to all Banyan Tree, Angsana and Cassia hotels owned and managed by the Company.
[2] RevPAR denotes revenue per available room.
[3] Same Store Concept excludes all new resorts opened/rebranded in the past two years, namely: Banyan Tree Huangshan, Cassia Phuket and Angsana Villas Resort Phuket. Comparatives for Same Store concept for prior periods have been adjusted to include Banyan Tree Yangshuo and Angsana Xi'an Lintong.

KEY STATISTICS
BANYAN TREE RESORTS

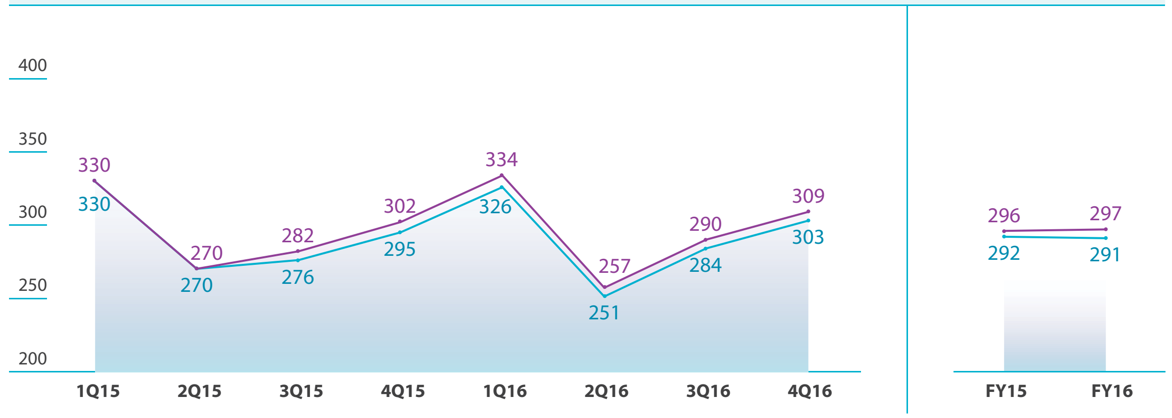
Average Occupancy (%)



Average Room Rates (S$)



RevPAR[1] (S$)

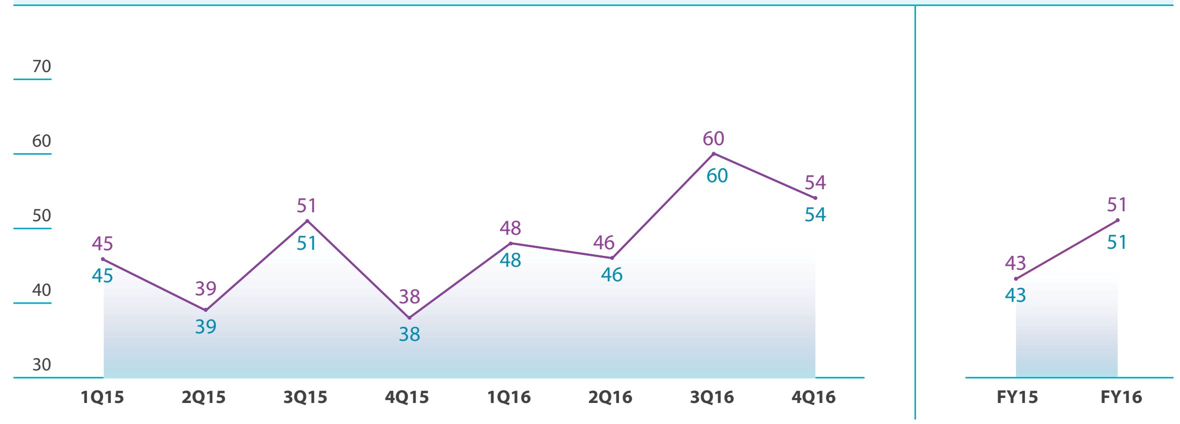


Same Store[2]
Total Resorts

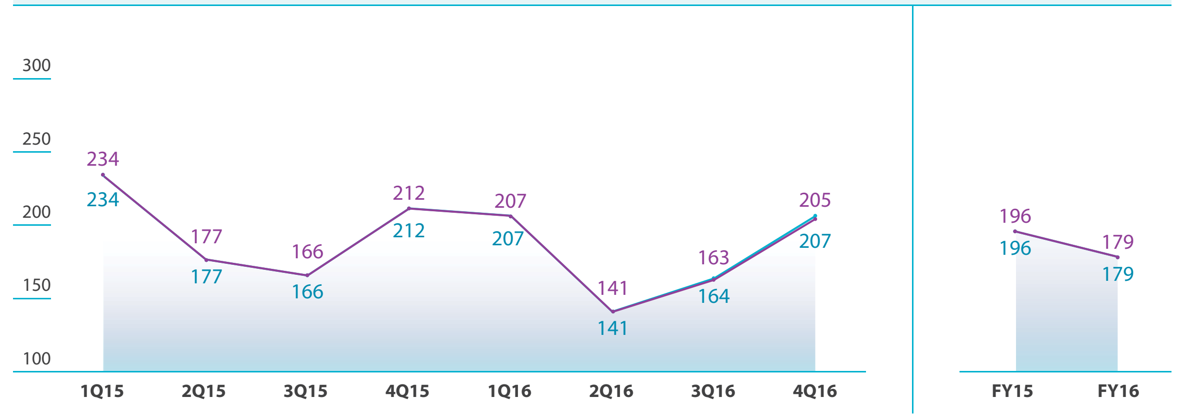
Notes:
[1] RevPAR denotes revenue per available room.
[2] Same Store Concept excludes new resort opened/rebranded in the past two years, namely: Banyan Tree Huangshan. Comparatives for Same Store concept for prior periods have been adjusted to include Banyan Tree Yangshuo.

KEY STATISTICS
ANGSANA RESORTS

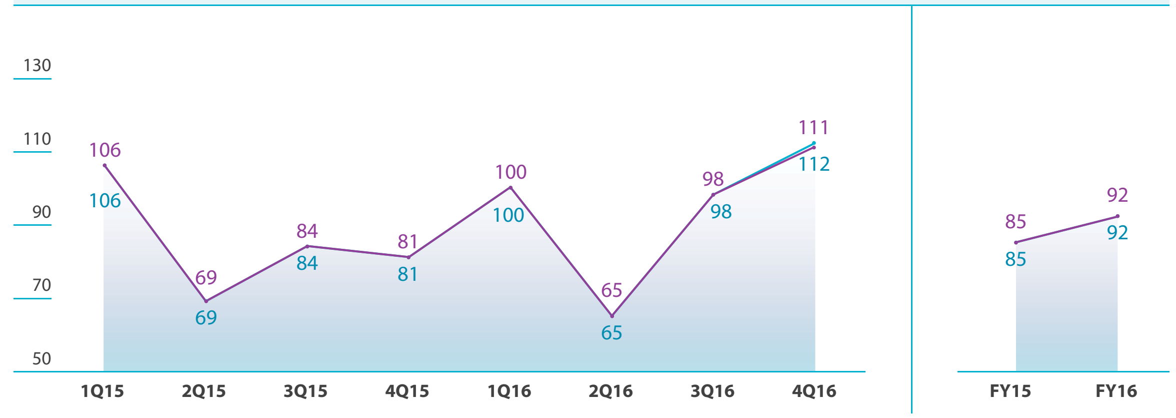
Average Occupancy (%)



Average Room Rates (S$)



RevPAR[1] (S$)



Same Store[2]
Total Resorts

Notes:
[1] RevPAR denotes revenue per available room.
[2] Same Store Concept excludes new resort opened/rebranded in the past two years, namely: Angsana Villas Resort Phuket. Comparatives for Same Store concept for prior periods have been adjusted to include Angsana Xi'an Lintong.

ANALYTICAL REVIEW

REVENUE

	2016 S$'000	2015 S$'000	Incr/(Decr) S$'000	%
Hotel Investments	**197,411**	**196,689**	**722**	***0%***
Property Sales	**51,305**	**94,210**	**(42,905)**	***-46%***
- Hotel Residences	*19,347*	*43,982*	*(24,635)*	*-56%*
- Laguna Property Sales	*31,958*	*50,228*	*(18,270)*	*-36%*
Fee-based Segment	**60,849**	**79,789**	**(18,940)**	***-24%***
- Hotel/Fund/Club Management	*22,974*	*28,965*	*(5,991)*	*-21%*
- Spa/Gallery Operations	*24,423*	*28,023*	*(3,600)*	*-13%*
- Design and Others	*13,452*	*22,801*	*(9,349)*	*-41%*
Total	**309,565**	**370,688**	**(61,123)**	***-16%***

Revenue decreased by S$61.1 million or 16% from S$370.7 million to S$309.6 million for the year ended 31 December 2016, mainly due to lower revenue from both the Property Sales and Fee-based segments. The decrease was partially offset by higher revenue from the Hotel Investments segment.

The Hotel Investments segment recorded revenue of S$197.4 million in 2016, an increase of S$0.7 million compared to S$196.7 million in 2015. The increase in revenue was mainly contributed by the opening of Cassia Phuket in 4Q2015 and continuing strong performance of Banyan Tree Phuket and Angsana Laguna Phuket. The increase was partially offset by lower revenues from our resorts in Maldives, China and Seychelles which were affected by the macro-economic uncertainties in Europe, relative strength of the US dollar against some of the top source markets, as well as the economic slowdown in the Chinese market since 3Q2015.

The Property Sales segment registered a decrease in revenue by S$42.9 million from S$94.2 million to S$51.3 million. This was mainly due to completion of Cassia Phuket condominiums (Phase 1) and Laguna Park townhouses/villas in 3Q2015 and sold units were substantially recognised when handed over to buyers in 3Q2015 and 4Q2015. In the current year, we recognised 82 units as compared to 243 units in 2015. Overall, unrecognised revenue as at 31 December 2016 was S$86.8 million as compared to S$70.1 million as at 31 December 2015. Approximately 32% will be progressively recognised in 2017.

Revenue from the Fee-based segment decreased by S$19.0 million or 24% from S$79.8 million to S$60.8 million in 2016. This was mainly due to lower architectural and design fees earned from projects in China based on project milestones, lower hotel/fund management fees and lower revenue from Spa/Gallery operations.

OTHER INCOME

	2016 S$'000	2015 S$'000	Incr/(Decr) S$'000	%
Total	**29,652**	**6,350**	**23,302**	***367%***

In December 2016, Thai Wah Public Company Limited became the Group's Associate. As a result, other income increased by S$23.3 million from S$6.4 million to S$29.7 million. The increase was mainly due to reclassification of net fair value gains from "Fair value adjustment reserve" in equity to other income.

COSTS AND EXPENSES

	2016 S$'000	2015 S$'000	Incr/(Decr) S$'000	%
Cost of operating supplies	25,663	26,254	(591)	*-2%*
Cost of properties sold	27,765	58,506	(30,741)	*-53%*
Salaries and related expenses	99,929	105,915	(5,986)	*-6%*
Administrative expenses	53,115	68,195	(15,080)	*-22%*
Sales and marketing expenses	19,453	21,362	(1,909)	*-9%*
Other operating expenses	61,596	65,796	(4,200)	*-6%*
Total	**287,521**	**346,028**	**(58,507)**	***-17%***

Cost of Operating Supplies
Cost of operating supplies decreased by S$0.6 million from S$26.3 million to S$25.7 million for the year ended 31 December 2016, which was in line with lower revenue from Spa/Gallery operations.

Cost of Properties Sold
Cost of properties sold decreased by S$30.7 million or 53% from S$58.5 million to S$27.8 million for the year ended 31 December 2016, in line with lower property sales revenue recognised during the year.

Salaries and Related Expenses
Salaries and related expenses decreased by S$6.0 million or 6% from S$105.9 million to S$99.9 million for the year ended 31 December 2016, mainly due to cost savings from the group-wide restructuring exercise carried out in late 2015 to streamline business processes and structures.

Administrative Expenses
Administrative expenses decreased by S$15.1 million or 22% from S$68.2 million to S$53.1 million for the year ended 31 December 2016. This was mainly due to lower provisions for delinquent debts but partially offset by foreign exchange losses this year as compared to foreign exchange gain in 2015.

Sales and Marketing Expenses
Sales and marketing expenses decreased by S$1.9 million or 9% from S$21.4 million to S$19.5 million for the year ended 31 December 2016, mainly due to lower marketing expenses incurred on hotels and property sales.

Other Operating Expenses
Other operating expenses decreased by S$4.2 million from S$65.8 million to S$61.6 million for the year ended 31 December 2016, mainly due to lower repair and maintenance, utilities and travelling expenses.

ANALYTICAL REVIEW

OPERATING PROFIT

	2016 S$'000	2015 S$'000	Incr/(Decr) S$'000	%
Hotel Investments	**28,876**	**20,358**	**8,518**	***42%***
Property Sales	**3,655**	**15,120**	**(11,465)**	***-76%***
- Hotel Residences	*1,778*	*10,579*	*(8,801)*	*-83%*
- Laguna Property Sales	*1,877*	*4,541*	*(2,664)*	*-59%*
Fee-based Segment	**(19)**	**560**	**(579)**	***nm***
- Hotel/Fund/Club Management	*3,867*	*(2,798)*	*6,665*	*nm*
- Spa/Gallery Operations	*4,131*	*3,773*	*358*	*9%*
- Design and Others	*(8,017)*	*(415)*	*(7,602)*	*nm*
Head Office Expenses	**(10,468)**	**(11,378)**	**(910)**	***-8%***
Other income (net)	**29,652**	**6,350**	**23,302**	***367%***
Total	**51,696**	**31,010**	**20,686**	***67%***

Operating profit increased by S$20.7 million from S$31.0 million to S$51.7 million for the year ended 31 December 2016. This was mainly attributable to higher operating profit recorded from the Hotel Investments segment, contributed largely by hotels in Thailand, higher other income and lower provision for delinquent debts. This was partially offset by lower operating profit from the Property Sales segment.

DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

	2016 S$'000	2015 S$'000	Incr/(Decr) S$'000	%
Total	**22,341**	**21,826**	**515**	***2%***

Depreciation of property, plant and equipment increased by S$0.5 million from S$21.8 million to S$22.3 million for the year ended 31 December 2016, mainly due to additions of new fixed assets and renovations by the resorts.

FINANCE INCOME

	2016 S$'000	2015 S$'000	Incr/(Decr) S$'000	%
Total	**3,674**	**2,351**	**1,323**	***56%***

Finance income increased by S$1.3 million from S$2.4 million to S$3.7 million for the year ended 31 December 2016, mainly due to the higher number of properties sold under the deferred installment plans.

FINANCE COSTS

	2016 S$'000	2015 S$'000	Incr/(Decr) S$'000	%
Total	**29,630**	**28,083**	**1,547**	***6%***

Finance costs increased by S$1.5 million from S$28.1 million to S$29.6 million for the year ended 31 December 2016, mainly due to the issuance of S$100 million of notes in June 2015 under the S$700 million Multicurrency Medium Term Note programme, fee amortisation associated with the notes issuance, drawdown of loans to finance hotel renovation in Bangkok and property development projects in Phuket.

INCOME TAX EXPENSE

	2016 S$'000	2015 S$'000	Incr/(Decr) S$'000	%
Total	**7,660**	**6,495**	**1,165**	***18%***

Income tax expense increased by S$1.2 million from S$6.5 million to S$7.7 million for the year ended 31 December 2016 mainly due to a decrease in deferred tax assets recognised, write-off of deferred tax assets arising from expiry of recognised tax losses and lower reversal of overprovision of income tax expense in 2016 as compared to 2015.

NON-CONTROLLING INTERESTS

	2016 S$'000	2015 S$'000	Incr/(Decr) S$'000	%
Total	**9,246**	**1,559**	**7,687**	***493%***

Non-controlling interest's share of profit increased by S$7.7 million from S$1.6 million to S$9.2 million for the year ended 31 December 2016. This was mainly due to higher profits from Laguna Resorts & Hotels Public Company Limited ("LRH").

LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

	2016 S$'000	2015 S$'000	Incr/(Decr) S$'000	%
Total	**(16,196)**	**(27,519)**	**(11,323)**	***-41%***

As a result of the foregoing, loss attributable to owners of the Company decreased by S$11.3 million from S$27.5 million to S$16.2 million for the year ended 31 December 2016.

ANALYTICAL REVIEW

CASH FLOWS

	2016 S$'000	2015 S$'000
Profit/(Loss) before taxation	**710**	**(19,465)**
Net decrease from changes in working capital	**(6,083)**	**(125,668)**
Net interest paid, tax paid and others	**(37,213)**	**(35,073)**
Adjustment for non-cash items	**36,347**	**69,480**
Net cash flows used in operating activities	**(6,239)**	**(110,726)**
Net cash flows used in investing activities	**(20,056)**	**(30,654)**
Net cash flows (used in)/generated from financing activities	**(25,440)**	**137,568**
Net change in cash and cash equivalents	**(51,735)**	**(3,812)**
Cash and cash equivalents at beginning of the year	**165,476**	**168,200**
Net foreign exchange difference	**86**	**1,088**
Cash and cash equivalents at end of the year	**113,827**	**165,476**

For the full year ended 31 December 2016, net cash flows used in operating activities was S$6.2 million. This was mainly due to net interest paid of S$26.0 million, income tax payment of S$9.3 million, cash used in working capital of S$6.1 million as well as payment of lease rental of S$1.4 million, which were partially cushioned by adjustments for non-cash items of S$36.3 million and profit before taxation of S$0.7 million. Non-cash items were mainly net finance costs of S$26.0 million, depreciation and amortisation expenses of S$25.1 million, currency realignment of S$5.5 million, allowance for doubtful debts of S$2.4 million and net fair value gain on available-for-sales financial assets and investment properties of S$23.1 million.

Net cash flows used in investing activities were S$20.1 million, mainly comprising $15.9 million spent on purchases of furniture, fittings and equipment by our resorts for their operations and renovation works and a S$3.8 million increase in long-term investments.

Net cash flows used in financing activities amounted to S$25.4 million. This was mainly due to scheduled repayment of bank borrowings of S$106.3 million and payment of dividends by a subsidiary to non-controlling interests of S$1.2 million, which were partially cushioned by additional bank borrowings of S$82.0 million.


1


2


3

1 *Banyan Tree Cabo Marqués*
Mexico

2 *Banyan Tree Spa Sanctuary*
Thailand

3 *Banyan Tree Lijiang*
China

1

2

3

4

1 *Banyan Tree Vabbinfaru*
Maldives

2 *Banyan Tree Lijiang*
China

3 *Banyan Tree Huangshan*
China

4 *Banyan Tree Ringha*
China

4
Sustainability

In this Chapter

BANYAN TREE MANAGEMENT ACADEMY

Banyan Tree Management Academy (BTMA) supports the growth of associates as individuals and Banyan Tree as a group, based on the Group's well-established Developmental Framework. In 2016, BTMA continued to serve as a strategic partner for the Group's various properties and business units by organising and overseeing a range of learning and development programmes.

CULTIVATING TALENT

BTMA's efforts to cultivate talent start with the Certification Programmes to equip the rank and file and supervisory level associates with the basic technical knowledge required for them to perform their individual functions well. In addition to the existing certification programmes for Front Office, F&B Service, Housekeeping, Bartender, Bellman, Culinary, Reservations, and Engineering, BTMA launched the Laundry Certification in 2016.

English and IT training remained in focus, especially at Laguna Phuket where BTMA is located.

We continued to introduce all new associates to the "Banyan Tree Way" of service through our Service Excellence programme. To further strengthen the Banyan Tree service culture, BTMA revamped this orientation programme in early 2016 to include Service Recovery as well. With this added component, the programme enables our new associates to deliver service that is not only great but unbelievable.

ENABLING TALENT TO BLOOM

During the year, we conducted the Intensive Pre-Head of Department Workshop in Phuket for soon-to-be Head of Department associates from all locations except China. We organised a separate workshop in Chinese to cater to the needs of those associates who support the growth of Banyan Tree's business in China. Some 54 associates went through the intensive workshops to sharpen their management skills and leadership.

BTMA also held the signature Management Development Programme and Talent Management Programme for the tenth year in Phuket. A total of 102 participants, comprising 21 nationalities and covering 33 properties, took part. The main purpose of these workshops is not only to impart the knowledge needed for senior and middle management respectively, but also to help participants embrace and absorb the Banyan Tree culture, develop team spirit and allow our most senior management to bond with the Group's high-potential associates.

> *The main purpose of the Management Development Programme and Talent Management Programme is not only to impart knowledge but also to embrace and absorb the Banyan Tree culture, develop team spirit and allow our most senior management to bond with the Group's high-potential associates.*

Some 29 associates also participated in the LEAF (Leading and Empowering Associates Forward) programme which prepares senior managers to be Hotel Managers or General Managers. Nine executives who had undergone the programme were promoted to take on more senior roles in 2016.

At the middle management level, the Global Job Swap Programme allows associates from two or more properties to experience work and life at a different property and location. This strengthens their adaptability and leadership skills by challenging them outside their comfort zone. The year saw 14 associates from 13 hotels swap duties under the programme.

SUPPORTING THE GROUP'S GROWTH

Being responsible for Group Learning, BTMA constantly reviews the Group's learning policies and standards, revamping training materials and facilitator guides when necessary. We also meet with the learning managers of every property on a regular basis to foster a learning community and share best practices across the Group. In this way, we treat every property as a strategic partner in our efforts to align people at every level with the company's culture and to anticipate the training needs of a growing business.

1

2

3

4

5

1 *Beatswork:* MDP and TMP participants from different job functions made music by following the conductor's directions, demonstrating that having shared goals and direction are key to the Group's success.

2 *IPH China:* As part of team building, associates baked cookies for distribution to primary school students in the Fuxian Lake area.

3 *IPH at Phuket:* Participants learned managerial and leadership skills in a classroom setting.

4 *Everyone Sells:* Senior management taught MDP participants the secrets to effective sales and marketing.

5 *Team Building:* At MDP each team built a pyramid which combined with others to form a large pyramid, showing that inter-team collaboration is the basis of Banyan Tree's culture.

SUSTAINABILITY REPORT

For more details, please refer to the accompanying 2016 Sustainability Report, or view it online at www.banyantree.com/csrpublications.

PURSUING SUSTAINABLE DEVELOPMENT

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

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

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

OPERATING MORE EFFICIENTLY

In 2016, three more of our resorts earned EarthCheck Bronze Benchmarked status for the first time. As part of our ongoing sustainability journey, we transitioned oversight of our EarthCheck benchmarking and certification efforts from Banyan Tree Global Foundation to the Corporate Engineering team.

Following pilot testing, we began rolling out a supply chain tool developed in collaboration with EarthCheck. This project combines an internally focused risk management effort with an externally focused aim of evangelising and monitoring sustainability practices of our supply chain partners.

SUPPORTING COMMUNITY CRAFTS

To commemorate the 20th anniversary of Banyan Tree Gallery, we produced a book titled "The Pride of Craft", paying homage to the artisan communities who have contributed their work over the years. The content is now featured in each of our rooms via the resort TV channel, conveying the importance of supporting community craft producers.

Our retail business also expanded during the year with the acquisition of MATTER, a socially motivated brand of textile wares reinterpreting heritage prints and styles for the modern traveller. Fitting into the Gallery's community crafts producer vision, MATTER began in 2014 with the intention to make where and why something is made, and by whom, matter.

MARINE CONSERVATION

Our Banyan Tree Maldives Marine Lab stepped up its marine habitat monitoring efforts, including leveraging citizen science to expand monitoring capabilities. This was especially important with severe coral bleaching and an outbreak of Crown of Thorns Starfish posing major threats to reefs in 2016. The Lab's efforts removed some 1,800 Crown of Thorns Starfish from over 32 km of reefs in the Maldives, bringing the total to 7,753 of these coral predators removed since 2001.

The Lab also began a shark population census to assess the effectiveness of the 2010 national shark fishing ban, providing the first glimpse into shark distributions and numbers in the central Maldives.

	Energy (Megajoules per Guest Night)	*Greenhouse Gas Emissions* (Kilograms Carbon Dioxide Equivalent per Guest Night)	*Potable Water* (Litres per Guest Night)
FY2016	402.5	41.5	1,441.9
Industry Average	479.5	57.4	1,629.1
	2.95% increase *from 2015*	***5.37% decrease*** *from 2015*	***17.18% decrease*** *from 2015*

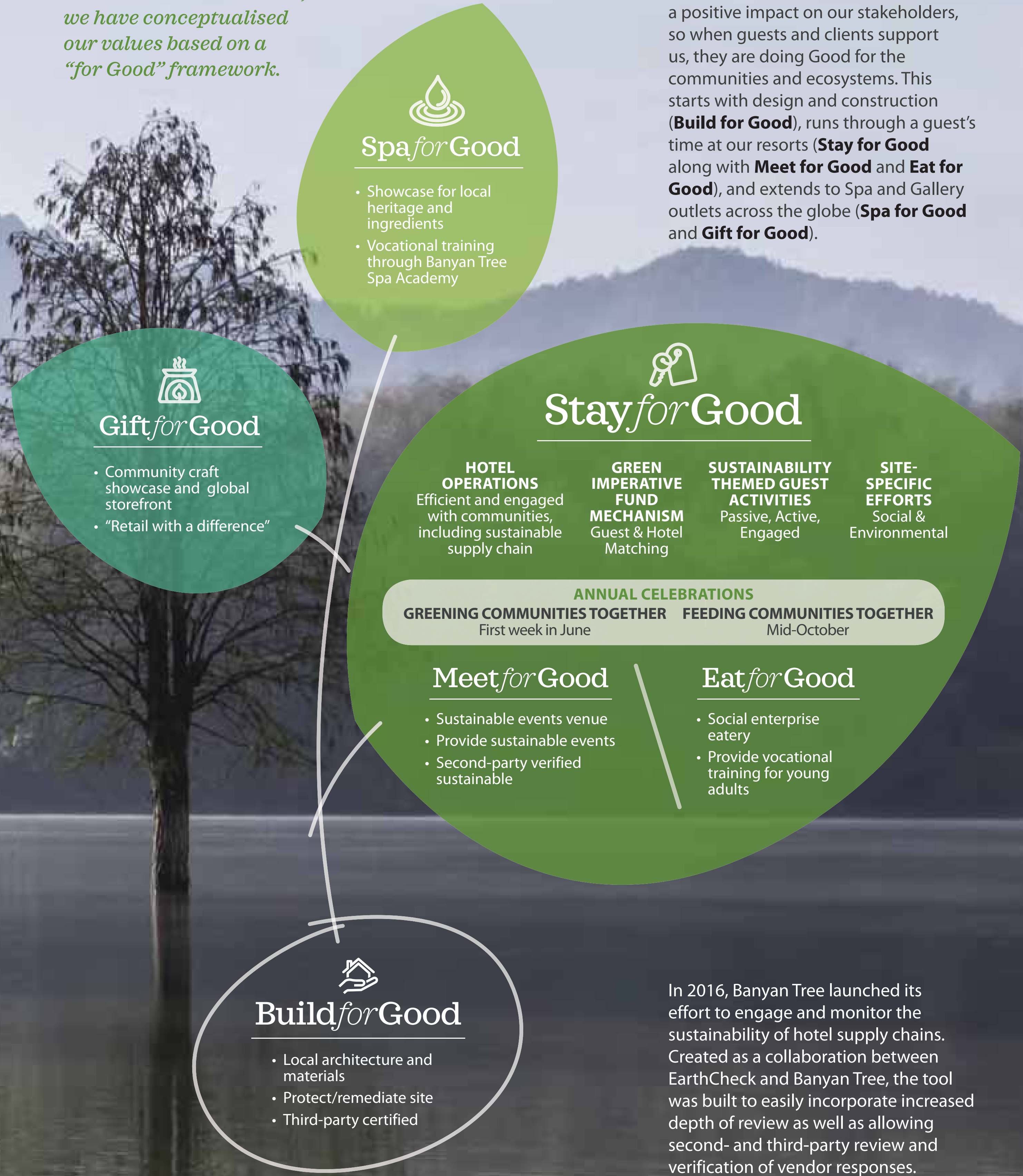
Scope: Data includes all hotels listed as EarthCheck Certified (Gold or Silver) and EarthCheck Bronze Benchmarked on page 8 of the accompanying 2016 Sustainability Report, with the exception of 2016 data for Banyan Tree Ringha, Banyan Tree Macau, and Banyan Tree Seychelles.

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

Building a Brand... *for Good*

To deliver on our mission, we have conceptualised our values based on a "for Good" framework.

All aspects of our business seek to have a positive impact on our stakeholders, so when guests and clients support us, they are doing Good for the communities and ecosystems. This starts with design and construction (**Build for Good**), runs through a guest's time at our resorts (**Stay for Good** along with **Meet for Good** and **Eat for Good**), and extends to Spa and Gallery outlets across the globe (**Spa for Good** and **Gift for Good**).



In 2016, Banyan Tree launched its effort to engage and monitor the sustainability of hotel supply chains. Created as a collaboration between EarthCheck and Banyan Tree, the tool was built to easily incorporate increased depth of review as well as allowing second- and third-party review and verification of vendor responses.

1 *Angsana Tengchong • Hot Spring Village*
China

2 *Laguna Golf Phuket*
Thailand

3 *Angsana Velavaru*
Maldives

4 *Banyan Tree Macau*
China

5 Corporate *Governance*

In this Chapter

CORPORATE GOVERNANCE REPORT

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

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

Singapore Exchange ("SGX") has, on 29 January 2015, issued a disclosure guide ("Disclosure Guide") to assist companies listed on the SGX in preparing meaningful disclosure that complies with the requirements of the Code. The Disclosure Guide sets out a list of relevant questions and the SGX has encouraged companies to enclose their answers as part of the Annual Report. The Company's responses to the Disclosure Guide can be found on pages 91 to 94 of this Annual Report.

(A) BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

[1]The Board's principal functions include the formulation of the Group's strategic direction, setting its values and standards; reviewing and approving annual budgets and financial plans, and monitoring the Group's performance; approving major investments, divestments and fund-raising exercises; reviewing the Group's financial performance; approving the adequacy and effectiveness of internal controls including financial, operational, compliance and information technology controls, risk management and corporate governance practices; approving remuneration policies and guidelines as well as succession planning for the Board and Management, appointment and re-appointment of Directors; and ensuring the Group's compliance with all laws and regulations as may be relevant to its businesses. The Board also regards sustainable development as a core value of the Group. Please refer to the Sustainability Report 2016 for the continual progress made in the Group's commitment to sustainability.

[2] The Group has adopted a set of internal controls and guidelines setting out the financial authorisation and approval limits for borrowings, acquisitions and disposals of investments, 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, annual budget, and the announcement of quarterly and full-year results also require the Board's approval.

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

[4] The Board and the Board Committees conduct regular scheduled meetings on a quarterly basis. Ad-hoc meetings are convened when circumstances require. The Independent Directors also set aside time to meet, without the presence of Management (including the Non-Independent Directors), to review their performance in meeting the goals and objectives of the Company, after which the Lead Independent Director will provide any relevant feedback to the Executive Chairman. Where necessary, the Directors also participate in Board meetings via telephonic attendance and video conferencing, as permitted under the Constitution of the Company (the "Constitution"). Details of each Director's attendance at Board and Board Committee meetings held during the year ended 31 December 2016 are provided in Table 1 below:

TABLE 1

Board Members	Board	ARC	NRC
No. of Meetings held	**4**	**5**	**2**
Ho KwonPing	4	*	*
Ariel P Vera	4	*	*
Chia Chee Ming Timothy	4	*	2
Fang Ai Lian	4	5	*
Elizabeth Sam	4	*	2
Chan Heng Wing	4	*	2
Tham Kui Seng	4	5	*
Lim Tse Ghow Olivier	4	5	*

* Not a Board Committee member

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

[6] For any Director who has no prior experience as a director of a listed company, he/she will be encouraged to attend the Listed Company Director ("LCD") Programme conducted by the Singapore Institute of Directors ("SID"). The Company Secretary will assist such Director with enrolling in the LCD Programme. The Company also provides the Board with updates on developments in laws and regulations or changes in regulatory requirements and financial reporting standards, which are relevant to or may affect the Group's businesses. The Directors have been periodically updated on various aspects of the Group's operations through briefings or informal discussions by Management. As part of the Company's continuing education for Directors, the Company Secretary circulates to the Board articles, reports and news releases issued by Singapore Exchange Securities Trading Limited ("SGX-ST") which are relevant to the Group's businesses. Also, wherever applicable, meetings are arranged for the Directors to meet with relevant experts on issues which impact the Group's operating environment. In addition, the Directors are encouraged to attend appropriate relevant external programmes such as those conducted by the SID or seminars organised by the SGX-ST or other professional institutes, at the Company's expense. The Directors may also, at any time, request further information or meetings with Management on the Group's operations.

[7] During the year, the Board held two strategic meetings. The first meeting was held in Singapore and the second meeting was a five-day retreat to Banyan Tree Lijiang, which included visiting the property and celebrating the 10th anniversary of its opening. At the retreat to Banyan Tree Lijiang, the Board also took the opportunity to interact with associates, clients and media, as well as with the students of Yuhu Primary School through a meaningful corporate social responsibility activity held at the school, which the Board participated in. During both meetings, the Board met with Management and carried out in-depth discussions on the strategic review of the Group's operations. Management received valuable input and guidance in the course of their discussions with the Board.

Principle 2: Board Composition and Guidance

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

[2] The two Non-Independent Directors are Mr Ho and Mr Vera. Mr Ho is the Executive Chairman and Mr Vera is a Non-Executive Director.

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

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

[5] The profile of each Director which includes key information regarding academic qualifications, directorship and chairmanship both present and those held over the preceding three years in other listed companies, and other principal commitments, is set out on pages 20 to 23 of this Annual Report. The details of the Directors' shareholdings can be found under the section on Directors' Interests in Shares and Debentures on page 99 of the Directors' Statement.

Principle 3: Role of Chairman and Chief Executive Officer

[1] The Executive Chairman is responsible for leading the Board in charting the strategic direction and growth of the Group. He also facilitates and ensures active and comprehensive Board discussions on Company matters, monitors the translation of the Board's decisions into executive actions, and fosters constructive dialogue with shareholders at the Company's Annual General Meeting ("AGM"). The Executive Chairman is also responsible for setting the agenda and ensuring that adequate

CORPORATE GOVERNANCE REPORT

time is available for discussion of all agenda items, in particular, strategic issues, and promoting a culture of openness and debate at the Board.

[2] The execution of the Company's corporate and business strategies and polices, and the conduct of the Group's businesses have been delegated to a dedicated team of Management comprising the Group Managing Director and the Managing Directors of the various Business Units.

[3] The Board has appointed Mr Chia as the Lead Independent Director since 28 February 2007 to lead and co-ordinate the activities of the Non-Executive Directors. The Lead Independent Director is also the Chairman of the NRC. He is available to shareholders where they have concerns and for which contact through the normal channels of the Executive Chairman or the Group Managing Director and Managing Directors of the various Business Units has failed to resolve or is inappropriate. Mr Chia may be contacted at ethics@banyantree.com.

Principle 4: Board Membership
[1] The NRC, chaired by Mr Chia, comprises Mrs Sam and Mr Chan, all of whom are Independent Directors. Mr Chia is not directly associated with any 10% shareholder (as defined in the Code) of the Company.

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

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

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

[4] The longest serving Independent Directors since the Company's initial public offering ("IPO") in 2006 are Mr Chia and Mrs Sam 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 whereas Mrs Sam was appointed as an Independent Director in 2004. Mrs Fang joined as an Independent Director in 2008 followed by both Mr Chan and Mr Tham in 2012 and Mr Lim in 2014.

[5] The NRC and the Board have given due consideration to the recommendation under Guideline 2.4 of the Code which provides that the independence of any director who has served on the Board beyond nine years from the date of his/her first appointment should be subject to particularly rigorous review. The NRC and the Board have determined that both Mr Chia and Mrs Sam are independent notwithstanding that they have served on the Board beyond nine years from the date of their first appointment as they continue to demonstrate strong independence in character and judgment in the discharge of their responsibilities as Directors. Further, the NRC and the Board are of the opinion that their detailed knowledge of the Group's businesses continues to be of significant benefit to the Company, and their external experience sitting on the boards of other listed companies provides useful expertise and diversity to the Board. Both Mr Chia and Mrs Sam have abstained from the discussions relating to their respective independence as members of the NRC and the Board. There have also been changes to the Board since their respective date of first appointment, allowing for progressive refreshing of the Board.

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

[7] The Board has implemented a policy whereby the Executive Chairman's external directorships should be approved by the NRC. The Board has not determined the maximum number of listed company board representations which any Director may hold. Based on the 2015 Singapore Board of Directors Survey conducted by the SID ("Survey"), the Company understands that a significant majority of the listed issuers surveyed did not impose any restrictions on the number of listed company directorships that their directors can take on, but for the minority which did, the most commonly-imposed limit was six directorships. In this regard, the Board notes that none of the Directors have more than six listed company directorships. The Board has allowed each Director to personally determine the demands of his/her companies' 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 companies board representations and the principal commitments of each of the Directors. For FY2016, the NRC, having reviewed the multiple listed company board representations of the Directors, is satisfied that each of these Directors has dedicated sufficient time and attention to, and is able to perform and has adequately performed, his/her duties as a Director of the Company.

[8] The Company's Constitution requires that every Director retires once every three years and that one-third of Directors shall retire and subject themselves to re-election by shareholders at every AGM. New directors appointed by the Board during the year shall also submit themselves for re-election at the next AGM.

Principle 5: Board Performance
[1] The NRC has the responsibility of evaluating the Board's and Board Committees' effectiveness. The Company has in place a formal process for assessment of the effectiveness of the Board as a whole, the various Board Committees and the contribution by each Director to the effectiveness of the Board and the Board Committees. No external facilitator has been used in respect of FY2016. During FY2016, the NRC evaluated the Board's performance based on a set of performance criteria, which is the same as that of the previous year, and which includes factors such as the structure, size and processes of the Board and the Board's access to information, Management and external experts outside meetings, as well as the effectiveness of the Board as a whole, its Board Committees and Board's oversight of the Company's performance. Each Director completed the Board Evaluation Questionnaire seeking his/her views on these factors so as to facilitate the NRC in its assessment of the Board's performance as a whole. The NRC reviewed the feedback received and presented the findings, including its recommendation, if any, for improvements to the Board.

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

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

[4] The Board, having reviewed the feedback from the NRC, was of the view that the Board has met its performance objectives for FY2016.

[5] Each member of the NRC abstained from making any recommendations and/or participating in any deliberation of the NRC and voting on any resolution in respect of the assessment of his/her own performance or re-nomination as a Director.

Principle 6: Access to Information
[1] The Directors are provided with Board Papers in advance of each Board and Board Committee meeting to enable them to be properly informed of matters to be discussed and/or approved. These include reports relating to the financial and operational performance of the Group as well as other matters for the decision or information of the Board. The Directors are also given analysts' reports so that they are apprised of analysts' views on the Company's performance. Besides these Board Papers and analysts' reports, the Directors are also provided with additional information and reports (upon request) which will enable them to have a better understanding of the Group's business and strategies, the operating environment and the risks faced by the Group.

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

[3] Each Director has separate and independent access to Management and the Company Secretary. The Company Secretary attends all Board and Board Committee meetings and is responsible for, among other things, ensuring that

CORPORATE GOVERNANCE REPORT

Board procedures are observed and that applicable rules and regulations are complied with, and is also responsible for advising the Board on all matters relating to corporate governance. The appointment and the removal of the Company Secretary is a matter for the Board as a whole. The Board takes independent professional advice as and when necessary to enable it or the Independent Directors to discharge their responsibilities effectively and such costs are borne by the Company.

(B) REMUNERATION MATTERS

Principle 7: Remuneration Policies

[1] The NRC reviews matters concerning remuneration including, but not limited to, directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind of the Board, key management personnel (as defined in the Code) and other employees who are related to the controlling shareholders and/or the Directors. The review of these remuneration packages are submitted to the Board for its endorsement. The NRC has direct access to the Head of Group Human Resources and may also seek expert advice from external consultants on executive compensation. Korn Ferry Hay Group ("KFHG") was engaged to advise on the Company's share incentive plans to ensure competitive compensation and progressive policies, with suitable and attractive long-term incentives, are in place. KFHG has no relationship with the Company which could affect their independence and objectivity in this regard. No Director is involved in deciding his/her own remuneration or the remuneration of any employees who are related to them.

Principle 8: Level and Mix of Remuneration

Principle 9: Disclosure of Remuneration

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

[2] The remuneration framework for the Non-Executive Directors is evaluated periodically by KFHG for appropriateness, taking into consideration the level of contributions, the responsibilities and obligations of these Directors, and the prevailing market conditions, and referencing the Directors' fees against comparable benchmarks. The most recent review of the remuneration framework for Non-Executive Directors was undertaken by Hay Group in respect of FY2013. In respect of FY2016, the Board agreed with the NRC's recommendation that the existing fee structure for the Non-Executive Directors remains unchanged. The Non-Executive Directors are paid by way of fees in cash only although they are also eligible to participate in the Company's share-based incentive schemes. All Directors' fees are subject to shareholders' approval at the Company's AGM. The framework for determining Non-Executive Directors' fees is set out in Table 2 below:–

TABLE 2

Basic Retainer Fee	
Director	S$40,000 per annum
Fee for appointment to ARC	
ARC Chairman	S$30,000 per annum
ARC Member	S$15,000 per annum
Fee for appointment to NRC	
NRC Chairman	S$20,000 per annum
NRC Member	S$10,000 per annum
Attendance fee per Board Meeting	S$1,000 per meeting

[3] The Executive Chairman does not receive Directors' fees from the Company. His remuneration comprises a base salary, bonus and the Founder's Grant (as described on page 86).

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

TABLE 3

Name	Salary	Bonus	Other Benefits[1]	Long-term share-based	Directors' Fees	Total
Executive Chairman						
Ho KwonPing	84.45%	3.09%	9.68%[2]	–	2.78%[3]	1,467,135
Non-Executive Directors						
Ariel P Vera	–	–	10.69%	13.92%[4]	75.39%[5]	94,559
Chia Chee Ming Timothy	–	–	3.87%	–	96.13%	66,574
Fang Ai Lian	–	–	7.17%	–	92.83%	79,713
Elizabeth Sam	–	–	15.80%	–	84.20%	64,136
Chan Heng Wing	–	–	6.92%	–	93.08%	58,012
Tham Kui Seng	–	–	5.48%	–	94.52%	62,419
Lim Tse Ghow Olivier	–	–	4.32%	–	95.68%	61,664
Top Five Key Management Personnel						
S$500,000 to S$750,000						
Eddy See Hock Lye	72.24%	2.51%	18.76%	2.95%	3.54%[3]	100%
Shankar Chandran	68.05%	2.23%	24.14%	2.39%	3.19%[3]	100%
Des Pugson	68.01%	2.04%	29.95%	–	–	100%
S$450,000 to S$500,000						
Ho KwonCjan	73.77%	1.04%	21.38%	–	3.81%[3]	100%
Claire Chiang	87.70%	3.10%	9.20%	–	–	100%

[1] Including complimentary accommodation, spa and gallery benefits.
[2] Including Founder's Grant.
[3] Directors' fees received from Laguna Resorts & Hotels Public Company Limited ("LRH").
[4] Vesting of shares pursuant to share grants awarded during his employment as Group Managing Director of the Company. He retired on 31 December 2013.
[5] Directors' fees received from both BTH and LRH.

[5] The aggregate amount of the total remuneration paid to the top five key management personnel (who are not Directors or CEO) is S$2,749,579.

[6] During FY2016, 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 above. Ms Ho Ren Yung's remuneration for FY2016 fell within the band of S$100,000 to S$150,000. Mr Ho KwonPing was not involved in the determination of his family members' remuneration.

[7] The Company adopts a remuneration framework that is responsive to the market elements and performance of the Company and its various Business Units. The Company adopts a remuneration policy which comprises a fixed component, variable component, provident/superannuation fund, benefits-in-kind and long-term share incentives. The fixed component is in the form of salary whereas the variable component is in the form of various bonus and incentive payments which is linked to the Company's and individual's performance. The provident/superannuation fund comprises the Group's contributions towards the Central Provident Fund or Zurich Provident Fund. The benefits-in-kind component includes transport allowances and accommodation, spa and gallery vouchers issued by the Company to its employees. The long-term share incentives include performance shares and the Founder's Grant (as described on page 86).

LONG-TERM SHARE INCENTIVES

[8] The NRC sets the remuneration guidelines of the Group for each annual period including the Company's share-based incentive schemes. The Banyan Tree Share Option Scheme and the Banyan Tree Performance Share Plan (which comprises the Performance Share Plan ("PSP") and Restricted Share Plan ("RSP")) (the "Plan"), which were adopted

CORPORATE GOVERNANCE REPORT

at the AGM held on 28 April 2006, expired on 27 April 2016. The Company adopted the Banyan Tree Share Award Scheme 2016 ("Share Award Scheme") at the AGM held on 28 April 2016 to replace the Plan. The Share Award Scheme will be in force for a maximum of 10 years beginning from 28 April 2016. The features of the Share Award Scheme are the same as that of the Plan. The Company did not extend the duration of, or replace, the Banyan Tree Share Option Scheme and the Company has not issued any options to eligible participants pursuant to the Banyan Tree Share Option Scheme. As such, the Share Award Scheme is the only share incentive scheme of the Company in force.

[9] The Share Award Scheme and the Plan is/was (as the case may be) introduced to strengthen the Group's competitiveness in retaining and attracting talented key executives. The Share Award Scheme and the Plan is/was (as the case may be) also aimed at aligning the interests of key executives with that of shareholders, improving performance and achieving sustainable growth for the Company, and fostering an ownership culture among key executives. Under the rules of the Share Award Scheme and the Plan, participants may be granted fully-paid shares or their cash equivalent, when and after pre-determined performance or service conditions are met. The selection of a participant and the number of shares to be awarded under the Share Award Scheme or the Plan is/was (as the case may be) determined at the discretion of the NRC; the NRC reviews and sets the performance conditions and targets where it thinks appropriate and after considering prevailing business conditions. KFHG provided the valuation and vesting computation for the share grants awarded under the Plan. Details of the Plan, including the terms and performance conditions, can be found in the Directors' Statement and Note 42 to the financial statements.

[10] The Company has not granted any awards under the Share Award Scheme.

FOUNDER'S GRANT

[11] Prior to official listing on the SGX-ST, as stated in the prospectus dated 26 May 2006 in respect of the IPO, the independent shareholders of the Company approved the incentive for the Executive Chairman, Mr Ho, which has been included in his employment agreement. Pursuant to the incentive, Mr Ho shall be entitled to, for each financial year for a period of 10 years beginning from the financial year ended 31 December 2010, an amount equivalent to 5% of the profit before tax of the Group, such amount to be payable in cash or in shares at the sole discretion of the Company ("Founder's Grant"). The Founder's Grant aims to secure the continuing commitment of Mr Ho to the Group and to reward him for founding, leading and building up the Group. FY2010 was the first financial year in which the Founder's Grant was paid. In respect of FY2016, Mr Ho shall be paid a Founder's Grant of S$37,372 in cash.

[12] Details of the Founder's Grant can be found in the Directors' Statement and Note 42 to the financial statements.

(C) ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

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

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

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

[4] For FY2016, the Executive Chairman and the Group Managing Director have provided written assurance to the Board on the integrity of the financial statements of the Company and its subsidiaries and on the adequacy and effectiveness of the Group's risk management and internal control systems, addressing financial, operational, compliance risks including information technology and sustainability risks. In relation to the interim financial statements, the Board provides a negative assurance confirmation to shareholders in line with the requirements of the Listing Rules.

Principle 11: Risk Management and Internal Controls

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

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

[3] Under the COSO Framework, internal control is broadly defined as a process effected by the Board and its Management, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

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

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

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

[5] Major incidents and violations, if any, are also reported to the Board to facilitate the Board's oversight of the effectiveness of crisis management and the adequacy of mitigating measures taken by Management to address the underlying risks. The identification and management of risks lies with the respective Business Units and Management who assumes ownership and day-to-day management of these risks. Risk registers are maintained by these operating Business Units that identify the key risks facing the Group's businesses and the internal controls in place to manage such risks. Management is responsible for the effective implementation of risk management strategy, policies and processes to facilitate the achievement of business plans and goals. 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 hotel/resorts and assets.

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

[7] Based on the framework established and the annual review conducted by the Management, Head of Group Internal Audit and the External Auditors, the Board opines, with the concurrence of the ARC, that the Group's internal control and risk management systems were adequate and effective to address financial, operational and compliance risks including information technology risk which the Group considers relevant and material to its current business environment.

[8] The systems of internal control and risk management established by Management provide 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 systems of internal control and risk management can provide absolute assurance in this regard, or absolute assurance against poor judgment in decision-making, human error, losses, fraud or other irregularities.

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

(a) the financial records of BTH have been properly maintained and the financial statements for the year ended 31 December 2016 give a true and fair view of the Group's operations and finances; and
(b) the systems of risk management and internal control in place within BTH are adequate and effective in addressing the material risks of the Group in its current business environment, including material financial, operational, compliance risks including information technology risks and sustainability risks.

Principle 12: Audit and Risk Committee

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

CORPORATE GOVERNANCE REPORT

[2] The ARC usually meets with the Head of Group Internal Audit and the External Auditors, 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 Auditors to raise issues encountered in the course of their work directly to the ARC.

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

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

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

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

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

[7] The ARC has explicit authority to investigate any matters within its Charter and has full access to the co-operation of Management and full discretion to invite any Director or the Management to attend its meetings. The Company has an Internal Audit team that, together with the External Auditors, reports its findings and recommendations independently to the ARC. The ARC also reviews and considers the performance and compensation of Head of Group Internal Audit as well as his independence from Management. In FY2016, the ARC assessed the strength of the Internal Audit team and confirmed that the team is adequately resourced and suitably qualified to discharge its duty.

[8] The ARC has undertaken a review of the nature and extent of all non-audit services performed by the External Auditors 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 Auditors. The ARC approved the remuneration and terms of the engagement of the External Auditors. The details of the aggregate amount of fees paid to the External Auditors for FY2016 and the breakdown of fees paid in total for audit and non-audit services respectively can be found on page 138 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 228 of the Annual Report. Also, the names of the auditing firms for its significant subsidiaries and associated companies can be found on pages 158 and 161 of the Annual Report.

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

[10] In the review of the financial statements for FY2016, the following significant matters impacting the financial statements were discussed with Management and the External Auditors, and were reviewed by the ARC:

Significant Matters	How the ARC reviewed these matters and what decisions were made
Adequacy of allowance for trade receivables	The ARC considered the Group's processes and controls in place for monitoring and identifying trade receivables with collection risks. The ARC reviewed the adequacy of the amount of allowance made and the reasonableness of the assumptions used to calculate the trade receivables impairment amount. The allowance for trade receivables 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 FY2016 on pages 101 to 102 of this Annual Report.
Fair value measurement of freehold land and buildings and investment properties	The ARC considered the appropriateness of the approach and methodology applied to the valuation model in assessing the valuation of the freehold land and buildings and investment properties. The ARC reviewed the reasonableness of the discount rate, yield adjustments, occupancy rate and growth rates used in the valuation model as well as the objectivity, independence and competence of the external appraisers appointed to perform the valuations. The valuation of the freehold land and buildings and investment properties was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for FY2016 on page 102 of this Annual Report.
Measurement of unquoted long-term investments	The ARC considered the appropriateness of the approach and methodology applied to the value-in-use method in the impairment assessment of one of the long-term investments. It reviewed the reasonableness of cash flow forecasts, the long-term growth rates and the discount rate. The ARC has also considered the appropriateness of the approach and methodology applied to the adjusted net assets method in determining the fair value of one of the long-term investments prior to the reclassification to investment in associates. It reviewed the reasonableness of the discount rate, occupancy rates and growth rates. The measurement of the unquoted long-term investments 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 FY2016 on pages 102 to 103 of this Annual Report.

Principle 13 – Internal Audit

[1] The Internal Audit is an independent function within the Company. The Internal Audit Department ("IAD") has unfettered access to all the Company's documents, records, properties and personnel, including access to the ARC. The Head of Group Internal Audit reports directly to the ARC with a dotted-line relationship to the Group Managing Director for administrative matters. The ARC approves the hiring, removal, evaluation and compensation of the Head of Group Internal Audit.

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

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

[4] On a quarterly basis, the ARC reviews the IAD's reports, summary of findings and recommendations at the ARC meetings. The ARC also reviews and approves the annual internal audit plan which is determined in consultation with, but independent of, Management. The proposed scope of the internal audit function under the categories of financial audit, operational audit and information technology audit focuses on the adequacy and effectiveness of internal controls in relation to financial, operational and information technology risks.

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

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

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

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

CORPORATE GOVERNANCE REPORT

[2] The Company has in place an investor relations policy which serves to provide high quality, meaningful and timely information to improve the shareholders' and investors' understanding of the Company. It adopts the practice of regularly communicating major developments in its businesses and operations through SGXNET and, where appropriate, directly to shareholders, other investors, analysts, the media, the public and its employees. In FY2016, the Company held a media and analysts' briefing upon the release of its full-year results. These releases were also made available on the Company's website. The Company has an investor relations team ("IR Team") that communicates with its shareholders and analysts regularly and attends to their queries. The IR team can be reached via email address at ir@banyantree.com. The IR Team also manages the dissemination of corporate information to the media, the public, as well as institutional investors and public shareholders, and promotes relations with and acts as liaison for such entities and parties. Material information is published on SGXNET and through media releases.

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

[4] A registered shareholder may appoint one or two proxies to attend the AGM and vote. The Constitution currently does not allow a shareholder to vote in absentia.

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

[6] 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.

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

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

- Stability
  Unless the Company suffers a substantial net loss, it will pay a dividend each year so that shareholders will not be 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

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

Interested Person Transactions

[1] Shareholders have adopted a Shareholders' Mandate in respect of interested person transactions of the Company. The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the ARC, and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. The Company's disclosure in respect of interested person transactions for the year is set out on page 95 of this Annual Report.

DISCLOSURE GUIDE

Guideline*	Questions	How has the Company complied?
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	Yes, save for Guideline 4.4, which requires the Board to determine the maximum number of listed board representations which any Director may hold. Please refer to the Corporate Governance Report (the "Report").
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	Please refer to the seventh paragraph of Principle 4; Part A of the Report.
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	Please refer to the second paragraph of Principle 1; Part A of the Report.
Members of the Board		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	Please refer to the third paragraph of Principle 2; Part A of the Report.
	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	Please refer to the first, third and fourth paragraphs of Principle 2; Part A of the Report. There are eight Board Members of whom 2 are female, comprising 25% of the Board representation.
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	The Board, with the assistance of the NRC, reviews the composition of the Board each year to ensure that, *inter alia*, the skills and competencies of the Directors remain comparable to the needs of the Group's business.
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	Please refer to the second paragraph of Principle 4; Part A of the Report.
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why.	Yes. However, there was no appointment of new Directors in FY2016.
	(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	Please refer to the fifth to seventh paragraphs of Principle 1; Part A of the Report.

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

DISCLOSURE GUIDE

Guideline*	Questions	How has the Company complied?
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	Please refer to the seventh paragraph of Principle 4; Part A of the Report.
	(b) If a maximum number has not been determined, what are the reasons?	Please refer to the seventh paragraph of Principle 4; Part A of the Report.
	(c) What are the specific considerations in deciding on the capacity of directors?	The Board will consider the contributions of the Directors to the meetings of the Board and Board Committees as well as their attendance at these meetings.
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	Please refer to the first to third paragraphs of Principle 5; Part A of the Report.
	(b) Has the Board met its performance objectives?	Please refer to the fourth paragraph of Principle 5; Part A of the Report.
Independence of Directors		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Please refer to the first paragraph of Principle 2 and the third paragraph of Principle 4; Part A of the Report. The Independent Directors comprise 75% of the Board.
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.	Please refer to the sixth paragraph of Principle 4; Part A of the Report.
	b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Please refer to the sixth paragraph of Principle 4; Part A of the Report.
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	Please refer to the fourth and fifth paragraphs of Principle 4; Part A of the Report.

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

Guideline*	Questions	How has the Company complied?
Disclosure on Remuneration		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/ bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Please refer to Table 3 set out in Principle 8 and Principle 9; Part B of the Report.
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/ bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Please refer to Table 3 set out in Principle 8 and Principle 9; Part B of the Report.
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	Please refer to the fifth paragraph of Principle 8 and Principle 9; Part B of the Report.
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	Please refer to the sixth paragraph of Principle 8 and Principle 9; Part B of the Report.
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	Please refer to the seventh paragraph of Principle 8 and Principle 9; Part B of the Report.
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	Please refer to the seventh paragraph of Principle 8 and Principle 9; Part B of the Report.
	(c) Were all of these performance conditions met? If not, what were the reasons?	Please refer to the ninth paragraph of Principle 8 and Principle 9; Part B of the Report.
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Please refer to:- i) the first paragraph of Principle 6; Part A of the Report; and ii) 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.

DISCLOSURE GUIDE

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.	Please refer to the second to fifth paragraphs of Principle 11; Part C of the Report.
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Please refer to the sixth to ninth paragraphs of Principle 11; Part C of the Report.
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	Please refer to the eighth paragraph of Principle 12; Part C of the Report.
	(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	Please refer to the eighth paragraph of Principle 12; Part C of the Report.
Communications with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	Please refer to the second paragraph of Principle 14 to Principle 16; Part D of the Report.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	Please refer to the second paragraph of Principle 14 to Principle 16; Part D of the Report.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNet announcements and the annual report?	Please refer to the second and seventh paragraphs of Principle 14 to Principle 16; Part D of the Report. Apart from the AGM, the Company also addresses the shareholders' verbal or written queries as and when they arise.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	The Company recorded negative cash earnings this year and hence no dividend was declared.

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

INTERESTED PERSON TRANSACTIONS

		Aggregate value of all interested person transactions for FY2016 (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 FY2016 (excluding transactions less than S$100,000) in S$'000
A	**Transactions with the Tropical Resorts Limited Group ("TRG")**		
a	Provision of Resort Management and Related Services to TRG	–	2,432
b	Provision of Spa Management and Other Related Services to TRG	–	669
c	Rental Income from TRG in respect of units in Banyan Tree Bintan and Angsana Bintan	–	2,091
d (i)	Reimbursement of Expenses - to TRG	–	159
d (ii)	Reimbursement of Expenses - from TRG	–	323
B	**Transactions with Ho KwonPing & his Associate**		
a	Sale of 1 unit of Banyan Tree Residence, Brisbane Apartment to Chiang See Ngoh Claire, wife of Ho KwonPing	1,617	–
b	Provision of Design and Project Services	118	–
C	**Transactions With Matter Prints Pte. Ltd. ("MP")***		
a	Purchase of intellectual property, fixed assets and inventories from MP	234	–
	Total	**1,969**	**5,674**

* Ho Ren Yung, daughter of Ho KwonPing and Chiang See Ngoh Claire is the sole director and shareholder of MP.

1 *Banyan Tree Chongqing Beibei*
China

2 *Banyan Tree Samui*
Thailand

3 *Laguna Holiday Club Phuket Resort*
Thailand

6 Financials

In this Chapter

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 2016.

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 2016 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

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

Directors

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

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

Arrangements to enable Directors to acquire shares and debentures

Except as disclosed in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate, other than pursuant to the Banyan Tree Share Option Scheme, the Banyan Tree Performance Share Plan, Banyan Tree Share Award Scheme 2016 and the Founder's Grant.

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

There are three share-based incentive schemes for its Directors and employees, the Banyan Tree Share Option Scheme (the "Share Option Scheme") and a performance share plan known as the Banyan Tree Performance Share Plan (the "Plan") (collectively, the "Schemes") and the Banyan Tree Share Award Scheme 2016 (the "Share Award Scheme"). The Schemes have expired on 27 April 2016 and the Company adopted the Share Award Scheme on 28 April 2016 to replace the Plan. Ho KwonPing, the Executive Chairman and controlling shareholder*, was/is not entitled to participate in the Schemes and Share Award Scheme.

At the date of this statement, the Share Award Scheme is the only share incentive scheme of the Company in force and administered by the Nominating and Remuneration Committee ("NRC") which comprises Chia Chee Ming Timothy, Elizabeth Sam and Chan Heng Wing, all of whom are Independent Directors of the Company.

Under the Share Option Scheme (prior to expiry), eligible participants may be granted options to acquire shares in the Company whereas under the Plan (prior to expiry), the Company's shares may be issued to eligible participants. The Schemes and Share Award Scheme enable eligible participants to participate in the equity of the Company with the aim of motivating them towards better performance.

More information about the Schemes and the Share Award Scheme and details of performance shares and awards granted to a Non-Executive Director and eligible participants during the financial year under the Plan, can be found in Note 42 to the financial statements.

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

Founder's Grant

Ho KwonPing is entitled to, for each financial year for a period of ten years beginning from the financial year ended 31 December 2010, an amount equivalent to 5% of the profit before tax of the Group, such amount to be payable in cash or in shares at the sole discretion of the Company (the "Founder's Grant"). Ho KwonPing shall be paid a total amount of S$37,372 in cash pursuant to the Founder's Grant in respect of financial year ended 31 December 2016. Details of the Founder's Grant can be found in Note 42 to the financial statements.

Directors' interests in shares and debentures

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

	Holdings registered in the name of director or nominee			Holdings in which a director is deemed to have an interest		
Name of directors and companies in which interests are held	**At the beginning of financial year**	**At the end of financial year**	**As at 21 January 2017**	**At the beginning of financial year**	**At the end of financial year**	**As at 21 January 2017**
Banyan Tree Holdings Limited (Incorporated in Singapore)						
Ordinary shares						
Ho KwonPing	–	–	–	287,032,582	293,319,882	293,319,882
Ariel P Vera	1,098,000	1,120,500	1,120,500	172,500 [1]	–	–
Chia Chee Ming Timothy	257,000	257,000	257,000	–	–	–
Elizabeth Sam	156,000	156,000	156,000	–	–	–
Debentures						
Chan Heng Wing[2]	$250,000	$250,000	$250,000	–	–	–
Fang Ai Lian[3]	$500,000	$500,000	$500,000	–	–	–
Bangtao Development Limited (Incorporated in Thailand)						
Ordinary shares						
Ho KwonPing	1	1	1	–	–	–
Phuket Resort Development Limited (Incorporated in Thailand)						
Ordinary shares						
Ho KwonPing	1	1	1	–	–	–
Twin Waters Development Company Limited (Incorporated in Thailand)						
Ordinary shares						
Ho KwonPing	2	2	2	–	–	–

1 The number of shares comprised in awards granted by the Company under the Banyan Tree Performance Share Plan, subject to performance conditions being met.
2 Series 09 Notes issued by BTH under its S$700 million Multicurrency Debt Issuance Programme.
3 Series 10 Notes issued by BTH under its S$700 million Multicurrency Debt Issuance Programme.

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

DIRECTORS' STATEMENT

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

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
16 March 2017

INDEPENDENT AUDITOR'S REPORT

for the financial year ended 31 December 2016

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

Report on the Audit of the Financial Statements

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 2016, the statements of changes in equity of the Group and Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

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

1. Adequacy of allowance for trade receivables

Trade receivables balances include long-term trade receivables of approximately $29.1 million and current trade receivables of approximately $43.2 million which represent approximately 4.5% of total assets of the Group. Management needs to estimate the amount of allowance for doubtful trade receivables, where the trade receivables are assessed to be impaired, and this requires significant management judgment. As such, we determined that this is a key audit matter. The collectability of trade receivables is a key element of the Group's working capital management, which is managed on an ongoing basis by the Group's management.

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

INDEPENDENT AUDITOR'S REPORT

for the financial year ended 31 December 2016

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

Key Audit Matters (cont'd)

1. **Adequacy of allowance for trade receivables** (cont'd)

We assessed management's justification of the adequacy of the amount of allowance made and assumptions used to calculate the trade receivables impairment amount, notably through detailed analyses of their aging trends, specific risks and inquiry of management if there is any dispute by debtors.

The subsidiaries' auditors were involved in the audit of trade receivables of the subsidiaries. The subsidiaries' auditors evaluated the adequacy of the impairments recognised, taking into account the facts and circumstances specific to the outstanding amounts due to the subsidiaries.

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

We also assessed the adequacy of the Group's disclosures on the trade receivables in Note 20 and Note 26, respectively and the related risks such as credit risk and liquidity risk in Notes 45(a) and 45(b) to the financial statements.

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

As at 31 December 2016, the value of property, plant and equipment and investment properties amounted to approximately $657.7 million and $70.6 million, respectively. The valuations of the freehold land and buildings and investment properties are complex and dependent on a range of estimates (amongst others, discount rate, yield adjustments, occupancy rates and growth rates) made by management. As such, we determined that this is a key audit matter.

The management uses professional independent appraisal companies and accredited independent property valuers to support its determination of the fair value of freehold land and buildings and investment properties. In accordance with the Group's policy, valuations for freehold land and buildings are performed once in three years while valuations for investment properties are performed annually.

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

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

We also assessed the adequacy of the disclosures related to freehold land and buildings and investment properties in Note 12, 13 and 47, respectively to the financial statements.

3. **Measurement of unquoted long-term investments**

The Group's unquoted long-term investments whose fair value can be reliably measured are measured at fair value whilst investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

The measurement for these long-term investments is a subjective area, and the valuation techniques involve various assumptions. As such, we determined that this is a key audit matter. There are mainly two types of valuations techniques used by management to value unquoted long-term investments:

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

Key Audit Matters (cont'd)

3. Measurement of unquoted long-term investments (cont'd)

Value-in-use method

As at 31 December 2016, the Group recorded an impairment loss of $1.3 million for one of the unquoted long-term investments carried at cost less impairment. The value-in-use method uses a discounted cash flow model requiring significant judgement and estimation.

Our audit procedures included the assessment of the Group's methodology and calculation of the long-term investment's value-in-use. We evaluated the reasonableness of cash flow projections against the most recent financial performance and considered the appropriateness of key inputs such as long-term growth rate, the discount rate and compared these to available industry, economic and financial data.

Adjusted net assets method

During the year, the Group reclassified the unquoted long-term investment in Banyan Tree Indochina Hospitality Fund, L.P. to investment in associate when it established significant influence. The fair value of this long-term investment was determined using the adjusted net assets method as of the date the Group gained significant influence and the fair value is deemed to be the cost for the initial application of equity accounting.

The fair value is determined based on the valuation of the underlying property assets. The valuation of the assets are complex and dependent on a range of estimates (amongst others, discount rate, occupancy rates and growth rates) made by management. Management used an accredited independent property valuer to support its determination of the fair value of these assets.

Our audit work in assessing the reasonableness of management's judgements and estimations of the fair value was similar to those procedures that were applied in assessing the fair value of freehold land and building and investment properties as described in matter 2 above.

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

We also assessed whether the Group's disclosures in relation to the long-term investment are compliant with the relevant accounting requirements in Note 18 and 47(b), respectively 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.

INDEPENDENT AUDITOR'S REPORT

for the financial year ended 31 December 2016

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

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

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)

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.

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

16 March 2017

CONSOLIDATED INCOME STATEMENT

for the financial year ended 31 December 2016

		GROUP	
	Note	2016 $'000	2015 $'000
Revenue	3	**309,565**	370,688
Other income	4	**29,652**	6,350
		339,217	377,038
Costs and expenses			
Cost of operating supplies		**(25,663)**	(26,254)
Cost of properties sold		**(27,765)**	(58,506)
Salaries and related expenses	5	**(99,929)**	(105,915)
Administrative expenses		**(53,115)**	(68,195)
Sales and marketing expenses		**(19,453)**	(21,362)
Other operating expenses	6	**(61,596)**	(65,796)
		(287,521)	(346,028)
Profit before interests, taxes, depreciation and amortisation		**51,696**	31,010
Depreciation of property, plant and equipment	12	**(22,341)**	(21,826)
Amortisation expense		**(2,722)**	(2,882)
Profit from operations and other gains	7	**26,633**	6,302
Finance income	8	**3,674**	2,351
Finance costs	9	**(29,630)**	(28,083)
Share of results of associates		**33**	(35)
Profit/(Loss) before taxation		**710**	(19,465)
Income tax expense	10	**(7,660)**	(6,495)
Loss after taxation		**(6,950)**	(25,960)
Attributable to:			
Owners of the Company		**(16,196)**	(27,519)
Non-controlling interests		**9,246**	1,559
		(6,950)	(25,960)
Earnings per share attributable to owners of the Company (in cents):			
Basic	11	**(2.13)**	(3.62)
Diluted	11	**(2.13)**	(3.62)

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 2016

		GROUP	
	Note	2016 $'000	2015 $'000
Loss after taxation		**(6,950)**	(25,960)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising from consolidation of foreign operations and net investment in foreign operations		**16,006**	734
Net change in fair value adjustment reserve, net of deferred tax		**9,540**	(2,231)
Net fair value change on available-for-sale financial assets reclassified to profit or loss	4	**(22,763)**	–
		2,783	(1,497)
Items that will not be reclassified to profit or loss			
Adjustment on property revaluation reserve, net of deferred tax		**38,736**	4,290
Actuarial gain/(loss) arising from defined benefit plan, net of deferred tax		**9**	(447)
		38,745	3,843
Other comprehensive income for the year, net of tax		**41,528**	2,346
Total comprehensive income/(expense) for the year		**34,578**	(23,614)
Total comprehensive income/(expense) attributable to:			
Owners of the Company		**15,726**	(22,687)
Non-controlling interests		**18,852**	(927)
		34,578	(23,614)

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

BALANCE SHEETS

as at 31 December 2016

		GROUP		COMPANY	
	Note	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Non-current assets					
Property, plant and equipment	12	**657,746**	657,348	**1**	6
Investment properties	13	**70,596**	67,612	**–**	–
Intangible assets	14	**33,202**	34,965	**2,471**	2,524
Land use rights	15	**2,982**	11,411	**–**	–
Subsidiaries	16	**–**	–	**513,554**	501,395
Associates	17	**93,884**	160	**869**	869
Long-term investments	18	**14,887**	106,750	**–**	–
Deferred tax assets	38	**16,072**	18,276	**–**	–
Prepaid island rental	19	**22,839**	22,995	**–**	–
Prepayments		**3,555**	3,447	**–**	–
Long-term trade receivables	20	**29,093**	31,117	**–**	–
Other receivables	21	**11,168**	4,722	**–**	–
		956,024	958,803	**516,895**	504,794
Current assets					
Property development costs	23	**251,795**	335,823	**–**	–
Inventories	24	**9,398**	10,573	**–**	–
Prepayments and other non-financial assets	25	**18,683**	20,809	**134**	160
Trade receivables	26	**43,155**	66,226	**–**	–
Other receivables	27	**8,931**	13,889	**70**	147
Amounts due from subsidiaries	28	**–**	–	**207,538**	198,317
Amounts due from associates	29	**203**	38	**–**	–
Amounts due from related parties	30	**21,999**	18,642	**1**	–
Investment securities	22	**–**	2,512	**–**	–
Cash and short-term deposits	31	**108,767**	165,663	**28,052**	69,121
		462,931	634,175	**235,795**	267,745
Assets of disposal group classified as held for sale	32	**189,267**	–	**–**	–
		652,198	634,175	**235,795**	267,745
Total assets		**1,608,222**	1,592,978	**752,690**	772,539

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

	Note	GROUP 2016 $'000	GROUP 2015 $'000	COMPANY 2016 $'000	COMPANY 2015 $'000
Current liabilities					
Tax payable		**7,039**	8,683	**–**	–
Unearned income		**10,589**	8,747	**–**	–
Other non-financial liabilities	33	**32,801**	41,385	**514**	462
Interest-bearing loans and borrowings	34	**97,981**	89,750	**41,608**	32,608
Notes payable	35	**49,031**	–	**49,031**	–
Trade payables		**19,368**	24,186	**–**	–
Other payables	36	**37,958**	41,069	**5,199**	5,170
Amounts due to subsidiaries	28	**–**	–	**46,699**	50,812
Amounts due to associates	29	**5**	32	**–**	–
Amounts due to related parties	30	**864**	1,102	**–**	–
		255,636	214,954	**143,051**	89,052
Liabilities of disposal group classified as held for sale	32	**25,557**	–	**–**	–
		281,193	214,954	**143,051**	89,052
Net current assets		**371,005**	419,221	**92,744**	178,693
Non-current liabilities					
Deferred income	37	**8,041**	8,654	**–**	–
Deferred tax liabilities	38	**107,116**	97,823	**–**	–
Defined and other long-term employee benefits	39	**2,927**	3,055	**–**	–
Deposits received		**1,814**	1,699	**–**	–
Other non-financial liabilities		**4,100**	3,844	**–**	–
Interest-bearing loans and borrowings	34	**125,687**	171,144	**7,572**	30,179
Notes payable	35	**343,886**	391,772	**343,886**	391,772
Other payables		**612**	572	**–**	–
		594,183	678,563	**351,458**	421,951
Total liabilities		**875,376**	893,517	**494,509**	511,003
Net assets		**732,846**	699,461	**258,181**	261,536
Equity attributable to owners of the Company					
Share capital	40	**199,995**	199,995	**199,995**	199,995
Treasury shares	41	**(235)**	(463)	**(235)**	(463)
Reserves	41	**364,724**	349,260	**58,421**	62,004
		564,484	548,792	**258,181**	261,536
Non-controlling interests		**168,362**	150,669	**–**	–
Total equity		**732,846**	699,461	**258,181**	261,536

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 2016

2016 GROUP	Share capital $'000	Treasury shares $'000	Share-based payment reserve $'000	Legal reserve $'000	Property revaluation reserve $'000	Currency translation reserve $'000	Other reserves $'000 Note 41(f)	Accumulated profits $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2016	199,995	(463)	8,316	9,898	155,462	(31,862)	(9,716)	217,162	548,792	150,669	699,461
Loss after taxation	–	–	–	–	–	–	–	(16,196)	(16,196)	9,246	(6,950)
Other comprehensive income for the year	–	–	–	–	26,553	12,028	(6,668)	9	31,922	9,606	41,528
Total comprehensive income for the year	–	–	–	–	26,553	12,028	(6,668)	(16,187)	15,726	18,852	34,578
Contributions by and distributions to owners											
Treasury shares reissued pursuant to Share-based Incentive Plan	–	228	(197)	–	–	–	(31)	–	–	–	–
Issuance of share grants pursuant to Share-based Incentive Plan	–	–	6	–	–	–	–	–	6	–	6
Expiry of share grants pursuant to Share-based Incentive Plan	–	–	(85)	–	–	–	–	85	–	–	–
Total transactions with owners in their capacity as owners	–	228	(276)	–	–	–	(31)	85	6	–	6
Other changes in equity											
Dividends paid to loan stockholders of a subsidiary	–	–	–	–	–	–	–	(40)	(40)	–	(40)
Dividends paid to non-controlling shareholders of a subsidiary	–	–	–	–	–	–	–	–	–	(1,159)	(1,159)
Transfer to accumulated profits upon disposal of asset	–	–	–	–	(242)	–	–	242	–	–	–
Transfer to legal reserve	–	–	–	1	–	–	–	(1)	–	–	–
Total other changes in equity	–	–	–	1	(242)	–	–	201	(40)	(1,159)	(1,199)
At 31 December 2016	199,995	(235)	8,040	9,899	181,773	(19,834)	(16,415)	201,261	564,484	168,362	732,846
2015 GROUP											
At 1 January 2015	199,995	(947)	8,628	9,825	151,528	(36,327)	(5,757)	245,657	572,602	151,702	724,304
Loss after taxation	–	–	–	–	–	–	–	(27,519)	(27,519)	1,559	(25,960)
Other comprehensive income for the year	–	–	–	–	4,290	4,465	(3,586)	(337)	4,832	(2,486)	2,346
Total comprehensive income for the year	–	–	–	–	4,290	4,465	(3,586)	(27,856)	(22,687)	(927)	(23,614)
Contributions by and distributions to owners											
Dividends paid on ordinary shares	–	–	–	–	–	–	–	(989)	(989)	–	(989)
Treasury shares reissued pursuant to Share-based Incentive Plan	–	484	(365)	–	–	–	(119)	–	–	–	–
Issuance of share grants pursuant to Share-based Incentive Plan	–	–	161	–	–	–	–	–	161	–	161
Expiry of share grants pursuant to Share-based Incentive Plan	–	–	(108)	–	–	–	–	108	–	–	–
Total contributions by and distributions to owners	–	484	(312)	–	–	–	(119)	(881)	(828)	–	(828)
Changes in ownership interests in subsidiary											
Acquisition of non-controlling interests without a change in control	–	–	–	–	–	–	(254)	–	(254)	188	(66)
Total changes in ownership interests in subsidiary	–	–	–	–	–	–	(254)	–	(254)	188	(66)
Total transactions with owners in their capacity as owners	–	484	(312)	–	–	–	(373)	(881)	(1,082)	188	(894)
Other changes in equity											
Dividends paid to loan stockholders of a subsidiary	–	–	–	–	–	–	–	(41)	(41)	–	(41)
Dividends paid to non-controlling shareholders of a subsidiary	–	–	–	–	–	–	–	–	–	(294)	(294)
Transfer to accumulated profits upon disposal of asset	–	–	–	–	(356)	–	–	356	–	–	–
Transfer to legal reserve	–	–	–	73	–	–	–	(73)	–	–	–
Total other changes in equity	–	–	–	73	(356)	–	–	242	(41)	(294)	(335)
At 31 December 2015	199,995	(463)	8,316	9,898	155,462	(31,862)	(9,716)	217,162	548,792	150,669	699,461

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 2016

COMPANY	Share capital $'000	Treasury shares $'000	Share-based payment reserve $'000	Other reserves $'000 Note 41(f)	Accumulated profits $'000	Total equity $'000
At 1 January 2016	**199,995**	**(463)**	**8,316**	**4,741**	**48,947**	**261,536**
Loss after taxation	**–**	**–**	**–**	**–**	**(3,361)**	**(3,361)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(3,361)**	**(3,361)**
Contributions by and distributions to owners						
Treasury shares reissued pursuant to Share-based Incentive Plan	**–**	**228**	**(197)**	**(31)**	**–**	**–**
Issuance of share grants pursuant to Share-based Incentive Plan	**–**	**–**	**6**	**–**	**–**	**6**
Expiry of share grants pursuant to Share-based Incentive Plan	**–**	**–**	**(85)**	**–**	**85**	**–**
Total transactions with owners in their capacity as owners	**–**	**228**	**(276)**	**(31)**	**85**	**6**
At 31 December 2016	**199,995**	**(235)**	**8,040**	**4,710**	**45,671**	**258,181**
At 1 January 2015	199,995	(947)	8,628	4,860	14,468	227,004
Profit after taxation	–	–	–	–	35,360	35,360
Total comprehensive income for the year	–	–	–	–	35,360	35,360
Contributions by and distributions to owners						
Dividends paid on ordinary shares	–	–	–	–	(989)	(989)
Treasury shares reissued pursuant to Share-based Incentive Plan	–	484	(365)	(119)	–	–
Issuance of share grants pursuant to Share-based Incentive Plan	–	–	161	–	–	161
Expiry of share grants pursuant to Share-based Incentive Plan	–	–	(108)	–	108	–
Total transactions with owners in their capacity as owners	–	484	(312)	(119)	(881)	(828)
At 31 December 2015	199,995	(463)	8,316	4,741	48,947	261,536

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 2016

	Note	2016 $'000	2015 $'000
Cash flows from operating activities			
Profit/(Loss) before taxation		**710**	(19,465)
Adjustments for:			
Share of results of associates		**(33)**	35
Depreciation of property, plant and equipment	12	**22,341**	21,826
Loss on disposal of property, plant and equipment, net	7	**170**	1,234
Impairment loss on investment in associates	7	**–**	93
Finance income	8	**(3,674)**	(2,351)
Finance costs	9	**29,630**	28,083
Amortisation expense		**2,722**	2,882
Allowance for doubtful debts	7	**2,368**	16,294
Allowance for inventory obsolescence	7	**62**	105
Defined and other long-term employee benefits expense	39	**290**	425
Share-based payment expenses	5	**68**	234
Net fair value (gain)/loss on investment properties	13	**(741)**	181
Net change in the value of available-for-sale financial assets	4	**(22,366)**	–
Currency realignment		**5,510**	439
		36,347	69,480
Operating profit before working capital changes		**37,057**	50,015
Decrease in inventories		**1,218**	1,062
Increase in property development costs		**(22,462)**	(92,395)
Decrease/(increase) in trade and other receivables		**23,880**	(15,090)
Increase in amounts due from related parties		**(3,345)**	(3,903)
Decrease in trade and other payables		**(5,374)**	(15,342)
		(6,083)	(125,668)
Cash flows generated from/(used in) operating activities		**30,974**	(75,653)
Interest received		**3,751**	2,415
Interest paid		**(29,738)**	(27,581)
Tax paid		**(9,284)**	(7,991)
Payment of employee benefits	39	**(482)**	(419)
Payment of cash settled share grants		**(78)**	(155)
Payment of lease rental	19	**(1,382)**	(1,342)
Net cash flows used in operating activities		**(6,239)**	(110,726)

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 2016

	Note	2016 $'000	2015 $'000
Cash flows from investing activities			
Purchase of property, plant and equipment	12	**(15,888)**	(23,469)
Proceeds from disposal of property, plant and equipment		**33**	51
Increase in long-term investments		**(3,814)**	–
Acquisition of non-controlling interest	16	**–**	(66)
Deferred cash settlement on acquisition of subsidiaries		**–**	(6,500)
Subsequent expenditure on investment properties	13	**(387)**	(462)
Additions to intangible assets		**–**	(208)
Net cash flows used in investing activities		**(20,056)**	(30,654)
Cash flows from financing activities			
Proceeds from bank loans		**82,018**	100,924
Repayment of bank loans		**(106,259)**	(62,032)
Proceeds from issuance of notes payable		**–**	100,000
Payment of dividends			
- by subsidiaries to non-controlling interests		**(1,159)**	(294)
- by subsidiaries to loan stockholders		**(40)**	(41)
- by Company to shareholders		**–**	(989)
Net cash flows (used in)/generated from financing activities		**(25,440)**	137,568
Net decrease in cash and cash equivalents		**(51,735)**	(3,812)
Net foreign exchange difference		**86**	1,088
Cash and cash equivalents at beginning of year		**165,476**	168,200
Cash and cash equivalents at end of year	31	**113,827**	165,476

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 2016

1. Corporate information

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

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

The principal activities of the Company are those of investment holding and the provision of project design and management services. The principal activities of the subsidiaries are set out in Note 16 to the financial statements. There have been no significant changes in the nature of these activities during the year.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

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

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

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 January 2018.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for the annual financial periods beginning on or after 1 January 2016. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 7: *Disclosure Initiative*	1 January 2017
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 116 *Leases*	1 January 2019

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

FRS 115 *Revenue from Contracts with Customers*

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2016

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

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

FRS 115 *Revenue from Contracts with Customers* (cont'd)

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

During 2015, the Group performed a preliminary assessment of FRS 115 which is subject to changes arising from a more detailed ongoing analysis. The Group is engaged in development of residential properties and has assessed that for its significant residential developments, performance obligations for the sale of pre-completion units will be satisfied at a point in time rather than over time. The findings from the preliminary assessment is summarised below.

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

China
The recognition of revenue over time may not be appropriate for property developers in China as it is commonly believed that the condition regarding "an entity has an enforceable right to payment for performance completed to date" is difficult to be met practically in China under the current circumstances.

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

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

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. The Group is currently assessing the impact of FRS 109.

FRS 116 *Leases*

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

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.

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

2.4 Significant accounting estimates and judgments (cont'd)

(a) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Impairment of intangible assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. Further details of the key assumptions applied in the impairment assessment of goodwill and trademarks including a sensitivity analysis, are given in Note 14 to the financial statements.

(ii) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over their useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 and 50 years. The carrying amounts of the Group's property, plant and equipment at 31 December 2016 are $657,746,000 (2015: $657,348,000). Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, therefore future depreciation charges could be revised.

(iii) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there has been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's loans and receivables at the end of each reporting period are disclosed in Note 47 (h) to the financial statements.

(iv) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2016

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

2.4 Significant accounting estimates and judgments (cont'd)

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

(iv) Deferred tax assets (cont'd)

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 2016 are $48,177,000 (2015: $58,021,000) and $33,955,000 (2015: $22,056,000) respectively.

(v) Revaluation of freehold and investment properties

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

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

The carrying amount, key assumptions and valuation techniques used to determine the fair value of the freehold and investment properties of the Group are stated in Note 12, Note 13 and Note 47 respectively.

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

The impairment assessment of unquoted available-for-sale financial assets are determined using the discounted cash flow model. The inputs to this model are derived from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The assumptions applied in determination of the recoverable cost of these unquoted available-for-sale financial assets are described in Note 18.

(b) Judgments made in applying accounting policies

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

(i) Investment in associates

Management has assessed and is of the view that the Group exercises significant influence over certain associates, as disclosed in Note 17, 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 2016 are $7,039,000 (2015: $8,683,000) and $91,044,000 (2015: $79,547,000) respectively.

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

2.4 Significant accounting estimates and judgments (cont'd)

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

(iii) Determination of functional currency

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

2.5 Foreign currency

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

(a) Transactions and balances

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2016

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

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.

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

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

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

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

– recognises the fair value of the consideration received;

– recognises the fair value of any investment retained;

– recognises any surplus or deficit in profit or loss;

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

(b) Business combinations and goodwill

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

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

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)

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.

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 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 using the equity method from the date on which it becomes an associate.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2016

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

2.9 Associates (cont'd)

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

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

2. 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2016

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.

2.14 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

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

2.14 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement

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

(i) Loans and receivables

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

(ii) Held-to-maturity investments

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

(iii) Available-for-sale financial assets

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

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

The fair value of investments that are actively traded in organised financial markets is determined by reference to the relevant Exchange's quoted market bid prices at the close of business on the reporting date.

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

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

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities include trade payables, which are normally settled on 30 to 90 days' terms, other payables, amounts due to subsidiaries, associates and related parties, interest-bearing loans and borrowings, and notes payable.

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2016

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

2.14 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

Subsequent measurement

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

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

2.15 Long-term investments

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

2.16 Cash and cash equivalents

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

2.17 Property development costs

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

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

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

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

2.18 Impairment of financial assets

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

(a) Financial assets carried at amortised cost

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

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

2.18 Impairment of financial assets (cont'd)

(a) Financial assets carried at amortised cost (cont'd)

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

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

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

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

(b) Financial assets carried at cost

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

(c) Available-for-sale financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2016

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 48, 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 De-recognition of financial assets and liabilities

(a) Financial assets

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

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

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

2.22 De-recognition of financial assets and liabilities (cont'd)

(a) Financial assets (cont'd)

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

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

(b) Financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

2.23 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.24 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.25 Employee benefits

(a) Defined contribution plans

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2016

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

2.25 Employee benefits (cont'd)

(b) Employee leave entitlement

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

(c) Share-based payment

Performance share plan and restricted share plan

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

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

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

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

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

(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.

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

2.25 Employee benefits (cont'd)

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

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

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

(e) Defined benefits plans

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

Remeasurements, comprising of actuarial gains and losses, are recognised immediately in the statement of financial position 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.

2.26 Leases

(a) As lessee

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2016

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

2.26 Leases (cont'd)

(a) As lessee (cont'd)

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

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

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.30 (i).

2.27 Prepaid island rental and land use rights

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

2.28 Deferred income

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

2.29 Assets of disposal group classified as held for sale

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

2.30 Revenue

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

(a) Hotel investments

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

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

2.30 Revenue (cont'd)

(b) Property sales

– ***Sale of completed development property***

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

– ***Sale of development property under construction***

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

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

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

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

(c) Management services

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

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

(d) Spa operation

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

(e) Merchandise sales

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

(f) Project and design services

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

(g) Dividend income

Dividend income is recognised in 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2016

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

2.30 Revenue (cont'd)

(i) Rental income

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

2.31 Taxes

(a) Current income tax

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

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

(b) Deferred tax

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

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

- Where the deferred tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and

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

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)

2.31 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.

2.32 Share capital and share issuance expenses

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

2.33 Treasury shares

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

2.34 Contingencies

A contingent liability is:

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2016

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

2.34 Contingencies (cont'd)

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

2.35 Related parties

A related party is defined as follows:

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

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

(ii) has significant influence over the Company; or

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

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

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

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

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

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

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

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

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

3. Revenue

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

	GROUP	
	2016 $'000	2015 $'000
Hotel investments	**197,411**	196,689
Property sales	**51,305**	94,210
Management services	**31,309**	36,860
Spa operation	**17,555**	20,448
Project and design services	**1,473**	11,374
Merchandise sales	**6,868**	7,575
Rental income	**3,644**	3,532
	309,565	370,688

4. Other income

	GROUP	
	2016 $'000	2015 $'000
Management and service fees	**139**	124
Course and academy fees	**–**	7
Insurance claims	**–**	1,895
Net fair value gain/(loss) on investment properties (Note 13)	**741**	(181)
Net change in the value of available-for-sale financial assets		
- Net fair value gain*	**23,716**	–
- Impairment loss (Note 18)	**(1,350)**	–
Amortisation of deferred income (Note 37)	**253**	266
Dividend income	**1,093**	1,024
Compensation from early termination of Hotel Management Agreement	**2,143**	–
Others	**2,917**	3,215
	29,652	6,350

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

5. Salaries and related expenses

	GROUP	
	2016 $'000	2015 $'000
Salaries, wages and other related costs	**95,298**	100,606
Defined and other long-term employee benefits expense (Note 39)	**290**	425
Share-based payment expenses	**68**	234
Contributions to defined contribution plans	**4,273**	4,650
The above amounts include salaries and related expenses of key management personnel	**99,929**	105,915

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2016

6. Other operating expenses

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

	GROUP	
	2016 $'000	**2015 $'000**
Utilities and communication	**15,937**	17,537
Repair and maintenance	**11,854**	13,832
Printing and stationery	**1,819**	2,086
Travelling and transportation	**2,233**	2,804
Commission expenses	**8,206**	7,036
Laundry and valet	**1,909**	1,731
Guest expendable supplies	**5,314**	5,167

7. Profit from operations and other gains

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

	GROUP	
	2016 $'000	**2015 $'000**
Audit fees:		
- Auditor of the Company	**372**	421
- Other auditors	**816**	898
Non-audit fees:		
- Auditor of the Company	**53**	55
- Other auditors	**145**	83
Allowance for doubtful debts – trade, net	**2,223**	11,393
Allowance for doubtful debts – non-trade	**–**	4,880
Allowance for doubtful debts – associates	**–**	21
Allowance for doubtful debts – related parties	**145**	–
Allowance for inventory obsolescence (Note 24)	**62**	105
Exchange loss/(gain)	**797**	(2,900)
Loss on disposal of property, plant and equipment, net	**170**	1,234
Impairment loss on investment in associates	**–**	93

8. Finance income

	GROUP	
	2016 $'000	**2015 $'000**
Interest received and receivable from:		
- Banks	**1,084**	1,258
- Related parties	**127**	–
- Others	**2,463**	1,093
	3,674	2,351

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

9. Finance costs

	GROUP	
	2016 $'000	**2015 $'000**
Interest expense on:		
- Bank loans and bank overdraft	**13,673**	11,768
- Holders of notes payable	**21,970**	19,823
- Others	**25**	1,025
	35,668	32,616
Less: interest expense capitalised in:		
- Property development costs (Note 23)	**(6,038)**	(4,533)
	29,630	28,083

10. Income tax expense

Major components of income tax expense

Major components of income taxes for the years ended 31 December 2016 and 2015 are:

	GROUP	
	2016 $'000	**2015 $'000**
Consolidated income statement:		
Current income tax		
Current income taxation	**4,899**	5,949
Over provision in respect of prior years	**(45)**	(353)
	4,854	5,596
Deferred income tax		
Origination and reversal in temporary differences	**(1,552)**	(2,753)
Reversal of deferred tax assets due to the expiry of tax losses	**1,626**	927
	74	(1,826)
Withholding tax expense		
Current year provision	**2,732**	2,794
Over provision in respect of prior years	**–**	(69)
	2,732	2,725
Income tax expense recognised in profit or loss	**7,660**	6,495
Statement of comprehensive income:		
Deferred tax expense/(credit) related to other comprehensive income:		
- Adjustment on property revaluation reserve	**8,802**	757
- Actuarial loss on LSP	**–**	(80)
- Actuarial gain on MPB	**3**	–
- Net change in fair value adjustment reserve	**(1,518)**	989

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2016

10. Income tax expense (cont'd)

Relationship between tax expense and accounting profit/(loss)

A reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2016 and 2015 respectively are as follows:

	GROUP	
	2016 $'000	**2015 $'000**
Accounting profit/(loss) before taxation	**710**	(19,465)
Income tax using Singapore tax rate of 17% (2015: 17%)	**121**	(3,309)
Effect of different tax rates in other countries	**175**	107
Expenses not deductible for tax purposes	**4,165**	7,151
Tax exempt income	**(4,223)**	(2,479)
Over provision in respect of prior years	**(45)**	(353)
Deferred tax assets not recognised	**3,109**	1,726
Withholding tax	**2,732**	2,725
Expiry or write-off of previously recognised deferred tax assets	**1,626**	927
Income tax expense recognised in profit or loss	**7,660**	6,495

Group royalty fees income derived from Indonesia, Thailand and Maldives is subject to withholding tax at 15%, 15% and 10% respectively (2015: 15%, 15% and 10%). The Group also incurred withholding tax on rental income and dividend income received from Indonesia and Thailand at 20% and 10% respectively (2015: 20% and 10%).

11. Earnings per share

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

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

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

	GROUP	
	2016 $'000	**2015 $'000**
Loss after taxation attributable to owners of the Company used in computation of basic and diluted earnings per share	**(16,196)**	(27,519)
	No. of shares	**No. of shares**
Weighted average number of ordinary shares for basic earnings per share computation	**760,973,488**	760,546,120
Effect of dilution:		
- Contingently issuable shares under Banyan Tree Performance Share Plan	**–**	–
Weighted average number of ordinary shares for diluted earnings per share computation	**760,973,488**	760,546,120

Earnings per share computation

For the financial year ended 31 December 2016, 1,185,840 (2015: 2,012,202) contingently issuable shares under the Banyan Tree Performance Share Plan had been excluded from the calculation of diluted earnings per share as their effects would be anti-dilutive (i.e. loss per share would have been reduced in the event that dilutive potential shares issued are converted into ordinary shares). Thus, the dilutive earnings per share was the same as the basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2016

12. Property, plant and equipment

GROUP	Freehold land $'000	Freehold buildings $'000	Leasehold buildings $'000	Furniture, fittings and equipment $'000	Computers $'000	Motor vehicles $'000	Construction-in-progress $'000	Total $'000
Cost or valuation:								
At 1 January 2015	309,088	256,226	99,487	154,415	15,287	12,065	14,751	861,319
Additions	–	232	861	6,163	2,560	367	13,286	23,469
Disposals	(7)	(401)	(1,189)	(1,761)	(770)	(228)	(655)	(5,011)
Transfer to other receivables	–	–	(4,884)	(1,680)	–	(44)	–	(6,608)
Revaluation surplus	55	4,992	–	–	–	–	–	5,047
Transfer from property development costs	1,986	9,697	1,949	478	–	–	–	14,110
Transfer in/(out)	–	1,703	2,886	6,401	27	53	(11,070)	–
Net exchange differences	(5,436)	(2,757)	3,162	(2,898)	(83)	(2)	(156)	(8,170)
At 31 December 2015 and 1 January 2016	**305,686**	**269,692**	**102,272**	**161,118**	**17,021**	**12,211**	**16,156**	**884,156**
Additions	**–**	**659**	**405**	**5,336**	**1,255**	**464**	**7,769**	**15,888**
Disposals	**–**	**(148)**	**(632)**	**(1,228)**	**(551)**	**(390)**	**(3)**	**(2,952)**
Transfer to assets of disposal group classified as held for sale (Note 32)	**–**	**–**	**(62,993)**	**(8,611)**	**(2,133)**	**(1,332)**	**(528)**	**(75,597)**
Revaluation surplus	**40,885**	**6,750**	**–**	**–**	**–**	**–**	**–**	**47,635**
Elimination of accumulated depreciation on revaluation	**–**	**(750)**	**–**	**–**	**–**	**–**	**–**	**(750)**
Transfer to property development costs	**(215)**	**(1,051)**	**–**	**(531)**	**–**	**–**	**–**	**(1,797)**
Transfer in/(out)	**–**	**11,903**	**188**	**7,632**	**460**	**21**	**(20,204)**	**–**
Net exchange differences	**7,230**	**6,878**	**(2,070)**	**4,786**	**64**	**227**	**319**	**17,434**
At 31 December 2016	**353,586**	**293,933**	**37,170**	**168,502**	**16,116**	**11,201**	**3,509**	**884,017**

Transfer to other receivables in 2015 related to assets constructed on an island where the lease was terminated prematurely by the lessor. The assets will be compensated by the lessor.

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

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

GROUP (cont'd)	**Freehold land $'000**	**Freehold buildings $'000**	**Leasehold buildings $'000**	**Furniture, fittings and equipment $'000**	**Computers $'000**	**Motor vehicles $'000**	**Construction-in-progress $'000**	**Total $'000**
Accumulated depreciation and impairment losses:								
At 1 January 2015	–	52,243	32,369	108,622	12,241	9,528	390	215,393
Depreciation charge for the year	–	6,587	2,896	9,754	1,767	822	–	21,826
Disposals	–	(111)	(949)	(1,689)	(753)	(224)	–	(3,726)
Transfer to other receivables	–	–	(2,682)	(1,534)	–	(41)	–	(4,257)
Transfer to property development costs	–	(10)	–	–	–	–	–	(10)
Net exchange differences	–	(1,326)	1,195	(2,191)	(54)	(48)	6	(2,418)
At 31 December 2015 and 1 January 2016	**–**	**57,383**	**32,829**	**112,962**	**13,201**	**10,037**	**396**	**226,808**
Depreciation charge for the year	**–**	**6,864**	**2,606**	**10,068**	**1,989**	**814**	**–**	**22,341**
Disposals	**–**	**(142)**	**(558)**	**(1,165)**	**(510)**	**(374)**	**–**	**(2,749)**
Transfer to assets of disposal group classified as held for sale (Note 32)	**–**	**–**	**(14,182)**	**(7,364)**	**(1,622)**	**(995)**	**–**	**(24,163)**
Elimination of accumulated depreciation on revaluation	**–**	**(750)**	**–**	**–**	**–**	**–**	**–**	**(750)**
Transfer to property development costs	**–**	**(276)**	**–**	**(296)**	**–**	**–**	**–**	**(572)**
Transfer in/(out)	**–**	**184**	**–**	**(6)**	**6**	**–**	**(184)**	**–**
Net exchange differences	**–**	**1,868**	**(325)**	**3,572**	**25**	**202**	**14**	**5,356**
At 31 December 2016	**–**	**65,131**	**20,370**	**117,771**	**13,089**	**9,684**	**226**	**226,271**
Net carrying amount:								
At 31 December 2016	**353,586**	**228,802**	**16,800**	**50,731**	**3,027**	**1,517**	**3,283**	**657,746**
At 31 December 2015	305,686	212,309	69,443	48,156	3,820	2,174	15,760	657,348

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2016

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

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

Revaluation of freehold land and buildings

Freehold land and buildings in Singapore were revalued on 31 August 2016 and 4 November 2014 by an accredited independent property valuer, at open market value.

Freehold land and buildings in Thailand were revalued by a professional independent appraisal company on 14 October 2016. The basis of the revaluation was as follows:

– Land was revalued using the market value approach; and
– Hotel buildings and other buildings were revalued using a fair value approach.

The hotel properties in Morocco, which comprise of freehold land and buildings, were appraised by an accredited independent property valuer on 1 December 2016 using the market value approach.

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

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

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

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

	GROUP	
	2016 $'000	**2015 $'000**
Freehold land at 31 December		
- Cost and net carrying amount	**91,994**	90,305
Freehold buildings at 31 December		
- Cost	**282,687**	264,646
- Accumulated depreciation	**(74,878)**	(67,196)
- Net carrying amount	**207,809**	197,450
Furniture, fittings and equipment at 31 December		
- Cost	**152,980**	140,115
- Accumulated depreciation	**(113,010)**	(104,171)
- Net carrying amount	**39,970**	35,944

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

As at 31 December 2016, certain properties with net carrying amount amounting to $402,304,000 (2015: $310,347,000) were mortgaged to banks to secure credit facilities for the Group (Note 34).

COMPANY	Furniture, fittings and equipment $'000	Computers $'000	Total $'000
Cost:			
At 1 January 2015, 31 December 2015, 1 January 2016 and 31 December 2016	**17**	**197**	**214**
Accumulated depreciation:			
At 1 January 2015	15	184	199
Depreciation charge for the year	–	9	9
At 31 December 2015 and 1 January 2016	**15**	**193**	**208**
Depreciation charge for the year	**1**	**4**	**5**
At 31 December 2016	**16**	**197**	**213**
Net carrying amount:			
At 31 December 2016	**1**	**–**	**1**
At 31 December 2015	2	4	6

13. **Investment properties**

	GROUP	
	2016 $'000	2015 $'000
Balance sheet:		
At 1 January	**67,612**	67,039
Additions (subsequent expenditure)	**387**	462
Net gain/(loss) from fair value adjustments recognised in profit or loss (Note 4)	**741**	(181)
Net exchange differences	**1,856**	292
At 31 December	**70,596**	67,612
Income statement:		
Rental income from investment properties		
- Minimum lease payments	**3,094**	3,098
Direct operating expense (including repairs and maintenance) arising from:		
- Rental generating properties	**2,059**	1,894
- Non-rental generating properties	**38**	75

The Group has no restrictions on the realisability of its investment properties except for investment properties in Seychelles amounting to $24,616,000 (2015: $23,902,000) 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 not subject to contractual obligations to any external party for repairs, maintenance and enhancements in 2016.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2016

13. Investment properties (cont'd)

Valuation of investment properties

Investment properties in Thailand are stated at fair value, which has been determined based on valuation report dated 14 October 2016. The revaluations were performed by an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued.

The basis of valuation was as follows:

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

Land in Seychelles are stated at fair value, which has been determined based on valuation report dated 30 September 2016 using the residual approach. The revaluations were performed by an independent property valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued.

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

Properties pledged as security

Certain investment properties amounting to $24,835,000 (2015: $24,225,000) are mortgaged to secure bank loans (Note 34).

The investment properties held by the Group as at 31 December 2016 are as follows:

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

14. Intangible assets

GROUP	Goodwill $'000	Trademarks $'000	Club membership $'000	Other intangible assets $'000	Total $'000
Cost:					
At 1 January 2015	2,603	24,300	2,412	4,336	33,651
Additions	–	–	209	3,600	3,809
Net exchange differences	–	–	–	(55)	(55)
At 31 December 2015 and 1 January 2016	**2,603**	**24,300**	**2,621**	**7,881**	**37,405**
Additions	**–**	**–**	**–**	**391**	**391**
Net exchange differences	**–**	**–**	**–**	**224**	**224**
At 31 December 2016	**2,603**	**24,300**	**2,621**	**8,496**	**38,020**
Accumulated amortisation and impairment losses:					
At 1 January 2015	–	–	48	481	529
Amortisation	–	–	49	1,913	1,962
Net exchange differences	–	–	–	(51)	(51)
At 31 December 2015 and 1 January 2016	**–**	**–**	**97**	**2,343**	**2,440**
Amortisation	**–**	**–**	**53**	**2,226**	**2,279**
Net exchange differences	**–**	**–**	**–**	**99**	**99**
At 31 December 2016	**–**	**–**	**150**	**4,668**	**4,818**
Net carrying amount:					
At 31 December 2016	**2,603**	**24,300**	**2,471**	**3,828**	**33,202**
At 31 December 2015	2,603	24,300	2,524	5,538	34,965

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.

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for the financial year ended 31 December 2016

14. Intangible assets (cont'd)

COMPANY	Club membership $'000
Cost:	
At 1 January 2015	2,412
Additions	209
At 31 December 2015, 1 January 2016 and 31 December 2016	**2,621**
Accumulated amortisation and impairment losses:	
At 1 January 2015	48
Amortisation	49
At 31 December 2015 and 1 January 2016	**97**
Amortisation	**53**
At 31 December 2016	**150**
Net carrying amount:	
At 31 December 2016	**2,471**
At 31 December 2015	2,524

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	
	2016	**2015**
Growth rate	**3.6%**	3.0%
Discount rate	**7.1%**	8.9%

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

Sensitivity to changes in assumptions

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

14. Intangible assets (cont'd)

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	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**	**2016 $'000**	**2015 $'000**
Carrying amount of trademarks	**630**	630	**23,670**	23,670	**24,300**	24,300

The recoverable amount for all the individual reportable operating segment were determined using valuation report dated 1 November 2016, which was performed by a professional and independent valuer, based on income approach using cash flow projections based on financial budgets approved by management covering a five-year period.

The discount rate applied to the cash flow projections of each reportable operating segment range from 12.2% to 26.7% (2015: 9.8%). The growth rate used to extrapolate the cash flows of each business segment beyond the five-year period is 1.7% (2015: 2.0%). The budgeted growth rate was determined based on past performance and expectation for market development. The discount rate, which reflects the WACC rate used, is consistent with forecasts used in industry reports. The discount rate reflects specific risks relating to the relevant companies.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of trademarks:

- Budgeted hotel occupancy rates – the basis used to determine the budgeted hotel occupancy rates is the average hotel occupancy rates achieved in the previous years, adjusted for the forecast growth rate.
- Budgeted hotel room rates – the basis used to determine the budgeted hotel room rates is the average room rates achieved in the previous years, adjusted for the forecast growth rate.

Sensitivity to changes in assumptions

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

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15. Land use rights

	GROUP	
	2016 $'000	**2015 $'000**
Cost:		
At 1 January	**14,419**	15,175
Transfer to assets of disposal group classified as held for sale (Note 32)	**(10,181)**	–
Transfer to property development costs	**–**	(1,048)
Net exchange differences	**(599)**	292
At 31 December	**3,639**	14,419
Accumulated amortisation:		
At 1 January	**3,008**	2,622
Amortisation for the year	**344**	339
Transfer to assets of disposal group classified as held for sale (Note 32)	**(2,569)**	–
Net exchange differences	**(126)**	47
At 31 December	**657**	3,008
Net carrying amount	**2,982**	11,411
Amount to be amortised:		
- Within 1 year	**96**	383
- Between 2 to 5 years	**385**	1,533
- After 5 years	**2,501**	9,495

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

	Tenure	
Location	**2016**	**2015**
People's Republic of China		
Banyan Tree Lijiang *	**28 years**	29 years
Banyan Tree Ringha *	**27 years**	28 years
Zhongdian Jiantang Hotel	**32 years**	33 years
Tibet Lhasa Banyan Tree Resorts	**31 years**	32 years

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

16. Subsidiaries

	COMPANY	
	2016 $'000	**2015 $'000**
Unquoted shares, at cost	**113,643**	113,643
Quoted shares, at cost	**71,619**	71,619
Impairment losses	**(7,356)**	(7,356)
	177,906	177,906
Capital contribution through issue of ordinary shares to employees of subsidiaries at no consideration under FRS 102 Share-based Payment	**5,863**	5,863
	183,769	183,769
Loans and receivables		
Loans to subsidiaries	**329,785**	317,626
	513,554	501,395
Market value of quoted shares	**91,323**	85,058

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

Impairment testing of investment in subsidiaries

During the financial year, management performed an impairment test for the investment in subsidiaries. There is no impairment loss recognised for the year ended 31 December 2016. An impairment loss of $216,000 was recognised for the year ended 31 December 2015 to write down the subsidiary to its recoverable amount of $Nil.

Included in the loans made to subsidiaries is an unsecured loan of $139,382,000 (2015: $128,413,000) bearing interest at a rate of 3.1% to 7% (2015: 1.6% to 7%) with no fixed terms of repayment. Except for this loan, loans to subsidiaries are unsecured, interest-free and repayable on demand.

At the end of the reporting period, the Company has provided an allowance of $8,261,000 (2015: $8,261,000) for impairment on the loans due from its subsidiaries with a nominal amount of $34,021,000 (2015: $32,830,000). These subsidiaries have been suffering significant financial losses.

During the financial year ended 31 December 2016, the Company has provided an allowance of $Nil (2015: $30,000).

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for the financial year ended 31 December 2016

16. Subsidiaries (cont'd)

Acquisition of ownership interest in subsidiary, without loss of control in 2015

On 6 February 2015, the Group acquired the remaining 6.30% equity interest in Beruwela Walk Inn Limited ("BWIL"), formerly known as Beruwela Walk Inn PLC, from its non-controlling interests for a cash consideration of $66,000. As a result of this acquisition, BWIL became a wholly-owned subsidiary of the Group. The carrying value of the net liabilities of BWIL at 6 February 2015 was $3,048,000 and the carrying value of the additional interest acquired was net liabilities of $188,000. The difference of $254,000 has been recognised as "Premium paid on acquisition of non-controlling interests" within the statement of changes in equity.

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

	$'000
Consideration paid for acquisition of non-controlling interests	66
Changes in equity attributable to non-controlling interests	188
Decrease in equity attributable to owners of the Company	254

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	
				2016 $'000	2015 $'000	2016 %	2015 %
(i)	***Held by the Company***						
(1)	Banyan Tree Corporate Pte. Ltd.	Provision of resort, spa, project and golf management services	Singapore	**5,466**	5,466	**100**	100
(1)	Banyan Tree Investments Pte. Ltd.	Property holding	Singapore	**10,673**	10,673	**100**	100
(8)	Banyan Tree China Holdings Pte. Ltd.	Investment holding	Singapore	**	**	**100**	100
(8)	Banyan Tree Capital Pte. Ltd.	Business management and consultancy services	Singapore	**500**	500	**100**	100
(8)	Prestige Global Services Pte. Ltd.	Own and manage intellectual property for and on behalf of Banyan Tree Group	Singapore	**	**	**100**	100
(1)	Banyan Tree Indochina Holdings Pte. Ltd.	Investment holding	Singapore	**	**	**100**	100
(8)	Banyan Tree Indochina Management (Singapore) Pte. Ltd.	Investment holding	Singapore	**	**	**100**	100

16. Subsidiaries (cont'd)

Details of the subsidiaries at the end of the financial year are as follows (cont'd):

	Name of subsidiary	Principal activities	Place of incorporation	Cost of investment		Effective equity held by the Group	
				2016 $'000	2015 $'000	2016 %	2015 %
(i)	***Held by the Company*** (cont'd)						
(1)	Banyan Tree Services Pte. Ltd.	Investment holding	Singapore	**	**	**100**	100
(8)	Brand Management Pte. Ltd.	Provision of consultancy services	Singapore	**	**	**100**	100
(2) ***	Laguna Resorts & Hotels Public Company Limited	Hotel and property development business	Thailand	**71,619**	71,619	**65.75**	65.75
(12)	Tibet Lhasa Banyan Tree Resorts Limited	Construction and management of hotels and spas	China	**5,097**	5,097	**100**	100
(2)	Banyan Tree Properties (HK) Limited	Investment holding	Hong Kong	**	**	**100**	100
(2)	Vabbinvest Maldives Pvt Ltd	Operation of holiday resorts	Maldives	**4,163**	4,163	**100**	100
(2)	Maldives Bay Pvt Ltd	Development and management of resorts, hotels and spas	Maldives	**49,934**	49,934	**100**	100
(2)	Maldives Cape Pvt Ltd	Development and management of resorts, hotels and spas	Maldives	**	**	**100**	100
(11)	Hill View Resorts Holdings Limited	Investment holding	British Virgin Islands	**25,751**	25,751	**100**	100
(2)	Banyan Tree Resorts & Spas (Morocco) S.A.	Provision of management, operation services and ancillary services related to the hospitality industry	Morocco	**9,883**	9,883	**100**	100
(3)	Beruwela Walk Inn Limited	Operation of hotel resorts	Sri Lanka	**856**	856	**100**	100
(2)	PT. Heritage Resorts & Spas	Tourism management consultancy services	Indonesia	**1,319**	1,319	**100**	100
				185,261	185,261		

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for the financial year ended 31 December 2016

16. Subsidiaries (cont'd)

	Name of subsidiary	Principal activities	Place of incorporation	Effective equity held by the Group 2016 %	Effective equity held by the Group 2015 %
(ii)	***Held through subsidiaries***				
(1)	Hotelspa Pte. Ltd.	Investment holding	Singapore	**100**	100
(1)	Banyan Tree Gallery (Singapore) Pte Ltd	Sale of merchandise	Singapore	**82.53**	82.53
(8)	Banyan Tree Dunhuang (S) Pte. Ltd.	Investment holding	Singapore	**100**	100
(8)	Sanctuary Chengdu Development Company No. 3 (S) Pte. Ltd.	Investment holding	Singapore	**100**	100
(8)	Sanctuary Chengdu Development Company No. 1 (S) Pte. Ltd.	Investment holding	Singapore	**100**	100
(8)	Sanctuary Lijiang (S) Pte. Ltd.	Investment holding	Singapore	**100**	100
(8)	Sanctuary Jiwa Renga (S) Pte. Ltd.	Investment holding	Singapore	**100**	100
(8)	Global Investments Pte. Ltd. (formerly known as Banyan Tree Anhui (S) Pte. Ltd.)	Investment holding	Singapore	**100**	100
(8)	Banyan Tree Indochina Pte. Ltd.	Business management and consultancy services	Singapore	**100**	100
(1)	Architrave Design & Planning Services Pte. Ltd.	Provision of design, planning and consultancy services for hotels, resorts and spas	Singapore	**100**	100
(1)	GPS Development Services Pte. Ltd.	Provision of purchasing and project services for hotels, resorts and spas	Singapore	**100**	100
(1)	Banyan Tree Marketing Group Pte. Ltd.	Provision of marketing services	Singapore	**100**	100
(1)	Banyan Tree Hotels & Resorts Pte. Ltd.	Hotel management consultancy services	Singapore	**100**	100
(8)	Sanctuary Chengdu Development Company No. 4 (S) Pte. Ltd.	Investment holding	Singapore	**100**	100
(1)	BT Development Singapore Pte. Ltd.	Investment holding	Singapore	**100**	100
(8)	Banyan Tree Management (S) Pte. Ltd.	Hotel management	Singapore	**100**	100
(1)	Banyan Tree Spas Pte. Ltd.	Operation of spas	Singapore	**100**	100
(2)	Banyan Tree Mkg (HK) Limited	Provision of marketing services	Hong Kong	**100**	100
(2)	Banyan Tree Resorts & Spas (Thailand) Company Limited	Provision of spa services	Thailand	**100**	100
(2)	Banyan Tree Hotels & Resorts (Thailand) Limited	Provision of hotel management services	Thailand	**100**	100
(2)	TWR – Holdings Limited	Investment holding and property development	Thailand	**65.75**	65.75
(2)	Laguna Holiday Club Limited	Holiday club membership and property development	Thailand	**65.75**	65.75
(2)	Laguna (3) Limited	Property development	Thailand	**65.75**	65.75

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

	Name of subsidiary	Principal activities	Place of incorporation	Effective equity held by the Group 2016 %	2015 %
(ii)	***Held through subsidiaries*** (cont'd)				
(2)	Banyan Tree Gallery (Thailand) Limited	Sale of merchandise	Thailand	**82.53**	82.53
(2)	Pai Samart Development Company Limited	Property development	Thailand	**65.75**	65.75
(2)	Mae Chan Property Company Limited	Property development	Thailand	**65.75**	65.75
(2)	Phuket Resort Development Limited	Property development	Thailand	**65.75**	65.75
(2)	Laguna Grande Limited	Operation of golf club and property development	Thailand	**65.75**	65.75
(2)	Laguna Banyan Tree Limited	Hotel operations and property development	Thailand	**65.75**	65.75
(2)(10)	Talang Development Company Limited	Property development	Thailand	**32.88**	32.88
(2)	Twin Waters Development Company Limited	Property development	Thailand	**65.75**	65.75
(2)	Bangtao (1) Limited	Property development	Thailand	**65.75**	65.75
(2)	Bangtao (2) Limited	Property development	Thailand	**65.75**	65.75
(2)	Bangtao (3) Limited	Property development	Thailand	**65.75**	65.75
(2)	Bangtao (4) Limited	Property development	Thailand	**65.75**	65.75
(2)	Bangtao Development Limited	Property development	Thailand	**65.75**	65.75
(2)	Bangtao Grande Limited	Hotel operations	Thailand	**65.75**	65.75
(2)	Laguna Central Limited	Dormant	Thailand	**55.89**	55.89
(2)(10)	Laguna Service Company Limited	Provision of utilities and other services to hotels owned by the subsidiaries	Thailand	**47.93**	47.93
(2)	Thai Wah Plaza Limited	Hotel operations, lease of office building space and property development	Thailand	**65.75**	65.75
(2)	Thai Wah Tower Company Limited	Lease of office building space	Thailand	**65.75**	65.75
(2)	Thai Wah Tower (2) Company Limited	Property development	Thailand	**65.75**	65.75
(2)(10)	Laguna Excursions Limited	Travel operations	Thailand	**32.22**	32.22
(2)	Laguna Lakes Limited	Property development	Thailand	**62.46**	62.46
(2)	Laguna Village Limited	Hotel operations	Thailand	**65.75**	65.75
(17)	LVCL (Thailand) Co., Ltd	Provision of project development services	Thailand	**–**	100
(2)	Wanyue Leisure Health (Shanghai) Co., Ltd	Operation of spas	China	**100**	100
(2)	Zhongdian Jiantang Hotel Limited	Hotel services	China	**80**	80
(2)	Jiwa Renga Resorts Limited	Hotel construction and operation	China	**96**	96

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16. Subsidiaries (cont'd)

	Name of subsidiary	Principal activities	Place of incorporation	Effective equity held by the Group 2016 %	Effective equity held by the Group 2015 %
(ii)	***Held through subsidiaries*** (cont'd)				
(2)	Banyan Tree Hotels Management (Beijing) Co., Ltd	Provision of operation and management services for property, spas and food and beverage, and consulting services for hotel design and tourism information	China	**100**	100
(2)	Lijiang Banyan Tree Property Service Company Limited	Hotel management	China	**87.04**	87.04
(2)	Lijiang Banyan Tree Hotel Co., Ltd	Hotel operations and property development	China	**83.20**	83.20
(14)	Dunhuang Banyan Tree Hotel Company Limited	Develop, own and operate hotels and resorts in China	China	**100**	100
(2)	Banyan Tree Lijiang International Travel Service Co., Ltd	Provision of travel agency services	China	**83.20**	83.20
(2)	Lijiang Banyan Tree Gallery Trading Company Limited	Trading and retailing of consumer goods in resorts	China	**82.53**	82.53
(9)	Tianjin Banyan Tree Capital Investment Management Co., Ltd.	Investment management and related consulting services	China	**100**	100
(2)	Banyan Tree Hotels Management (Tianjin) Co., Ltd.	Consultant and operator of hotels/resorts, residences, spas, food and beverage including ancillary services related to the hospitality industry	China	**100**	100
(16)	Yueliang Architectural Design Consulting (Shanghai), Co. Ltd	Provision of spas architect & design services	China	**100**	100
(16)	Xiangrong Business Consulting (Shanghai) Co., Ltd	Provision of project management and materials procurement services	China	**100**	100
(2)	Chengdu Banyan Tree No. 1 Property Co., Ltd	Residential property development	China	**100**	100
(2)	Chengdu Banyan Tree No. 3 Property Co., Ltd	Commercial property development	China	**100**	100
(2)	Chengdu Banyan Tree No. 4 Property Co., Ltd	Residential property development	China	**100**	100
(2)	Chengdu Laguna Property Service Co., Ltd.	Property management	China	**100**	100
(2)	Banyan Tree Marketing (Shanghai) Co., Ltd	Provision of marketing services	China	**100**	100
(5)	BT Development No. 1 Pty Ltd	Development of residential property	Australia	**100**	100
(2)	Banyan Tree Resorts Limited	Provision of resort management services	Hong Kong	**100**	100
(2)	Banyan Tree Spa (HK) Limited	Provision of spa management services	Hong Kong	**100**	100
(4)	Cheer Golden Limited	Investment holding	Hong Kong	**65.75**	65.75
(2)	Triumph International Holdings Limited	Investment holding	Hong Kong	**80**	80
(2)	Northpoint Investments Limited	Investment holding	Hong Kong	**100**	100

16. Subsidiaries (cont'd)

	Name of subsidiary	Principal activities	Place of incorporation	Effective equity held by the Group 2016 %	Effective equity held by the Group 2015 %
(ii)	***Held through subsidiaries*** (cont'd)				
(2)	Banyan Tree Investment Holdings (HK) Limited	Investment holding	Hong Kong	**100**	100
(11)	Banyan Tree Hotels & Resorts Korea Limited	Provision of hotel management services	Korea	**100**	100
(8)	Banyan Tree Indochina (GP) Company Limited	Manage and operate the Banyan Tree Indochina Hospitality Fund, L.P.	Cayman Islands	**100**	100
(11)	Jayanne International Limited	Investment holding	British Virgin Islands	**100**	100
(11)	Club Management Limited	Provision of resort and hotel management and operation services and ancillary services related to the hospitality industry	British Virgin Islands	**100**	100
(11)	Lindere Villas Limited	Investment holding	British Virgin Islands	**100**	100
(11) (18)	Resort Holdings Limited	Investment holding	British Virgin Islands	**100**	100
(15)	PT. AVC Indonesia	Holiday club membership	Indonesia	**65.75**	65.75
(2)	PT. Management Banyan Tree Resorts & Spas	Provision of consultation and management services of the international hotels marketing	Indonesia	**100**	100
(2)	PT. Banyan Tree Management	Provision of hotel management services	Indonesia	**100**	100
(2)	PT Cassia Resorts Investments	Hotel operations and property development	Indonesia	**100**	100
(5)	PT Leisure Development Bintan	Hotel operations and property development	Indonesia	**100**	100
(2)	Banyan Tree MX S.A. De C.V.	Provision of business management services, resort and hotel management, operation services and ancillary services related to the hospitality industry	Mexico	**100**	100
(5)	Banyan Tree Servicios S.A. De C.V.	Provision of business management services, resort and hotel management, operation services and ancillary services related to the hospitality industry	Mexico	**100**	100
(11)	Banyan Tree Guam Limited	Business office operation service and operation of spa facilities	Guam	**100**	100
(2)	Banyan Tree Spas Sdn. Bhd.	Operation of spas	Malaysia	**100**	100
(11)	Banyan Tree Japan Yugen Kaisha	Operation of spas	Japan	**100**	100
(2)	Heritage Spas Egypt LLC	Operation and investment in resorts, spas and retail outlets	Egypt	**100**	100
(2)	Banyan Tree (Private) Limited	Operation of spas	Sri Lanka	**100**	100
(6)	Heritage Spas South Africa (Pty) Ltd	Operation and investment in resorts, spas and retail outlets	South Africa	**100**	100
(2)	Heritage Spas Dubai LLC	Operation of spas	Dubai	**100**	100

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16. Subsidiaries (cont'd)

	Name of subsidiary	Principal activities	Place of incorporation	Effective equity held by the Group 2016 %	2015 %
(ii)	***Held through subsidiaries*** (cont'd)				
(2)	Maldives Angsana Pvt Ltd	Operation of holiday resorts	Maldives	**100**	100
(5)	Keelbay Pty Ltd	Development of residential property	Australia	**100**	100
(7)	Jayanne (Seychelles) Limited	Own, buy, sell, take on lease, develop or otherwise deal in immovable property	Seychelles	**100**	100
(7)	Hill View Resorts (Seychelles) Limited	Hotel operations	Seychelles	**100**	100
(7)	Lindere Villas (Seychelles) Limited	Investment holding	Seychelles	**100**	100
(2)	Banyan Tree Mkg (UK) Ltd	Provision of marketing services	United Kingdom	**100**	100
(11) (19)	Banyan Tree Mkg (USA), Inc	Provision of marketing services	United States of America	**–**	100
(2)	BT Investments Holdings Phils. Inc.	Investment holding	Philippines	**97.85**	97.85
(2)	Banyan Tree Hotels (Cyprus) Ltd	Provision of management consultancy and hotel design services	Cyprus	**100**	100
(13)	Green Transportation SARL AU	Provision of tourist transportation activities	Morocco	**100**	100
(2)	Banyan Tree Indochina Co., Ltd.	Provision of project supervision and management service	Vietnam	**100**	100

(1) Audited by Ernst & Young LLP, Singapore.
(2) Audited by member firms of Ernst & Young Global in the respective countries.
(3) Audited by Tudor V.P. & Co.
(4) Audited by RSM Nelson Wheeler.
(5) Not required to be audited as the company is exempted from audit.
(6) Audited by Mazars.
(7) Audited by BDO Seychelles.
(8) Audited by A Garanzia LLP.
(9) Audited by RSM China CPAs.
(10) These companies are subsidiaries of LRH which in turn are subsidiaries of the Group. Management of the Group is of the view that these companies should be consolidated as subsidiaries in the consolidated financial statements as the Group has control over them through LRH.
(11) Not required to be audited under the laws of country of incorporation.
(12) Audited by Tibet Zhongrong Certified Public Accountant.
(13) Not required to be audited as the company has not commenced operation as at 31 December 2016.
(14) Audited by Dunhuang Fang Zheng Certified Public Accountant.
(15) Audited by RSM AAJ Associates.
(16) Audited by Shanghai Zhong Qin Wan Xin Certified Public Accountant.
(17) Voluntary liquidation completed on 10 August 2016.
(18) In the process of voluntary liquidation.
(19) Dissolved with effect from 1 July 2016.
* Investment transferred from being held through a subsidiary to be held by the holding company during the year.
** Cost of investment is less than $1,000.
*** As at 31 December 2016, 24.40% (2015: 25.55%) of the issued and paid up capital of Laguna Resorts & Hotels Public Company Limited ("LRH") is held by Thai Trust Fund Management Company Limited ("TTFMC") and Thai NVDR Company Limited (a subsidiary wholly-owned by the Stock Exchange of Thailand issuing "Non-Voting Depository Receipt") ("TNVDR"). Pursuant to the provisions of their prospectus, TTFMC and TNVDR will not attend nor vote in any shareholders' meeting of LRH other than delisting.

Of the effective equity held by the Group of 65.75% in LRH, 10.90% (2015: 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 72.55% (2015: 73.67%) and the voting rights held by the non-controlling interest in the subsidiary amount to 27.45% (2015: 26.33%).

Of the effective equity held by the non-controlling interest of 34.25% in LRH, 3.18% (2015: 3.18%) and 10.32% (2015: 11.47%) 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 27.45% (2015: 26.33%).

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

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

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

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Profit allocated to NCI during the reporting period $'000	Accumulated NCI at the end of reporting period $'000	Dividends paid to NCI $'000
31 December 2016:					
Laguna Resorts & Hotels Public Company Limited	Thailand	**34.25%**	**9,975**	**169,608**	**1,159**
31 December 2015:					
Laguna Resorts & Hotels Public Company Limited	Thailand	34.25%	2,722	150,971	294

Summarised financial information about subsidiary with material NCI

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

Summarised balance sheet

	Laguna Resorts & Hotels Public Company Limited	
	As at 31 December 2016 $'000	As at 31 December 2015 $'000
Current		
Assets	**207,212**	222,950
Liabilities	**(100,990)**	(106,602)
Net current assets	**106,222**	116,348
Non-current		
Assets	**634,681**	574,986
Liabilities	**(229,987)**	(230,969)
Net non-current assets	**404,694**	344,017
Net assets	**510,916**	460,365

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for the financial year ended 31 December 2016

16. Subsidiaries (cont'd)

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

Summarised statement of comprehensive income

	Laguna Resorts & Hotels Public Company Limited	
	2016 $'000	**2015 $'000**
Revenue	**221,184**	225,953
Profit before taxation	**31,177**	11,513
Income tax expense	**(4,842)**	(5,359)
Profit after taxation	**26,335**	6,154
Other comprehensive income	**14,826**	4,807
Total comprehensive income	**41,161**	10,961

Other summarised information

	Laguna Resorts & Hotels Public Company Limited	
	2016 $'000	**2015 $'000**
Net cash flows (used in)/generated from operations	**(10,357)**	19,693
Acquisition of significant property, plant and equipment	**(12,966)**	(18,601)

17. Associates

	GROUP		COMPANY	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Quoted and unquoted equity shares, at cost	**94,657**	942	**869**	869
Share of post-acquisition reserves	**83**	49	**–**	–
Impairment loss	**(679)**	(679)	**–**	–
Net exchange differences	**(177)**	(152)	**–**	–
	93,884	160	**869**	869
Fair value of investment in an associate for which there is a published price quotation	**33,042**	–	**–**	–

17. Associates (cont'd)

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

	Name of associate	Principal activities	Place of incorporation	Effective equity held by the Group 2016 %	Effective equity held by the Group 2015 %
	Held through subsidiaries				
(2)(3)	Thai Wah Public Company Limited	Manufacture and distribution of vermicelli, tapioca starch and other food products	Thailand	**6.59**	–
(1)(3)	Banyan Tree Indochina Hospitality Fund, L.P.	Business of a real estate development fund, focused on the hospitality sector in Vietnam	Cayman Islands	**15.84**	–

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

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

(3) The results of these associates were equity accounted for in the consolidated financial statements notwithstanding that the Group holds less than 20% of the voting power in these companies. The Group is deemed to exercise significant influence by virtue of its representation on the board/governing committees of these entities.

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

The summarised financial information in respect of TWPC 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 2016 $'000	Thai Wah Public Company Limited 2015 $'000	Banyan Tree Indochina Hospitality Fund, L.P. 2016 $'000	Banyan Tree Indochina Hospitality Fund, L.P. 2015 $'000
Assets and liabilities:				
Current assets	**111,882**	–	**233**	–
Non-current assets	**144,239**	–	**311,046**	–
Current liabilities	**(30,007)**	–	**(1,605)**	–
Non-current liabilities	**(12,323)**	–	**–**	–
Non-controlling interests	**(9,800)**	–	**–**	–
Net assets	**203,991**	–	**309,674**	–
Proportion of the Group's ownership	**6.59%**	–	**15.84%**	–
Group's share of net assets	**13,443**	–	**49,052**	–
Excess of investment cost over net asset value	**17,655**	–	**6,029**	–
Carrying amount of the investment	**31,098**	–	**55,081**	–

As at 31 December 2016, the Group is in the process of assessing the fair value of identifiable assets acquired and liabilities assumed at the acquisition date. The assessment process is ongoing and mainly relates to the identification and valuation of intangible assets and certain tangible assets. The assessment shall be completed within measurement period of twelve months from the acquisition date pursuant to the period allowed by FRS 103.

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17. 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 deficit were $7,312,000 (2015: $6,052,000) and $598,000 (2015: $313,000) respectively. The Group's share of the current year's unrecognised losses was $1,080,000 (2015: $1,282,000).

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:

	2016 $'000	2015 $'000
Assets and liabilities*:		
Current assets	**19,403**	17,294
Non-current assets	**92,043**	49,538
Total assets	**111,446**	66,832
Current liabilities	**(89,430)**	(46,607)
Non-current liabilities	**(73,780)**	(63,536)
Total liabilities	**(163,210)**	(110,143)
Results:		
Revenue	**27,156**	28,379
Loss for the year	**(11,363)**	(12,296)
Other comprehensive (expense)/income	**(275)**	169
Total comprehensive income	**(11,638)**	(12,127)

* Included in assets and liabilities and total comprehensive income of associates is Tropical Resorts Limited's net liabilities position of $58,225,000 (2015: $45,130,000) and total comprehensive loss of $11,129,000 (2015: $10,650,000).

18. Long-term investments

	GROUP	
	2016 $'000	**2015 $'000**
Quoted investments		
Equity shares, at fair value	**2**	20,509
Unquoted investments		
Equity shares, at fair value	**–**	50,290
Equity shares, at cost	**17,796**	37,514
Less: Impairment in value of unquoted investments	**(2,911)**	(1,563)
Total unquoted investments	**14,885**	86,241
Total available-for-sale financial assets	**14,887**	106,750

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 2016, the Group has carried out an assessment of the recoverable amount of its long-term investments. An impairment loss of $1,350,000 (2015: $Nil), representing the write-down to the recoverable amount was recognised in profit or loss for the financial year ended 31 December 2016. The recoverable amount of the long-term investment is assessed using the value in use method with the discount rate and growth rate used was 10.8% and 5% respectively.

19. Prepaid island rental

	GROUP	
	2016 $'000	**2015 $'000**
At 1 January	**24,981**	25,047
Net exchange differences	**712**	1,535
Payment of island rental during the year	**1,382**	1,342
	27,075	27,924
Less: Amount charged to expenses during the year	**(2,167)**	(2,116)
Less: Reclassification to other receivables	**–**	(827)
At 31 December	**24,908**	24,981
Amount chargeable within 1 year (Note 25)	**2,069**	1,986
Amount chargeable after 1 year	**22,839**	22,995
	24,908	24,981

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 2016**	**Lease period 2015**
Maldives		
Vabbinfaru Island	1 May 1993 – 9 Apr 2045	1 May 1993 – 9 Apr 2045
Ihuru Island	16 Oct 2000 – 15 Oct 2044	16 Oct 2000 – 15 Oct 2044

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20. Long-term trade receivables

	GROUP	
	2016 $'000	**2015 $'000**
Loans and receivables		
Long-term trade receivables are repayable as follows:		
Within 12 months (Note 26)	**9,726**	8,042
Between 2 to 5 years	**23,874**	24,438
After 5 years	**5,219**	6,679
	29,093	31,117

Long-term trade receivables consist of:

(i) Receivables from property sales bear interest at rates ranging from 3% to 12%, Minimum Lending Rate (MLR) plus 0.5% per annum (2015: 5% to 12%, MLR plus 0.5% and the Group's cost of funds plus 0.5% per annum) and are repayable over an instalment period of 2 to 10 years (2015: 3 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 2016, the amounts due from the third party are $14,034,000 (2015: $13,897,000), out of which an amount of $11,527,000 (2015: $12,417,000) bears an interest rate of 6% per annum (2015: 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 repayable between 2 to 5 years.

Significant foreign currency denominated balances

	GROUP	
	2016 $'000	**2015 $'000**
US Dollars	**10,304**	11,121

At the end of the reporting period, the Group has provided for an allowance of $Nil (2015: $Nil) for impairment of the long-term trade receivables with a nominal amount of $2,507,000 (2015: $1,480,000). The allowance account for the financial year ended 31 December 2016 in relation to the long-term trade receivables is $579,000 (2015: $562,000).

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

Receivables subject to offsetting arrangements

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

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

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

	2015 $'000		
	Gross carrying amounts	**Gross amounts offset in the balance sheet**	**Net amounts in the balance sheet**
Description			
Trade receivables	4,034	(2,554)	1,480
Trade payables	2,554	(2,554)	–

21. Other receivables – non current

	GROUP	
	2016 $'000	**2015 $'000**
Loans and receivables		
Deposits	**3,504**	3,137
Loans to third parties	**7,664**	1,585
	11,168	4,722

Included in the loans made to third parties is an unsecured loan of $832,000 (2015: $Nil) bearing interest at a rate of 3.8% (2015: Nil%) with fixed terms of repayment, and an unsecured loan of $5,200,000 (2015: $Nil) bearing interest at a rate of 6.2% (2015: 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 will not demand repayment within the next twelve months.

22. Investment securities

	GROUP	
	2016 $'000	**2015 $'000**
Current		
Held-to-maturity investment		
SGD corporate bonds with interest rate ranging from Nil% (2015: 4.64% to 5.80%) and due date ranging from Nil (2015: 22 February 2016 to 21 June 2016)	–	2,512

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23. Property development costs

	GROUP 2016 $'000	GROUP 2015 $'000
Properties under development		
Cost incurred to date	**220,377**	282,091
Less: Allowance for foreseeable losses	**(3,801)**	(3,706)
	216,576	278,385
Properties held for sale	**35,219**	57,438
	251,795	335,823

	GROUP 2016 $'000	GROUP 2015 $'000
Amounts expected to be recovered:		
No more than 12 months	**43,564**	28,113
More than 12 months	**208,231**	307,710
	251,795	335,823

During the financial year, borrowing costs of $6,038,000 (2015: $4,533,000) arising from borrowings obtained specifically for the development property were capitalised under properties under development.

Details of the properties as at 31 December 2016 are as follows:

Description	Location of property	Estimated completion %	Existing use of property	Gross floor area (Sq meter)	Estimated completion date	Effective equity held by the Group %
Banyan Tree Bangkok Apartments	Bangkok, Thailand	100	Held for sale	1,271	Completed	65.75
Banyan Tree Phuket Double Pool Villas	Phuket, Thailand	100	Held for sale	1,804	Completed	65.75
Laguna Village Lofts	Phuket, Thailand	100	Held for sale	2,448	Completed	65.75
Cassia Phuket Phase 1	Phuket, Thailand	100	Held for sale	2,450	Completed	65.75
Cassia Phuket Phase 2	Phuket, Thailand	–	Under construction	5,064	May 2018	65.75
Laguna Park Phuket Townhome and Villas	Phuket, Thailand	80	Under construction	26,551	December 2018	65.75
Laguna Village Residences	Phuket, Thailand	53	Under construction	4,697	December 2018	65.75
Banyan Tree Grand Residence Phase 1	Phuket, Thailand	24	Under construction	15,485	December 2025	65.75
Banyan Tree Residences, Brisbane	Brisbane, Australia	–	Under construction	15,058	April 2019	100
Northpoint, Australia	Northpoint, Australia	–	Under construction	4,424	–	100
Banyan Tree Lijiang Phase 1 extension *	Lijiang, China	100	Held for sale	523	Completed	83.20
Cassia Lijiang *	Lijiang, China	8	Under construction	12,660	–	83.20
Laguna Chengdu *	Wenjiang, China	29	Under construction	104,040	June 2021	100
Banyan Tree Bintan	Bintan, Indonesia	100	Held for sale	6,080	Completed	100

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

23. Property development costs (cont'd)

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

Description	Location of property	Estimated completion %	Existing use of property	Gross floor area (Sq meter)	Estimated completion date	Effective equity held by the Group %
Cassia Bintan Phase 1	Bintan, Indonesia	50	Under construction	7,706	May 2017	100
Cassia Bintan Phase 2	Bintan, Indonesia	24	Under construction	6,497	August 2017	100

Details of the properties as at 31 December 2015 are as follows:

Description	Location of property	Estimated completion %	Existing use of property	Gross floor area (Sq meter)	Estimated completion date	Effective equity held by the Group %
Banyan Tree Bangkok Apartments	Bangkok, Thailand	100	Held for sale	1,152	Completed	65.75
Banyan Tree Phuket Double Pool Villas	Phuket, Thailand	100	Held for sale	1,804	Completed	65.75
Laguna Village Lofts	Phuket, Thailand	100	Held for sale	2,585	Completed	65.75
Cassia Phuket Phase 1	Phuket, Thailand	100	Held for sale	3,779	Completed	65.75
Laguna Park Phuket Townhome and Villas	Phuket, Thailand	74	Under construction	43,010	December 2016	65.75
Laguna Village Residences	Phuket, Thailand	47	Under construction	4,697	December 2018	65.75
Banyan Tree Lijiang Phase 1 extension	Lijiang, China	100	Held for sale	523	Completed	83.20
Laguna Chengdu	Wenjiang, China	23	Under construction	104,040	June 2019	100
Banyan Tree Bintan	Bintan, Indonesia	100	Held for sale	6,080	Completed	100
Cassia Bintan Phase 1	Bintan, Indonesia	19	Under construction	7,706	December 2016	100

24. Inventories

	GROUP	
	2016 $'000	**2015 $'000**
Balance sheet:		
Food and beverage, at cost	**2,036**	2,001
Trading goods and supplies, at cost	**5,295**	6,222
Materials, at cost	**2,067**	2,350
	9,398	10,573
Income statement inclusive of the following charge:		
- Inventories recognised as an expense in cost of sales	**25,663**	26,254
- Inventories written down (Note 7)	**62**	105

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25. Prepayments and other non-financial assets - current

	GROUP		COMPANY	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Prepayments	**7,434**	7,376	**128**	146
Prepaid island rental – current portion (Note 19)	**2,069**	1,986	**–**	–
Advances to suppliers	**2,559**	4,427	**–**	–
Goods and services tax/value-added tax receivable	**3,408**	3,666	**–**	–
Others	**3,213**	3,354	**6**	14
	18,683	20,809	**134**	160

26. Trade receivables

	GROUP	
	2016 $'000	2015 $'000
Loans and receivables		
Trade receivables	**52,956**	80,062
Current portion of long-term trade receivables (Note 20)	**9,726**	8,042
	62,682	88,104
Less: Allowance for doubtful debts	**(19,527)**	(21,878)
	43,155	66,226

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

Significant foreign currency denominated balances

	GROUP	
	2016 $'000	2015 $'000
US Dollars	**6,467**	16,661

Receivables that are past due but not impaired

The Group has trade receivables amounting to $21,045,000 (2015: $37,781,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their ageing at the end of the reporting period is as follows:

	GROUP	
	2016 $'000	2015 $'000
Trade receivables past due but not impaired:		
Less than 30 days	**9,331**	10,529
30 to 60 days	**2,645**	3,987
61 to 90 days	**2,048**	2,431
More than 90 days	**7,021**	20,834
	21,045	37,781

26. Trade receivables (cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	GROUP	
	2016 $'000	2015 $'000
Trade receivables – nominal amounts	**19,527**	21,878
Less: Allowance for doubtful debts	**(19,527)**	(21,878)
	–	–
Movement in allowance accounts:		
At 1 January	**21,878**	10,391
Charge for the year	**2,223**	11,393
Utilisation	**(4,383)**	(280)
Exchange differences	**(191)**	374
At 31 December	**19,527**	21,878

It is the Group's policy not to provide for general allowance in respect of doubtful debts and allowance is only made for debts that have been determined as uncollectible in accordance to Note 2.18 (a).

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Receivables subject to offsetting arrangements

The Group regularly provides spa treatment services to in-house guests of Vineyard Hotel & Spa. The Group will be regularly charged by Vineyard Hotel & Spa for rental, utilities and other miscellaneous expenses incurred on behalf of the Group. Both parties have an arrangement to settle the net amount due to or from each other on a 30 days' term basis.

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

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

	2015 $'000		
	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Description			
Trade receivables	130	(124)	6
Trade payables	124	(124)	–

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27. Other receivables - current

	GROUP		COMPANY	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Loans and receivables				
Deposits	**1,563**	1,484	**38**	4
Interest receivable	**12**	77	**9**	56
Staff advances	**389**	377	**–**	–
Insurance recoverable	**105**	815	**–**	–
Other recoverable expenses	**3,280**	1,886	**–**	–
Other receivables	**3,582**	9,250	**23**	87
	8,931	13,889	**70**	147

28. Amounts due from/(to) subsidiaries

	COMPANY	
	2016 $'000	**2015 $'000**
Loans and receivables		
Amounts due from subsidiaries		
- non-trade	**207,538**	198,317
Financial liabilities at amortised cost		
Amounts due to subsidiaries		
- non-trade	**(46,699)**	(50,812)

The amounts due from/(to) subsidiaries are unsecured, interest-free and repayable on demand.

At the end of the reporting period, the Company has provided for an allowance of $300,000 (2015: $Nil) for impairment of the amounts due from its subsidiaries with a nominal amount of $9,734,000 (2015: $5,107,000). The allowance account for the financial year ended 31 December 2016 in relation to the amounts due from the subsidiaries is $3,836,000 (2015: $3,536,000).

29. Amounts due from/(to) associates

	GROUP		COMPANY	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Loans and receivables				
Amounts due from associates				
- trade	**224**	59	**–**	–
Less: Allowance for doubtful debts	**(21)**	(21)	**–**	–
	203	38	**–**	–
Financial liabilities at amortised cost				
Amounts due to associates				
- trade	**(5)**	(32)	**–**	–

30. Amounts due from/(to) related parties

	GROUP		COMPANY	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Loans and receivables				
Amounts due from related parties				
- trade	**21,994**	18,599	**–**	–
- non-trade	**5**	43	**1**	–
	21,999	18,642	**1**	–
Financial liabilities at amortised cost				
Amounts due to related parties				
- trade	**(521)**	(168)	**–**	–
- non-trade	**(343)**	(934)	**–**	–
	(864)	(1,102)	**–**	–

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

Significant foreign currency denominated balances

	GROUP		COMPANY	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
US Dollars	**11,053**	15,933	**–**	–

31. Cash and short-term deposits

	GROUP		COMPANY	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Loans and receivables				
Cash on hand and at bank	**82,654**	98,044	**5,986**	9,674
Short-term deposits, unsecured	**26,113**	67,619	**22,066**	59,447
	108,767	165,663	**28,052**	69,121
Significant foreign currency denominated balances				
US Dollars	**21,575**	19,393	**2,983**	4,681

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The range of interest rates as at 31 December 2016 for the Group and the Company were 0.13% to 2.00% (2015: 0.13% to 2.50%) and 0.40% to 1.59% (2015: 0.25% to 1.59%) respectively.

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31. Cash and short-term deposits (cont'd)

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

	GROUP	
	2016 $'000	**2015 $'000**
Cash and short-term deposits	**108,767**	165,663
Cash and short-term deposits under assets of disposal group classified as held for sale (Note 32)	**5,060**	–
	113,827	165,663
Bank overdrafts (Note 34)	**–**	(187)
Cash and cash equivalents	**113,827**	165,476

32. Disposal group classified as held for sale

On 23 January 2017, the Company entered into binding term sheets with China Vanke Co., Ltd (Vanke) to create a joint venture entity, Banyan Tree China (BTC). 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 BTC 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". The disposal is expected to be completed in year 2017.

The major classes of assets and liabilities classified as held for sale as at 31 December 2016 are as follows:

	GROUP
	2016 $'000
Property, plant and equipment (Note 12)	**51,434**
Land use rights (Note 15)	**7,612**
Long-term investments	**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 31)	**5,060**
Assets of disposal group classified as held for sale	**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	**163,710**

33. Other non-financial liabilities - current

	GROUP		COMPANY	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Advances received from customers	**19,183**	29,061	**–**	–
Deferred membership fee	**837**	710	**–**	–
Goods and services tax/value-added tax payable	**7,059**	6,928	**403**	336
Others	**5,722**	4,686	**111**	126
	32,801	41,385	**514**	462

34. Interest-bearing loans and borrowings

		GROUP		COMPANY	
	Maturity	**2016 $'000**	**2015 $'000**	**2016 $'000**	**2015 $'000**
Financial liabilities at amortised cost					
Current liabilities					
Secured bank loans	2017	**54,981**	54,313	**6,608**	2,608
Unsecured bank loans	2017	**43,000**	35,250	**35,000**	30,000
Bank overdrafts	–	**–**	187	**–**	–
		97,981	89,750	**41,608**	32,608
Non-current liabilities					
Secured bank loans	2018-2023	**125,687**	148,144	**7,572**	10,179
Unsecured bank loans	–	**–**	23,000	**–**	20,000
		125,687	171,144	**7,572**	30,179
Total		**223,668**	260,894	**49,180**	62,787

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

	GROUP	
	2016 $'000	**2015 $'000**
Freehold land and buildings (Note 12)	**363,666**	265,552
Investment properties (Note 13)	**24,835**	24,225
Leasehold buildings (Note 12)	**38,638**	44,795
Property development costs	**53,585**	63,654
Other assets	**1,065**	1,227
	481,789	399,453

The secured bank loans of the Company are secured by freehold land and buildings of its subsidiaries, amounting to $50,719,000 (2015: $50,170,000).

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35. Notes payable

Notes payable are unsecured, interest bearing and payable semi-annually.

	Interest rate	Maturity	GROUP AND COMPANY 2016 $'000	2015 $'000
Fixed rate notes:				
- $50 million	6.250%	30 May 2017	**49,875**	49,574
- $70 million	5.750%	31 July 2018	**69,650**	69,430
- $50 million	5.350%	26 November 2018	**49,764**	49,635
- $125 million	4.875%	3 June 2019	**124,236**	123,920
- $100 million	4.850%	5 June 2020	**99,392**	99,213
			392,917	391,772

	GROUP AND COMPANY 2016 $'000	2015 $'000
Notes payable are repayable as follows:		
Within 12 months	**49,031**	–
Between 2 to 5 years	**343,886**	391,772
	392,917	391,772

36. Other payables - current

	GROUP		COMPANY	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Financial liabilities at amortised cost				
Accrued operating expenses	**34,626**	36,995	**5,073**	4,918
Accrued service charges	**1,952**	1,680	**–**	–
Deposits	**8**	402	**–**	–
Sundry creditors	**1,372**	1,992	**126**	252
	37,958	41,069	**5,199**	5,170

37. Deferred income

	Government grants $'000	Others $'000	Total $'000
Cost			
At 1 January 2015	10,318	712	11,030
Write off for the year	–	(743)	(743)
Net exchange differences	194	31	225
At 31 December 2015 and 1 January 2016	**10,512**	**–**	**10,512**
Net exchange differences	**(436)**	**–**	**(436)**
At 31 December 2016	**10,076**	**–**	**10,076**
Accumulated amortisation			
At 1 January 2015	1,565	241	1,806
Amortisation for the year (Note 4)	266	–	266
Write off for the year	–	(247)	(247)
Net exchange differences	27	6	33
At 31 December 2015 and 1 January 2016	**1,858**	**–**	**1,858**
Amortisation for the year (Note 4)	**253**	**–**	**253**
Net exchange differences	**(76)**	**–**	**(76)**
At 31 December 2016	**2,035**	**–**	**2,035**
Net carrying amount:			
At 31 December 2016	**8,041**	**–**	**8,041**
At 31 December 2015	8,654	–	8,654

Included in deferred income is an amount of $8,041,000 (2015: $8,654,000) relating to government grants received for the acquisition of land use rights for tourism-related development activities undertaken by the Group's subsidiaries in People's Republic of China ("PRC") to promote the tourism industry. There are no unfulfilled conditions or contingencies attached to these grants.

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38. Deferred tax

	GROUP				COMPANY	
	Consolidated balance sheet		Consolidated income statement		Balance sheet	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Deferred tax liabilities:						
Differences in depreciation for tax purposes	**(2,625)**	(2,653)	**(100)**	102	**–**	–
Revaluation to fair value:						
- Freehold land and buildings	**(64,404)**	(54,004)	**44**	5,082	**–**	–
- Investment properties	**(6,480)**	(6,126)	**194**	22	**–**	–
- Available-for-sale financial assets	**–**	(1,484)	**–**	–	**–**	–
Temporary differences arising from revenue recognition	**(33,603)**	(33,088)	**146**	7,329	**–**	–
Provisions	**(55)**	(54)	**1**	(55)	**–**	–
Other items	**51**	(414)	**(411)**	(1,555)	**–**	–
	(107,116)	(97,823)			**–**	–
Deferred tax assets:						
Differences in depreciation for tax purposes	**675**	541	**(115)**	104	**–**	–
Temporary differences arising from revenue recognition	**168**	237	**63**	35	**–**	–
Provisions	**1,393**	1,135	**(217)**	(328)	**–**	–
Unutilised tax losses	**9,724**	12,426	**534**	(8,896)	**–**	–
Other items	**4,112**	3,937	**(65)**	(3,666)	**–**	–
	16,072	18,276			**–**	–
Deferred tax expense			**74**	(1,826)		

Unrecognised tax losses

The Group has tax losses of $33,955,000 as at 31 December 2016 (2015: $22,056,000) 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	
	2016 $'000	2015 $'000
Year of expiry:		
Within 1 year	**907**	1,084
Between 2 to 5 years	**27,345**	18,361
No expiry	**5,703**	2,611
	33,955	22,056

38. Deferred tax (cont'd)

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability (2015: $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 $143,953,000 (2015: $121,167,000). The unrecognised deferred tax liability is estimated to be $14,869,000 (2015: $12,506,000).

Tax consequences of proposed dividends

There are no income tax consequences (2015: $Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements.

39. 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	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Net benefit expense								
Current service cost	**91**	145	**103**	147	**46**	–	**240**	292
Interest cost on benefit obligation	**22**	55	**28**	46	**–**	–	**50**	101
Net actuarial loss recognised in the year	**–**	–	**–**	32	**–**	–	**–**	32
Net benefit expense	**113**	200	**131**	225	**46**	–	**290**	425
Net actuarial loss/(gain) recognised in other comprehensive income	**–**	527	**–**	–	**(12)**	–	**(12)**	527

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39. Defined and other long-term employee benefits (cont'd)

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

	LSP		LSA		MPB		Total	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
At 1 January	**1,740**	1,269	**1,315**	1,332	**–**	–	**3,055**	2,601
Interest cost	**22**	55	**28**	46	**–**	–	**50**	101
Current service cost	**91**	145	**103**	147	**46**	–	**240**	292
Benefits paid	**(211)**	(211)	**(271)**	(208)	**–**	–	**(482)**	(419)
Actuarial loss/(gain) on obligation	**–**	527	**–**	32	**(12)**	–	**(12)**	559
Exchange differences	**42**	(45)	**31**	(34)	**3**	–	**76**	(79)
At 31 December	**1,684**	1,740	**1,206**	1,315	**37**	–	**2,927**	3,055

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

	2016	2015
Discount rates	**2.75%**	2.75%
Future salary increases	**3.00%**	3.00%
Gold price (per Baht weight of gold)	**BHT 19,000**	BHT 19,000
Gold inflation	**3.00%**	3.00%
Attrition rate	Based on LRH Group's withdrawal experiences in prior years	

Amounts for the LSP and LSA obligations for the current and previous two periods are as follows:

GROUP	2016 $'000	2015 $'000	2014 $'000
LSP and LSA obligation	**2,890**	3,055	2,601
Experience adjustments on the plan liabilities	**–**	1,781	–

40. Share capital

	GROUP AND COMPANY			
	2016		2015	
	No. of shares	$'000	No. of shares	$'000
Issued and fully paid up				
At 1 January and 31 December	**761,402,280**	**199,995**	761,402,280	199,995

The holders of ordinary shares (except for treasury shares) are entitled to receive 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.

41. Treasury shares and reserves

(a) Treasury shares

	GROUP AND COMPANY			
	2016		2015	
	No. of shares	$'000	No. of shares	$'000
At 1 January	**(680,500)**	**(463)**	(1,392,900)	(947)
Reissued pursuant to Share-based Incentive Plan	**335,000**	**228**	712,400	484
At 31 December	**(345,500)**	**(235)**	(680,500)	(463)

Treasury shares relate to ordinary shares of the Company that is held by the Company. In 2007, the Company acquired 3,000,000 shares in the Company through purchases on the Singapore Exchange. The total amount paid to acquire the shares was $5,191,475 and this was presented as a component within shareholders' equity.

As of 31 December 2016, there are 345,500 (2015: 680,500) treasury shares held by the Company.

The Company reissued 335,000 (2015: 712,400) treasury shares pursuant to Share-based Incentive Plan at a weighted average exercise price of $0.587 (2015: $0.513) per share.

(b) Share-based payment reserve

The share-based payment reserve represents the equity-settled share grants granted to employees (Note 42). The reserve is made up of (i) the issue of free shares to employees in 2006 and (ii) the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share grants, less value of share grants issued to 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 and the Foreign Enterprise Law applicable to subsidiaries in the PRC.

The Group is required to set aside a statutory reserve of at least 5% of its net profit until the reserve reaches 10% of its registered share capital for its listed subsidiary in Thailand.

At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the Statutory Reserve Fund ("SRF") until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

(d) Property revaluation reserve

The property revaluation reserve is used to record increases in the fair value of revalued properties, net of deferred tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

(e) Currency translation reserve

The currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency and exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiaries.

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for the financial year ended 31 December 2016

41. Treasury shares and reserves (cont'd)

(f) Other reserves

Other reserves include the following:

(i) Merger deficit

The merger deficit comprises the difference between the consideration paid, in the form of the acquiring Company's shares and nominal value of the issued share capital of subsidiaries acquired.

(ii) Capital reserve

The capital reserve comprises a waiver of debt by the joint venture on amounts due by the Company and accounting of assets in subsidiaries at their fair values as at the acquisition date and cannot be used for dividend payments.

(iii) Fair value adjustment reserve

The fair value adjustment reserve records the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are derecognised or impaired.

(iv) Gain/(loss) on reissuance of treasury shares

This represents the gain or loss arising from the purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

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 2016	(18,038)	7,852	6,910	(3,329)	(3,111)	(9,716)
Other comprehensive income for the year	–	–	(6,668)	–	–	(6,668)
Total comprehensive income for the year	–	–	(6,668)	–	–	(6,668)
Contributions by and distributions to owners						
Treasury shares reissued pursuant to Share-based Incentive Plan	–	–	–	–	(31)	(31)
Total transactions with owners in their capacity as owners	–	–	–	–	(31)	(31)
At 31 December 2016	(18,038)	7,852	242	(3,329)	(3,142)	(16,415)

41. 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 2015	(18,038)	7,852	10,496	(3,075)	(2,992)	(5,757)
Other comprehensive income for the year	–	–	(3,586)	–	–	(3,586)
Total comprehensive income for the year	–	–	(3,586)	–	–	(3,586)
Contributions by and distributions to owners						
Treasury shares reissued pursuant to Share-based Incentive Plan	–	–	–	–	(119)	(119)
Total contributions by and distributions to owners	–	–	–	–	(119)	(119)
Changes in ownership interests in subsidiary						
Acquisition of non-controlling interests without a change in control	–	–	–	(254)	–	(254)
Total changes in ownership interests in subsidiary	–	–	–	(254)	–	(254)
Total transactions with owners in their capacity as owners	–	–	–	(254)	(119)	(373)
At 31 December 2015	(18,038)	7,852	6,910	(3,329)	(3,111)	(9,716)

COMPANY	Capital reserve $'000	Loss on reissuance of treasury shares $'000	Total other reserves $'000
At 1 January 2016	**7,852**	**(3,111)**	**4,741**
Contributions by and distributions to owners			
Treasury shares reissued pursuant to Share-based Incentive Plan	**–**	**(31)**	**(31)**
Total transactions with owners in their capacity as owners	**–**	**(31)**	**(31)**
At 31 December 2016	**7,852**	**(3,142)**	**4,710**
At 1 January 2015	7,852	(2,992)	4,860
Contributions by and distributions to owners			
Treasury shares reissued pursuant to Share-based Incentive Plan	–	(119)	(119)
Total transactions with owners in their capacity as owners	–	(119)	(119)
At 31 December 2015	7,852	(3,111)	4,741

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for the financial year ended 31 December 2016

42. Equity compensation benefits

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

On 28 April 2006, the shareholders of the Company approved the adoption of two share-based incentive schemes for its Directors and employees, the Banyan Tree Share Option Scheme (the "Share Option Scheme") and a performance share plan known as the Banyan Tree Performance Share Plan (the "Plan") (collectively the "Schemes"). The Schemes have expired on 27 April 2016 and the Company adopted the Banyan Tree Share Award Scheme 2016 (the "Share Award Scheme") at the annual general meeting of the Company on 28 April 2016 to replace the Plan. Under the Share Option Scheme (prior to expiry), eligible participants may be granted options to acquire shares in the Company whereas under the Plan (prior to expiry) and the Share Award Scheme, the Company's shares may be issued to eligible participants. The Schemes and the Share Award Scheme provide eligible participants with an opportunity to participate in the equity of the Company and motivate them towards better performance. The Schemes and the Share Award Scheme form an integral and important component of the compensation plan. Ho KwonPing, the Executive Chairman and controlling shareholder*, was/is not entitled to participate in the Schemes and the Share Award Scheme.

At the date of this report, the Share Award Scheme is the only share incentive scheme of the Company in force and administered by the Nominating and Remuneration Committee ("NRC") which comprises three Independent Directors with Chia Chee Ming Timothy, as the Chairman and Elizabeth Sam and Chan Heng Wing as members.

The total number of shares which may be issued and/or transferred pursuant to awards granted under the Share Award Scheme, when added to the total number of shares issued and issuable and/or existing shares transferred and transferable in respect of all awards granted under the Share Award Scheme and all shares, options or awards granted under any share scheme of the Company then in force, shall not exceed 5% of the total number of issued shares (excluding treasury shares) on the day preceding the relevant date of the award.

The Company has not issued any option to any eligible participant pursuant to the Share Option Scheme (expired).

The Plan comprises the Performance Share Plan ("PSP") and the Restricted Share Plan ("RSP"). Plan participants who have attained the grade of level 5 and above are eligible to participate in the Plan. PSP is targeted at a Plan participant who is a key member of Senior Management with the ability to drive the growth of the Company through innovation, creativity and superior performance whereas RSP is intended to enhance the Group's overall compensation packages and strengthen the Group's ability to attract and retain high performing talent. The selection of a Plan participant and the number of shares which are subject of each award to be granted to a Plan participant in accordance with the Plan shall be determined at the absolute discretion of the NRC, which shall take into account criteria such as rank, job performance, level of responsibility and potential for future development and his contribution to the success and development of the Group. A Plan participant may be granted an award under the PSP and RSP although differing performance targets are likely to be set for each award.

Awards represent the right of a Plan participant to receive fully paid shares, their equivalent cash value or combinations thereof free of charge, upon the participant achieving prescribed performance target(s) and/or time-based service conditions. Awards are released once the NRC is satisfied that the prescribed performance target(s) and/or time-based service conditions have been achieved.

The Company has not issued any award under the Plan to any of its controlling shareholders. Since the commencement of the Plan, no participant has been awarded 5% or more of the total shares available under the Plan.

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

42. **Equity compensation benefits** (cont'd)

The details of the Plan existed as at 31 December 2016 are set out as follows:

	PSP	RSP
Plan Description	Award of fully-paid ordinary shares of the Company or their cash equivalent, conditional on performance targets set at the start of a three-year performance period.	Award of fully-paid ordinary shares of the Company or their cash equivalent, conditional on the Group's performance over a one-year performance period.
Date of Grant:		
FY 2016 Grant	1 April 2016	1 April 2016
FY 2015 Grant	1 April 2015	1 April 2015
FY 2014 Grant	1 April 2014	1 April 2014
FY 2013 Grant	1 April 2013	1 April 2013
Performance Period:		
FY 2016 Grant	1 January 2016 to 31 December 2018	1 January 2016 to 31 December 2016
FY 2015 Grant	1 January 2015 to 31 December 2017	1 January 2015 to 31 December 2015
FY 2014 Grant	1 January 2014 to 31 December 2016	1 January 2014 to 31 December 2014
FY 2013 Grant	1 January 2013 to 31 December 2015	1 January 2013 to 31 December 2013
Performance Conditions:		
FY 2016 Grant, FY 2015 Grant, FY 2014 Grant and FY 2013 Grant	• Absolute Total Shareholder Return ("TSR") outperform Cost of Equity ("COE") • Relative TSR against FTSE ST Mid Cap Index • Relative TSR against selected hospitality listed peers	• Return on Invested Capital ("ROIC") • EBITDA#
Vesting Period:		
FY 2016 Grant, FY 2015 Grant, FY 2014 Grant and FY 2013 Grant	Vesting based on achieving stated performance conditions over a three-year performance period.	Based on achieving stated performance conditions over a one-year performance period, 33 1/3% of award will vest. Balance will vest over the subsequent two years with fulfilment of service requirements.
Payout:	0% to 200% depending on the achievement of pre-set performance targets over the performance period.	0% to 150% depending on the achievement of pre-set performance targets over the performance period.

EBITDA denotes Earnings before Interest, Taxes, Depreciation and Amortisation

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42. Equity compensation benefits (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 2016 Grant:

	PSP	RSP
Historical Volatility		
Banyan Tree Holdings Limited ("BTH")	32.553%	32.553%
FTSE Mid Cap Index	12.169%	Not applicable
Risk-free interest rates		
Singapore Sovereign	1.665%	1.393% - 1.665%
Term	36 months	12 to 36 months
BTH expected dividend yield	0%	0%
Share price at grant date	$0.530	$0.530

For non-market conditions, achievement factors have been estimated based on feedback from the NRC for the purpose of accrual for the RSP until the achievement of the targets can be reasonably ascertained.

The details of shares awarded, cancelled and released during the financial year pursuant to the Plan are as follows:

PSP	Balance as at 1 January2016 [1]	Shares granted during financial year [1]	Shares cancelled during financial year [2]	Shares released during financial year	Balance as at 31 December 2016 [1]	Estimated fair value at grant date
Grant date						
1 April 2013						
Non-Executive Director (Ariel P Vera[3])	75,000	–	(75,000)	–	–	$0.470
Other Participants	150,000	–	(150,000)	–	–	$0.470
1 April 2014						
Other Participants	180,000	–	–	–	180,000	$0.533
1 April 2015						
Other Participants	180,000	–	–	–	180,000	$0.390
1 April 2016						
Other Participants	–	225,000	–	–	225,000	$0.463
Total	585,000	225,000	(225,000)	–	585,000	

1 The number of shares comprised in awards granted by the Company under the Banyan Tree Performance Share Plan, subject to performance conditions being met. It also represents the number of shares required if participants are to be awarded at 100% of the grant, however, the shares to be awarded at the vesting date may range from 0% to 200% depending on the level of achievement of pre-set performance conditions over the performance period.

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

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

42. Equity compensation benefits (cont'd)

RSP	Balance as at 1 January 2016 [1]	Shares granted during financial year [1]	Shares cancelled during financial year [2]	Shares released during financial year	Balance as at 31 December 2016 [1]	Estimated fair value at grant date
Grant date						
1 April 2013						
Non-Executive Director (Ariel P Vera[3])	22,500	–	–	(22,500)	–	\$0.601 - \$0.613
Other Participants	262,900	–	(10,500)	(252,400)	–	\$0.601 - \$0.613
1 April 2014						
Other Participants	431,900	–	(56,300)	(203,000)	172,600	\$0.620 - \$0.640
1 April 2015						
Other Participants	1,163,550	–	(1,163,550)	–	–	\$0.488 - \$0.506
1 April 2016						
Other Participants	–	472,500	(37,500)	–	435,000	\$0.530
Total	1,880,850	472,500	(1,267,850)	(477,900)	607,600	

[1] The number of shares comprised in awards granted by the Company under the Banyan Tree Performance Share Plan, subject to performance conditions being met. It also represents the number of shares required if participants are to be awarded at 100% of the grant, however, the shares to be awarded at the vesting date may range from 0% to 150% depending on the level of achievement of pre-set performance conditions over the performance period.

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

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

The number of contingent shares granted but not released as at 31 December 2016 were 585,000 and 607,600 (2015: 585,000 and 1,880,850) for PSP and RSP respectively. Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 1,170,000 and 825,100 (2015: 1,170,000 and 2,462,625) for PSP and RSP respectively.

Founder's Grant

On 2 May 2006, the independent shareholders of the Company approved the incentive for the Executive Chairman, Ho KwonPing, which has been included in his employment agreement. Pursuant to the incentive, Mr Ho shall be entitled to, for each financial year for a period of ten years beginning from the financial year ended 31 December 2010, an amount equivalent to 5% of the profit before tax of the Group, such amount to be payable in cash or in shares at the sole discretion of the Company (the "Founder's Grant"). The Founder's Grant aims to secure the continuing commitment of Mr Ho to the Group and to reward him for founding, leading and building up the Group. The Group reported a profit before tax and before provision of the expense for Founder's Grant of \$747,442 (2015 loss before tax and before provision of the expense for Founder's Grant: \$19,464,731) for the financial year ended 31 December 2016. Accordingly, the amount payable pursuant to the Founder's Grant is \$37,372 (2015 Founder's Grant paid: \$Nil).

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43. Commitments and contingencies

(a) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	GROUP	
	2016 $'000	**2015 $'000**
Capital commitments in respect of property, plant and equipment	**18,612**	11,174

(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	
	2016 $'000	**2015 $'000**
Payable:		
Within 1 year	**14,241**	14,469
Between 2 to 5 years	**47,588**	50,241
After 5 years	**64,843**	73,543
	112,431	123,784
	126,672	138,253

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2016 amounted to $16,419,000 (2015: $23,468,000).

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 2016 amounted to $6,254,000 (2015: $3,731,000).

(c) Contingent liabilities

Guarantees

As at the end of the reporting period, the Company had issued the following outstanding guarantees:

	COMPANY	
	2016 $'000	**2015 $'000**
Guarantees issued on banking facilities of subsidiaries	**28,295**	29,024

At the end of the reporting period, the Company has provided financial support amounting to $94,044,000 (2015: $215,598,000) 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.

43. Commitments and contingencies (cont'd)

(c) Contingent liabilities (cont'd)

Litigation

A case was brought to the Phuket Provincial Court on 8 October 2009, in which four affiliated companies of Laguna Resorts and Hotels Public Company Limited (LRH) and ten directors are the defendants. The plaintiffs referred in the plaint that they purchased units in Allamanda 1 Condominium during 1991-1995. The plaintiffs alleged that the Sale and Purchase Agreement ("Agreement") called for a common area of approximately 20 Rais, but the Allamanda 1 Condominium was registered with only 9 Rais 2 Ngans 9 Square Wahs. The plaintiffs alleged that therefore the defendants have breached the Sale and Purchase Agreement.

As a result, the plaintiffs request that the defendants completely deliver the common area as specified by the Agreement by transfer of the land totaling 10 Rais 3 Ngans 97.1 Square Wahs to Allamanda (1) Juristic Person, as the tenth plaintiff, or to be jointly liable for the compensation of Baht 132 million in case the transfer of land cannot be made. The plaintiffs also request for additional compensation in the amount of Baht 56 million for unlawful use of the land which is supposed to be common property of Allamanda 1 Condominium.

The total amount of the claim is approximately $7.5 million (Baht 188 million) with interest at the rate of 7.5% per annum from the date the claim was lodged until the defendants have made full payment. The plaintiffs also claimed that the former and current directors of those LRH's subsidiaries as the fifth to fourteenth defendants, were the representatives of those LRH's subsidiaries being the first to fourth defendants, and therefore must also be jointly liable with those LRH's subsidiaries.

The defendants have lodged its statement of defense and believe that the plaintiffs' claims are invalid and therefore no provision has been made in the financial statements.

The plaintiffs filed a petition with the Court seeking the Court's interim injunction of which the defendants shall not dispose or amend the status of the nine plots of land in dispute with the land registry office during the trial. On 20 January 2012, the Court granted the interim injunction.

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

On 26 June 2015, the plaintiffs have submitted the answer statement to the Company's appeal and the petition for objection of stay of execution upon the judgment. On 15 October 2015, the Phuket Provincial Court read out the order of Appeal Court in relation to the objection. Appeal Court ordered the Company to place deposit for money damages that Court of First Instance has awarded the plaintiffs. Amount of deposit is Baht 36 million approximately. The Court set the next hearing on 18 December 2015 to consider details of the deposit such as value and location. On 18 December 2015, the Defendant offered 19 plots of land in Chiang Rai as deposit and the Court has accepted it.

On April 19, 2016, the Appeal Court issued its judgment ordering the defendants to transfer eight plots of land out of nine plots of land as awarded by the Phuket Provincial Court totaling 4 Rai 1 Ngan 90.9 Square Wah to be common property of Allamanda 1 Condominium. The Appeal Court also ruled that the defendants did not unlawfully use the land, so the defendants do not have to compensate the plaintiffs. Moreover, the Appeal Court dismissed the plaint against the fifth to fourteenth defendants as directors.

On 16 September 2016, the plaintiffs submitted the request of submitting the appeal to the Supreme Court and the appeal statement. On 4 October 2016, the defendants submitted the request of submitting the appeal to the Supreme Court and the appeal statement. On 25 October 2016, the defendants submitted the counter-statement to object to the plaintiff's request of submitting the appeal.

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

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44. Related party transactions

Other than that disclosed in the financial statements, the Group had the following significant related party transactions on terms agreed during the financial year:

	GROUP	
	2016 $'000	**2015 $'000**
(a) Related parties:		
- Management and service fee income	**923**	1,067
- Rental income	**2,283**	2,327
- Reservation fee income	**178**	177
- Spa gallery income	**75**	81
- Royalty income	**526**	538
- Interest income	**127**	–
- Others	**35**	–
(b) Compensation of key management personnel:		
- Salaries and employee benefits	**4,376**	4,306
- Central Provident Fund contributions	**124**	130
- Share-based payment expenses	**64**	113
- Other short-term benefits[1]	**754**	1,787
Total compensation paid to key management personnel	**5,318**	6,336
Comprise amounts paid to:		
• Directors of the Company	**1,954**	1,926
• Other key management personnel	**3,364**	4,410
	5,318	6,336

[1] Other short-term benefits include amount payable to Ho KwonPing under the Founder's Grant of $37,372 (2015: $Nil).

45. Financial risk management objectives and policies

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

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

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including long-term investments, cash and short-term deposits and investment securities), the Group and the Company minimise credit risk by dealing with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

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

– the carrying amount of each class of financial assets recognised in the balance sheets; and

– a nominal amount of $28,295,000 (2015: $29,024,000) 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.

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45. 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 on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

		GROUP			
		2016		2015	
	Note	$'000	% of total	$'000	% of total
By geographical regions:					
South East Asia		**23,495**	**33**	26,421	27
Indian Oceania		**334**	**–**	1,338	1
Middle East		**1,412**	**2**	2,487	3
North East Asia		**24,079**	**33**	34,840	36
Rest of the world		**22,928**	**32**	32,257	33
		72,248	**100**	97,343	100
By industry sectors:					
Hotel Investments		**14,485**	**20**	13,279	14
Property Sales		**38,475**	**53**	38,071	39
Fee-based Segment		**19,288**	**27**	45,993	47
		72,248	**100**	97,343	100
Trade receivables					
Non-current	20	**29,093**		31,117	
Current	26	**43,155**		66,226	
		72,248		97,343	

45. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Credit risk concentration profile (cont'd)

Included in trade receivables are amounts due from a third party of $14,034,000 (2015: $13,897,000). The third party is in the business of selling club memberships. A subsidiary of the Group provides management services to manage the club operation on behalf of the third party.

The receivables from this third party of $11,527,000 (2015: $12,417,000) bears an interest rate of 6% per annum (2015: 6%), is unsecured and repayable in equal instalments over 13.5 to 15 years, commencing from 2008. The remaining amount due from the third party is interest-free, unsecured and repayable between 2 to 5 years.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and short-term deposits, long-term investments and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

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

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group maintains sufficient cash and short-term deposits, and internally generated cash flows to finance their activities. Management finances the Group's liquidity through internally generated cash flows and minimises liquidity risk by keeping committed stand-by credit facilities available.

At the end of the reporting period, approximately 23.8% (2015: 13.8%) 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. 20.5% (2015: 7.2%) of the Company's notes payable, interest-bearing loans and borrowings will mature in less than one year at the end of the reporting period.

The following table summarises the maturity profiles of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted payments except for financial liabilities where the timing of repayment cannot be reliably estimated as disclosed in the respective notes above.

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for the financial year ended 31 December 2016

45. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

GROUP	Note	2016 Effective rate %	1 year $'000	2 to 5 years $'000	After 5 years $'000	Total $'000
2016						
Financial assets						
Trade receivables	20/26	–	41,815	17,640	1,266	60,721
Trade receivables	20/26	6.00	2,002	8,007	4,290	14,299
Other receivables	21/27	–	8,931	–	–	8,931
Other receivables	21	3.80 – 6.18	–	6,548	5,136	11,684
Amounts due from associates	29	–	203	–	–	203
Amounts due from related parties	30	–	21,999	–	–	21,999
Cash and short-term deposits	31	–	108,767	–	–	108,767
Total undiscounted financial assets			183,717	32,195	10,692	226,604
Financial liabilities						
Trade payables		–	(19,368)	–	–	(19,368)
Other payables	36	–	(37,958)	–	–	(37,958)
Other payables		–	–	–	(612)	(612)
Amounts due to associates	29	–	(5)	–	–	(5)
Amounts due to related parties	30	–	(864)	–	–	(864)
Loans and borrowings						
- S$ floating rate loan	34	COF + 1.75	(12,020)	–	–	(12,020)
- S$ floating rate loan	34	COF + 2.00	(6,923)	(7,196)	(1,160)	(15,279)
- S$ floating rate loan	34	6 mths SIBOR + 3.25	(20,855)	–	–	(20,855)
- S$ floating rate loan	34	SIBOR + 2.00	(5,024)	–	–	(5,024)
- S$ floating rate loan	34	SIBOR + 3.25	(3,077)	–	–	(3,077)
- S$ floating rate loan	34	3.96	(3,001)	–	–	(3,001)
- BHT floating rate loan	34	MLR – 1.00 to MLR – 1.50	(29,658)	(104,794)	(14,164)	(148,616)
- BHT floating rate loan	34	3.63	(19,068)	–	–	(19,068)
- BHT floating rate loan	34	3.65	(2,073)	–	–	(2,073)
- BHT floating rate loan	34	5.00	(210)	–	–	(210)
- RMB floating rate loan	34	4.90	(4,308)	–	–	(4,308)
Fixed rate debentures	34	5.15	(1,012)	(20,848)	–	(21,860)
Notes payable	35	4.85 – 6.25	(68,946)	(370,154)	–	(439,100)
Total undiscounted financial liabilities			(234,370)	(502,992)	(15,936)	(753,298)
Total net undiscounted financial liabilities			(50,653)	(470,797)	(5,244)	(526,694)

45. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

GROUP	Note	2015 Effective rate %	1 year $'000	2 to 5 years $'000	After 5 years $'000	Total $'000
2015						
Financial assets						
Trade receivables	20/26	–	65,002	18,734	1,190	84,926
Trade receivables	20/26	6.00	1,944	7,775	6,110	15,829
Other receivables	21/27	–	13,889	–	4,722	18,611
Amounts due from associates	29	–	38	–	–	38
Amounts due from related parties	30	–	18,642	–	–	18,642
Cash and short-term deposits	31	–	165,663	–	–	165,663
Total undiscounted financial assets			265,178	26,509	12,022	303,709
Financial liabilities						
Trade payables		–	(24,186)	–	–	(24,186)
Other payables	36	–	(41,069)	–	–	(41,069)
Other payables		–	–	–	(572)	(572)
Amounts due to associates	29	–	(32)	–	–	(32)
Amounts due to related parties	30	–	(1,102)	–	–	(1,102)
Loans and borrowings						
- Bank overdraft	34	8.37	(203)	–	–	(203)
- S$ floating rate loan	34	3 mths SIBOR + 3.50	(31,200)	–	–	(31,200)
- S$ floating rate loan	34	6 mths SIBOR + 3.25	(876)	(20,876)	–	(21,752)
- S$ floating rate loan	34	COF + 2.00	(2,800)	(8,999)	(2,235)	(14,034)
- S$ floating rate loan	34	SIBOR + 3.25	(5,454)	(3,010)	–	(8,464)
- BHT floating rate loan	34	MLR – 1.00 to MLR – 1.50	(25,073)	(99,324)	(37,169)	(161,566)
- BHT floating rate loan	34	4.70	(817)	–	–	(817)
- BHT floating rate loan	34	3.65	(20,616)	–	–	(20,616)
- BHT floating rate loan	34	6.62	(832)	–	–	(832)
- RMB floating rate loan	34	5.70	(3,622)	(4,573)	–	(8,195)
- RMB floating rate loan	34	5.40	(8,987)	(4,369)	–	(13,356)
Fixed rate debentures	34	5.15	(992)	(21,244)	–	(22,236)
Notes payable	35	4.85 – 6.25	(20,769)	(439,099)	–	(459,868)
Total undiscounted financial liabilities			(188,630)	(601,494)	(39,976)	(830,100)
Total net undiscounted financial assets/(liabilities)			76,548	(574,985)	(27,954)	(526,391)

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45. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

COMPANY	Note	2016 Effective rate %	1 year $'000	2 to 5 years $'000	After 5 years $'000	Total $'000
2016						
Financial assets						
Other receivables	27	–	70	–	–	70
Amounts due from subsidiaries	28	–	207,538	–	–	207,538
Cash and short-term deposits	31	–	28,052	–	–	28,052
Total undiscounted financial assets			235,660	–	–	235,660
Financial liabilities						
Other payables	36	–	(5,199)	–	–	(5,199)
Amounts due to subsidiaries	28	–	(46,699)	–	–	(46,699)
Loans and borrowings						
- S$ floating rate loan	34	COF + 1.75	(12,020)	–	–	(12,020)
- S$ floating rate loan	34	COF + 2.00	(6,923)	(7,196)	(1,160)	(15,279)
- S$ floating rate loan	34	6 mths SIBOR + 3.25	(20,855)	–	–	(20,855)
- S$ floating rate loan	34	3.96	(3,001)	–	–	(3,001)
Notes payable	35	4.85 – 6.25	(68,946)	(370,154)	–	(439,100)
Total undiscounted financial liabilities			(163,643)	(377,350)	(1,160)	(542,153)
Total net undiscounted financial assets/(liabilities)			72,017	(377,350)	(1,160)	(306,493)

45. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

COMPANY	Note	2015 Effective rate %	1 year $'000	2 to 5 years $'000	After 5 years $'000	Total $'000
2015						
Financial assets						
Other receivables	27	–	147	–	–	147
Amounts due from subsidiaries	28	–	198,317	–	–	198,317
Cash and short-term deposits	31	–	69,121	–	–	69,121
Total undiscounted financial assets			267,585	–	–	267,585
Financial liabilities						
Other payables	36	–	(5,170)	–	–	(5,170)
Amounts due to subsidiaries	28	–	(50,812)	–	–	(50,812)
Loans and borrowings						
- S$ floating rate loan	34	3 mths SIBOR + 3.50	(31,200)	–	–	(31,200)
- S$ floating rate loan	34	6 mths SIBOR + 3.25	(876)	(20,876)	–	(21,752)
- S$ floating rate loan	34	COF + 2.00	(2,800)	(8,999)	(2,235)	(14,034)
Notes payable	35	4.85 – 6.25	(20,769)	(439,099)	–	(459,868)
Total undiscounted financial liabilities			(111,627)	(468,974)	(2,235)	(582,836)
Total net undiscounted financial assets/(liabilities)			155,958	(468,974)	(2,235)	(315,251)

BHT : Thai Baht
RMB : Chinese Renminbi
SIBOR : Singapore inter-bank offered rate
MLR : Minimum lending rate
COF : Cost of fund of lending bank

The table below shows the maximum amount of financial guarantee contracts, allocated to the earliest period in which the guarantee could be called.

COMPANY	1 year $'000	2 to 5 years $'000	After 5 years $'000	Total $'000
2016				
Financial guarantees	**28,295**	**–**	**–**	**28,295**
2015				
Financial guarantees	29,024	–	–	29,024

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45. Financial risk management objectives and policies (cont'd)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their interest-bearing financial liabilities.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts. At the end of the reporting period, approximately 67% (2015: 63%) of the Group's interest-bearing financial liabilities are at fixed rates of interest. The table in Note 45 (b) summarises the interest-bearing financial liabilities of the Group and the Company.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 75 (2015: 75) basis points lower/higher with all other variables held constant, the Group's profit before taxation would have been $1,529,000 (2015: $1,813,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate interest-bearing financial liabilities.

(d) Foreign currency risk

The Group has transactional currency exposures arising from sales that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD, United States Dollars (USD), Thai Baht (Baht) and Chinese Renminbi (RMB). The foreign currencies in which these transactions are denominated are mainly USD. As at 31 December 2016, approximately 20% (2015: 40%) of the Group's trade receivables are denominated in foreign currencies.

In addition, the Group has a Currency Management Plan which aims to mitigate impact on the Group's revenue from unfavourable exchange rates movements. The plan requires all operating entities in the Group to list its major wholesalers and their respective currencies. All contracts should endeavour to be in the currency of the market source. Market source refers to the country of origin or domicile of the business. The contracts are then reviewed and managed on a quarterly basis to mitigate the exposure of the Group's operations to foreign currency fluctuation.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Thailand, PRC and Maldives. The Group's net investments in Thailand, PRC and Maldives are not hedged as currency positions in Thai Baht, Chinese Renminbi and United States Dollar are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before taxation to a reasonably possible change in the USD and RMB exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		GROUP	
		Profit before taxation	
		2016 $'000	**2015 $'000**
USD/Baht	- strengthened 5% (2015: 5%)	**63**	150
	- weakened 5% (2015: 5%)	**(63)**	(150)
USD/SGD	- strengthened 5% (2015: 5%)	**1,871**	2,326
	- weakened 5% (2015: 5%)	**(1,871)**	(2,326)
RMB/SGD	- strengthened 5% (2015: 5%)	**10**	1
	- weakened 5% (2015: 5%)	**(10)**	(1)

46. Capital management

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2016 and 2015.

As disclosed in Note 41(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 and the Foreign Enterprise Law applicable to the subsidiaries in the People's Republic of China (PRC). The imposed capital requirement has been complied with by the subsidiaries for the financial years ended 31 December 2016 and 2015.

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	
	2016 $'000	**2015 $'000**
Interest-bearing loans and borrowings (Note 34)	**223,668**	260,894
Notes payable (Note 35)	**392,917**	391,772
Less: Cash and short-term deposits (Note 31)	**(108,767)**	(165,663)
Net debt	**507,818**	487,003
Total capital	**732,846**	699,461
Gearing ratio	**69%**	70%

47. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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47. Fair value of assets and liabilities (cont'd)

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

		GROUP 2016			
		Fair value measurements at the end of the reporting period using			
	Note	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Assets measured at fair value					
Financial assets:					
Available-for-sale financial assets					
- Equity shares (quoted)	18	**2**	**–**	**–**	**2**
Total available-for-sale financial assets		**2**	**–**	**–**	**2**
Financial assets as at 31 December 2016		**2**	**–**	**–**	**2**
Non-financial assets:					
Investment properties					
Freehold land					
- Thailand, Phuket		**–**	**–**	**9,771**	**9,771**
- Northern Thailand		**–**	**–**	**7,620**	**7,620**
- Seychelles		**–**	**–**	**24,616**	**24,616**
Freehold buildings					
- Thailand, Phuket		**–**	**–**	**1,066**	**1,066**
- Thailand, Bangkok		**–**	**–**	**27,523**	**27,523**
Total investment properties	13	**–**	**–**	**70,596**	**70,596**
Property, plant and equipment					
Freehold land					
- Singapore		**–**	**–**	**44,843**	**44,843**
- Thailand, Phuket		**–**	**–**	**241,578**	**241,578**
- Thailand, Bangkok		**–**	**–**	**39,338**	**39,338**
- Morocco		**–**	**–**	**6,806**	**6,806**
- Sri Lanka		**–**	**–**	**6,874**	**6,874**
- Seychelles		**–**	**–**	**14,147**	**14,147**
Freehold buildings					
- Singapore		**–**	**–**	**5,402**	**5,402**
- Thailand, Phuket		**–**	**–**	**107,348**	**107,348**
- Thailand, Bangkok		**–**	**–**	**48,720**	**48,720**
- Morocco		**–**	**–**	**13,144**	**13,144**
- Sri Lanka		**–**	**–**	**441**	**441**
- Seychelles		**–**	**–**	**53,747**	**53,747**
Total property, plant and equipment		**–**	**–**	**582,388**	**582,388**
Non-financial assets as at 31 December 2016		**–**	**–**	**652,984**	**652,984**

47. Fair value of assets and liabilities (cont'd)

(b) Assets and liabilities measured at fair value (cont'd)

	Note	GROUP 2015 Fair value measurements at the end of the reporting period using Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Assets measured at fair value					
Financial assets:					
Available-for-sale financial assets					
- Equity shares (quoted)	18	20,509	–	–	20,509
- Equity shares (unquoted)	18	–	–	50,290	50,290
Total available-for-sale financial assets		20,509	–	50,290	70,799
Financial assets as at 31 December 2015		20,509	–	50,290	70,799
Non-financial assets:					
Investment properties					
Freehold land					
- Thailand, Phuket		–	–	8,513	8,513
- Northern Thailand		–	–	6,186	6,186
- Seychelles		–	–	23,902	23,902
Freehold buildings					
- Thailand, Phuket		–	–	2,202	2,202
- Thailand, Bangkok		–	–	26,809	26,809
Total investment properties	13	–	–	67,612	67,612
Property, plant and equipment					
Freehold land					
- Singapore		–	–	44,454	44,454
- Thailand, Phuket		–	–	202,383	202,383
- Thailand, Bangkok		–	–	29,016	29,016
- Morocco		–	–	12,961	12,961
- Sri Lanka		–	3,136	–	3,136
- Seychelles		–	–	13,737	13,737
Freehold buildings					
- Singapore		–	–	5,243	5,243
- Thailand, Phuket		–	–	99,326	99,326
- Thailand, Bangkok		–	–	46,794	46,794
- Morocco		–	–	7,559	7,559
- Seychelles		–	–	53,386	53,386
Total property, plant and equipment		–	3,136	514,859	517,995
Non-financial assets as at 31 December 2015		–	3,136	582,471	585,607

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47. 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:

Property, plant and equipment

The valuation of property, plant and equipment are based on comparable market transactions that consider sales of similar properties that have been transacted in the open market.

(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 2016 $'000	Valuation techniques	Unobservable inputs	Range (weighted average)
Recurring fair value measurements				
Investment properties:				
Freehold land				
Thailand, Phuket	**9,771**	Market value approach	Yield adjustments*	21.4%
Northern Thailand	**7,620**	Market value approach	Yield adjustments*	30.9% to 50.2%
Seychelles	**24,616**	Residual approach	Yield adjustments*	10.1% to 14.7%
			10 years operating cash flow	–USD1.7 million to USD48.8 million (USD43.5 million)
			Discount rate	10.8%
			Inflation	3.0%
Freehold buildings				
Thailand, Phuket	**1,066**	Discounted cash flow	Growth rate	3.0%
			Discount rate	13.0%
			10 years net cash flow	Baht 18.9 million to Baht 37.2 million (Baht 29.8 million)
Thailand, Bangkok	**27,523**	Discounted cash flow	Growth rate	3.0% to 10.0%
			Discount rate	11.0%
			10 years operating cash flow	Baht 21.2 million to Baht 49.9 million (Baht 36.5 million)

47. 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)

Description	Fair value at 31 December 2016 $'000	Valuation techniques	Unobservable inputs	Range (weighted average)
Recurring fair value measurements				
Property, plant and equipment:				
Freehold land				
Singapore	**44,843**	Market value approach	Yield adjustments*	15.0% to 24.0%
Thailand, Phuket	**241,578**	Market value approach	Yield adjustments*	2.8% to 87.1% (32.4%)
Thailand, Bangkok	**39,338**	Market value approach	Yield adjustments*	23.1%
Morocco	**6,806**	Market value approach	Yield adjustments*	11.0% to 12.0%
Seychelles	**13,466**	Discounted cash flow	10 years operating cash flow 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)
Freehold buildings				
Singapore	**5,402**	Market value approach	Yield adjustments*	15.0% to 24.0%
Thailand, Phuket	**107,348**	Fair value approach	Standard construction cost per Sq meter	Baht 600 to Baht 75,000 per Sq meter (Baht 11,448)
Thailand, Bangkok	**48,720**	Fair value approach	Standard construction cost per Sq meter	Baht 1,000 to Baht 47,000 per Sq meter (Baht 23,346)
Morocco	**13,144**	Market value approach	Yield adjustments*	11.0% to 12.0%
Seychelles	**51,618**	Discounted cash flow	10 years operating cash flow 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.

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for the financial year ended 31 December 2016

47. 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)

Description	Fair value at 31 December 2015 $'000	Valuation techniques	Unobservable inputs	Range (weighted average)
Recurring fair value measurements				
Available-for-sale financial assets:				
Equity shares (unquoted)	50,290	Adjusted net asset	Hotels	
			16 years operating cash flow	USD1.8 million to USD12.0 million (USD6.9 million)
			Room growth projection	3.3% to 3.5%
			Discount rate	10.0% to 13.0%
Investment properties:				
Freehold land				
Thailand, Phuket	8,513	Market value approach	Yield adjustments*	21.4%
Northern Thailand	6,186	Market value approach	Yield adjustments*	34.0% to 71.8%
Seychelles	23,902	Residual approach	Yield adjustments*	10.2% to 14.6%
			10 years operating cash flow	–USD1.5 million to USD57.2 million (USD44.5 million)
			Discount rate	10.0%
			Inflation	3.0%
Freehold buildings				
Thailand, Phuket	2,202	Discounted cash flow	Growth rate	3.0%
			Discount rate	13.0%
			10 years net cash flow	Baht 22.5 million to Baht 35.3 million (Baht 30.2 million)
Thailand, Bangkok	26,809	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 45.9 million (Baht 35.1 million)
Property, plant and equipment:				
Freehold land				
Singapore	44,454	Market value approach	Yield adjustments*	15.0% to 20.0%
Thailand, Phuket	202,383	Market value approach	Yield adjustments*	29.6% to 75.1% (59.0%)

47. 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)

Description	Fair value at 31 December 2015 $'000	Valuation techniques	Unobservable inputs	Range (weighted average)
Recurring fair value measurements				
Property, plant and equipment: (cont'd)				
Freehold land (cont'd)				
Thailand, Bangkok	29,016	Market value approach	Yield adjustments*	9.0%
Morocco	12,961	Market value approach	Yield adjustments*	11.0% to 12.0%
Seychelles	13,076	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	661	Market value approach	Yield adjustments*	10.9% to 13.6%
Freehold buildings				
Singapore	5,243	Market value approach	Yield adjustments*	15.0% to 20.0%
Thailand, Phuket	99,326	Fair value approach	Standard construction cost per Sq meter	Baht 468 to Baht 35,000 per Sq meter (Baht 11,258)
Thailand, Bangkok	46,794	Fair value approach	Standard construction cost per Sq meter	Baht 1,000 to Baht 45,000 per Sq meter (Baht 21,560)
Morocco	7,559	Market value approach	Yield adjustments*	11.0% to 12.0%
Seychelles	51,256	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	2,130	Market value approach	Yield adjustments*	10.9% to 13.6%

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

Significant increases/(decreases) in net cash flow and standard construction cost in isolation would result in a significantly higher/(lower) fair value measurement.

Significant increases/(decreases) in discount rate and yield adjustment in isolation would result in a significantly lower/(higher) fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2016

47. 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)																		
	Property, plant and equipment												Investment properties					Available-for-sale	
	Freehold land						Freehold buildings						Freehold land			Freehold buildings		Equity shares (unquoted)	
GROUP 2016	**Singapore $'000**	**Morocco $'000**	**Seychelles $'000**	**Thailand, Phuket $'000**	**Thailand, Bangkok $'000**	**Sri Lanka $'000**	**Singapore $'000**	**Morocco $'000**	**Seychelles $'000**	**Thailand, Phuket $'000**	**Thailand, Bangkok $'000**	**Sri Lanka $'000**	**Seychelles $'000**	**Thailand, Phuket $'000**	**Northern Thailand $'000**	**Thailand, Phuket $'000**	**Thailand, Bangkok $'000**	**Vietnam $'000**	**Total $'000**
Opening balance	44,454	12,961	13,737	202,383	29,016	–	5,243	7,559	53,386	99,326	46,794	–	23,902	8,513	6,186	2,202	26,809	50,290	632,761
Transferred in from Level 2	–	–	–	–	–	3,135	–	–	–	–	–	–	–	–	–	–	–	–	3,135
Total gains or losses for the period																			
- Included in profit or loss	–	–	–	–	–	–	–	(193)	–	223	–	–	–	1,020	1,251	(1,170)	(360)	(2,985)	(2,214)
- Included in other comprehensive income	389	(6,185)	–	33,584	9,398	3,699	338	5,920	–	(373)	1,399	(534)	–	–	–	–	–	6,188	53,823
Purchases, issues, sales and settlements																			
- Purchases	–	–	–	–	–	–	–	23	21	322	293	–	–	–	–	–	387	–	1,046
- Sales	–	–	–	–	–	–	–	–	–	(36)	–	–	–	–	–	–	–	–	(36)
- Transferred to property development costs	–	–	–	(215)	–	–	–	–	–	(775)	–	–	–	–	–	–	–	–	(990)
- Transferred from construction-in-progress	–	–	–	–	–	–	–	–	351	9,326	1,073	969	–	–	–	–	–	–	11,719
- Transferred to investment in associates	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(55,080)	(55,080)
Depreciation	–	–	–	–	–	–	(179)	(180)	(1,559)	(2,890)	(2,053)	(3)	–	–	–	–	–	–	(6,864)
Exchange differences	–	30	410	5,826	924	40	–	15	1,548	2,225	1,214	9	714	238	183	34	687	1,587	15,684
Closing balance	44,843	6,806	14,147	241,578	39,338	6,874	5,402	13,144	53,747	107,348	48,720	441	24,616	9,771	7,620	1,066	27,523	–	652,984

Transfers between fair value hierarchy

Transfers into Level 3

During the financial year ended 31 December 2016, the Group transferred property, plant and equipment in Sri Lanka from Level 2 to Level 3 of the fair value hierarchy. The carrying amount of the assets transferred was $3,135,000.

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2016

47. Fair value of assets and liabilities (cont'd)

(d) Level 3 fair value measurements (cont'd)

(ii) ***Movements in Level 3 assets and liabilities measured at fair value*** (cont'd)

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

	Fair value measurements using significant unobservable inputs (Level 3)					Fair value measurements using significant unobservable inputs (Level 3)											
	Property, plant and equipment					Property, plant and equipment					Investment properties					Available-for-sale	
	Freehold land					Freehold buildings					Freehold land			Freehold buildings		Equity shares (unquoted)	
GROUP 2015	**Singapore $'000**	**Morocco $'000**	**Seychelles $'000**	**Thailand, Phuket $'000**	**Thailand, Bangkok $'000**	**Singapore $'000**	**Morocco $'000**	**Seychelles $'000**	**Thailand, Phuket $'000**	**Thailand, Bangkok $'000**	**Seychelles $'000**	**Thailand, Phuket $'000**	**Northern Thailand $'000**	**Thailand, Phuket $'000**	**Thailand, Bangkok $'000**	**Vietnam $'000**	**Total $'000**
Opening balance	44,454	13,167	12,873	205,598	29,760	5,419	7,833	47,082	93,745	49,483	22,548	8,731	6,345	1,579	27,836	54,655	631,108
Total gains or losses for the period																	
- Included in profit or loss	–	–	–	–	–	–	–	–	–	–	(59)	–	–	303	(425)	–	(181)
- Included in other comprehensive income	–	–	55	–	–	–	–	4,992	–	–	–	–	–	–	–	(6,188)	(1,141)
Purchases, issues, sales and settlements																	
- Purchases	–	–	–	–	–	–	36	–	196	–	–	–	–	377	84	–	693
- Sales	–	–	–	(7)	–	–	–	(252)	(38)	–	–	–	–	–	–	–	(297)
- Transferred from property development costs	–	–	–	1,986	–	–	–	–	10,120	–	–	–	–	–	–	–	12,106
- Transferred from construction-in-progress	–	–	–	–	–	–	–	–	1,255	449	–	–	–	–	–	–	1,704
Depreciation	–	–	–	–	–	(176)	(179)	(1,429)	(2,854)	(1,942)	–	–	–	–	–	–	(6,580)
Exchange differences	–	(206)	809	(5,194)	(744)	–	(131)	2,993	(3,098)	(1,196)	1,413	(218)	(159)	(57)	(686)	1,823	(4,651)
Closing balance	44,454	12,961	13,737	202,383	29,016	5,243	7,559	53,386	99,326	46,794	23,902	8,513	6,186	2,202	26,809	50,290	632,761

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2016

47. Fair value of assets and liabilities (cont'd)

(d) Level 3 fair value measurements (cont'd)

(ii) Movements in Level 3 assets and liabilities measured at fair value (cont'd)

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

	Fair value measurements using significant unobservable inputs (Level 3)																
	Property, plant and equipment										Investment properties				Available-for-sale	
	Freehold land					Freehold buildings					Freehold land		Freehold buildings		Equity shares (unquoted)	
Group 2016	**Singapore $'000**	**Morocco $'000**	**Thailand, Phuket $'000**	**Thailand, Bangkok $'000**	**Sri Lanka $'000**	**Singapore $'000**	**Morocco $'000**	**Thailand, Phuket $'000**	**Thailand, Bangkok $'000**	**Sri Lanka $'000**	**Thailand, Phuket $'000**	**Northern Thailand $'000**	**Thailand, Phuket $'000**	**Thailand, Bangkok $'000**	**Vietnam $'000**	**Total $'000**
Total gains or losses for the period included in profit or loss:																
- Other income																
Net gain/(loss) from fair value adjustment of investment properties	–	–	–	–	–	–	–	–	–	–	1,020	1,251	(1,170)	(360)	–	741
Net loss on fair value adjustment of available-for-sale financial assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(2,985)	(2,985)
	–	–	–	–	–	–	–	–	–	–	1,020	1,251	(1,170)	(360)	(2,985)	(2,244)
Other comprehensive income:																
- Net surplus on revaluation of land and buildings	389	(6,185)	33,584	9,398	3,699	338	5,920	(373)	1,399	(534)	–	–	–	–	–	47,635
- Net change in fair value adjustment reserve of available-for-sale financial assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	6,188	6,188
	389	(6,185)	33,584	9,398	3,699	338	5,920	(373)	1,399	(534)	–	–	–	–	6,188	53,823

	Fair value measurements using significant unobservable inputs (Level 3)								
	Property, plant and equipment		Investment properties					Available-for-sale	
	Freehold land	Freehold buildings	Freehold land			Freehold buildings		Equity shares (unquoted)	
GROUP 2015	**Seychelles $'000**	**Seychelles $'000**	**Seychelles $'000**	**Thailand, Phuket $'000**	**Northern Thailand $'000**	**Thailand, Phuket $'000**	**Thailand, Bangkok $'000**	**Vietnam $'000**	**Total $'000**
Total gains or losses for the period included in profit or loss:									
- Other income									
Net (loss)/gain from fair value adjustment of investment properties	–	–	(59)	–	–	303	(425)	–	(181)
Other comprehensive income:									
- Net surplus on revaluation of land and buildings	55	4,992	–	–	–	–	–	–	5,047
- Net loss on fair value adjustment of available-for-sale financial assets	–	–	–	–	–	–	–	(6,188)	(6,188)
	55	4,992	–	–	–	–	–	(6,188)	(1,141)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2016

47. Fair value of assets and liabilities (cont'd)

(d) Level 3 fair value measurements (cont'd)

(iii) Valuation policies and procedures

The Group Chief Financial Officer ("CFO"), who is assisted by Vice President, Corporate Finance (collectively referred to as the "CFO office") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, the CFO office reports to the Group's Audit and Risk Committee.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and FRS 113 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

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

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

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

		Fair value measurements at the end of the reporting period using			
		GROUP		**COMPANY**	
	Note	**Quoted prices in active markets for identical assets (Level 1) $'000**	**Carrying amount $'000**	**Quoted prices in active markets for identical assets (Level 1) $'000**	**Carrying amount $'000**
2016					
Assets					
Subsidiaries	16	**–**	**–**	**91,323**	**71,619**
Associates	17	**33,042**	**31,098**	**–**	**–**
2015					
Assets					
Subsidiaries	16	–	–	85,058	71,619

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

(g) Financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair values

Fair value information has not been disclosed for the Group's financial instruments not carried at fair value and whose carrying amounts are not reasonable approximation of fair values, because the fair values cannot be measured reliably.

The loans due from subsidiaries 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2016

47. Fair value of assets and liabilities (cont'd)

(h) Classification of financial instruments

Set out below is a comparison by category of carrying amounts of all the Group's and Company's financial instruments that are carried in the financial statements:

GROUP	Note	Loans and receivables $'000	Available-for-sale $'000	Non-financial assets $'000	Total $'000
Year ended 31 December 2016					
Non-current assets					
Property, plant and equipment	12	–	–	657,746	657,746
Investment properties	13	–	–	70,596	70,596
Intangible assets	14	–	–	33,202	33,202
Land use rights	15	–	–	2,982	2,982
Associates	17	–	–	93,884	93,884
Long-term investments	18	–	14,887	–	14,887
Deferred tax assets	38	–	–	16,072	16,072
Prepaid island rental	19	–	–	22,839	22,839
Prepayments		–	–	3,555	3,555
Long-term trade receivables	20	29,093	–	–	29,093
Other receivables	21	11,168	–	–	11,168
		40,261	14,887	900,876	956,024
Current assets					
Property development costs	23	–	–	251,795	251,795
Inventories	24	–	–	9,398	9,398
Prepayments and other non-financial assets	25	–	–	18,683	18,683
Trade receivables	26	43,155	–	–	43,155
Other receivables	27	8,931	–	–	8,931
Amounts due from associates	29	203	–	–	203
Amounts due from related parties	30	21,999	–	–	21,999
Cash and short-term deposits	31	108,767	–	–	108,767
		183,055	–	279,876	462,931
Assets of disposal group classified as held for sale	32	5,143	11,856	172,268	189,267
		188,198	11,856	452,144	652,198
Total assets		228,459	26,743	1,353,020	1,608,222

47. Fair value of assets and liabilities (cont'd)

(h) Classification of financial instruments (cont'd)

GROUP	Note	Liabilities at amortised cost $'000	Non-financial liabilities $'000	Total $'000
Year ended 31 December 2016				
Current liabilities				
Tax payable		–	7,039	7,039
Unearned income		–	10,589	10,589
Other non-financial liabilities	33	–	32,801	32,801
Interest-bearing loans and borrowings	34	97,981	–	97,981
Notes payable		49,031	–	49,031
Trade payables		19,368	–	19,368
Other payables	36	37,958	–	37,958
Amounts due to associates	29	5	–	5
Amounts due to related parties	30	864	–	864
		205,207	50,429	255,636
Liabilities of disposal group classified as held for sale	32	20,155	5,402	25,557
		225,362	55,831	281,193
Non-current liabilities				
Deferred income	37	–	8,041	8,041
Deferred tax liabilities	38	–	107,116	107,116
Defined and other long-term employee benefits	39	–	2,927	2,927
Deposits received		–	1,814	1,814
Other non-financial liabilities		–	4,100	4,100
Interest-bearing loans and borrowings	34	125,687	–	125,687
Notes payable	35	343,886	–	343,886
Other payables		612	–	612
		470,185	123,998	594,183
Total liabilities		695,547	179,829	875,376

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2016

47. 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	Held-to-maturity $'000	Non-financial assets $'000	Total $'000
Year ended 31 December 2015						
Non-current assets						
Property, plant and equipment	12	–	–	–	657,348	657,348
Investment properties	13	–	–	–	67,612	67,612
Intangible assets	14	–	–	–	34,965	34,965
Land use rights	15	–	–	–	11,411	11,411
Associates	17	–	–	–	160	160
Long-term investments	18	–	106,750	–	–	106,750
Deferred tax assets	38	–	–	–	18,276	18,276
Prepaid island rental	19	–	–	–	22,995	22,995
Prepayments		–	–	–	3,447	3,447
Long-term trade receivables	20	31,117	–	–	–	31,117
Other receivables	21	4,722	–	–	–	4,722
		35,839	106,750	–	816,214	958,803
Current assets						
Property development costs	23	–	–	–	335,823	335,823
Inventories	24	–	–	–	10,573	10,573
Prepayments and other non-financial assets	25	–	–	–	20,809	20,809
Trade receivables	26	66,226	–	–	–	66,226
Other receivables	27	13,889	–	–	–	13,889
Amounts due from associates	29	38	–	–	–	38
Amounts due from related parties	30	18,642	–	–	–	18,642
Investment securities	22	–	–	2,512	–	2,512
Cash and short-term deposits	31	165,663	–	–	–	165,663
		264,458	–	2,512	367,205	634,175
Total assets		300,297	106,750	2,512	1,183,419	1,592,978

47. Fair value of assets and liabilities (cont'd)

(h) Classification of financial instruments (cont'd)

GROUP	Note	Liabilities at amortised cost $'000	Non-financial liabilities $'000	Total $'000
Year ended 31 December 2015				
Current liabilities				
Tax payable		–	8,683	8,683
Unearned income		–	8,747	8,747
Other non-financial liabilities	33	–	41,385	41,385
Interest-bearing loans and borrowings	34	89,750	–	89,750
Trade payables		24,186	–	24,186
Other payables	36	41,069	–	41,069
Amounts due to associates	29	32	–	32
Amounts due to related parties	30	1,102	–	1,102
		156,139	58,815	214,954
Non-current liabilities				
Deferred income	37	–	8,654	8,654
Deferred tax liabilities	38	–	97,823	97,823
Defined and other long-term employee benefits	39	–	3,055	3,055
Deposits received		–	1,699	1,699
Other non-financial liabilities		–	3,844	3,844
Interest-bearing loans and borrowings	34	171,144	–	171,144
Notes payable	35	391,772	–	391,772
Other payables		572	–	572
		563,488	115,075	678,563
Total liabilities		719,627	173,890	893,517

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2016

47. Fair value of assets and liabilities (cont'd)

(h) Classification of financial instruments (cont'd)

COMPANY	Note	Loans and receivables $'000	Non-financial assets $'000	Total $'000
Year ended 31 December 2016				
Non-current assets				
Property, plant and equipment	12	–	1	1
Intangible assets	14	–	2,471	2,471
Subsidiaries	16	329,785	183,769	513,554
Associates	17	–	869	869
		329,785	187,110	516,895
Current assets				
Prepayments and other non-financial assets	25	–	134	134
Other receivables	27	70	–	70
Amounts due from subsidiaries	28	207,538	–	207,538
Amounts due from related parties		1	–	1
Cash and short-term deposits	31	28,052	–	28,052
		235,661	134	235,795
Total assets		565,446	187,244	752,690

COMPANY	Note	Liabilities at amortised cost $'000	Non-financial liabilities $'000	Total $'000
Year ended 31 December 2016				
Current liabilities				
Other non-financial liabilities	33	–	514	514
Interest-bearing loans and borrowings	34	41,608	–	41,608
Notes payable	35	49,031	–	49,031
Other payables	36	5,199	–	5,199
Amounts due to subsidiaries	28	46,699	–	46,699
		142,537	514	143,051
Non-current liabilities				
Interest-bearing loans and borrowings	34	7,572	–	7,572
Notes payable	35	343,886	–	343,886
		351,458	–	351,458
Total liabilities		493,995	514	494,509

47. Fair value of assets and liabilities (cont'd)

(h) Classification of financial instruments (cont'd)

COMPANY	Note	Loans and receivables $'000	Non-financial assets $'000	Total $'000
Year ended 31 December 2015				
Non-current assets				
Property, plant and equipment	12	–	6	6
Intangible assets	14	–	2,524	2,524
Subsidiaries	16	317,626	183,769	501,395
Associates	17	–	869	869
		317,626	187,168	504,794
Current assets				
Prepayments and other non-financial assets	25	–	160	160
Other receivables	27	147	–	147
Amounts due from subsidiaries	28	198,317	–	198,317
Cash and short-term deposits	31	69,121	–	69,121
		267,585	160	267,745
Total assets		585,211	187,328	772,539

COMPANY	Note	Liabilities at amortised cost $'000	Non-financial liabilities $'000	Total $'000
Year ended 31 December 2015				
Current liabilities				
Other non-financial liabilities	33	–	462	462
Interest-bearing loans and borrowings	34	32,608	–	32,608
Other payables	36	5,170	–	5,170
Amounts due to subsidiaries	28	50,812	–	50,812
		88,590	462	89,052
Non-current liabilities				
Interest-bearing loans and borrowings	34	30,179	–	30,179
Notes payable	35	391,772	–	391,772
		421,951	–	421,951
Total liabilities		510,541	462	511,003

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2016

48. Segment information

For management purposes, the Group is organised into business units based on the nature of products and services provided, with each reportable operating segment representing strategic business units that offers different products and serves different markets. The reportable operating segments are as follows:

The Hotel Investments Segment relates to hotel and restaurant operations.

The Property Sales Segment comprises hotel residences, Laguna property sales and development project/site sales. Hotel residences business relates mainly to the sale of hotel villas or suites which are part of hotel operations, to investors under a compulsory leaseback scheme. Laguna property sales business relates to the development and sale of properties which are standalone vacation homes in Laguna Phuket. Development project/site sales relates to pure development land sales or development land sales which are fully or partially developed with infrastructure.

The Fee-based Segment comprises the management of hotels and resorts, the management of an asset-backed destination club, the management of private-equity funds, the management and operation of spas, the sales of merchandise, the provision of architectural and design services, the management and ownership of golf courses, and rental of retail outlets and offices.

The Head Office Segment relates to expenses incurred by corporate office.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained below, is measured differently from operating profit or loss in the consolidated financial statements.

Geographical information

Revenue derived from management of hotels and resorts, and provision of architectural and design services are reported based on the geographical location of the Group's customers while all other revenue streams are based on the geographical location of the Group's assets. Non-current assets are based on the geographical location of the Group's assets.

The South East Asia segment comprises countries such as Thailand, Indonesia, Malaysia and Vietnam.

The Indian Oceania segment comprises countries such as Seychelles, Maldives, Sri Lanka and India.

The Middle East segment comprises countries such as Dubai and Egypt.

The North East Asia segment comprises countries such as China, Japan, Hong Kong and Macau.

The rest of the world segment comprises countries such as Australia, Guam, Morocco, West Indies, Americas and Europe.

Allocation basis and transfer pricing

Segments' results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Income taxes are managed on a group basis and are not allocated to operating segments. Unallocated income comprises of other sources of income which are not directly attributable to the identified operating segments.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

Segment accounting policies are the same as the policies of the Group as described in Note 2. The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices.

Information about major customers

There is no concentration of revenue derived from any one single customer for both years ended 31 December 2016 and 2015.

48. Segment information (cont'd)

(a) Operating segments

The following tables present revenue and results information regarding the Group's reportable operating segments for the years ended 31 December 2016 and 2015:

	Hotel Investments $'000	Property Sales $'000	Fee-based Segment $'000	Head Office $'000	Total $'000
Year ended 31 December 2016					
Revenue:					
Segment revenue					
Sales	**197,783**	**51,305**	**93,832**	**–**	**342,920**
Inter-segment sales	**(372)**	**–**	**(32,983)**	**–**	**(33,355)**
Sales to external customers	**197,411**	**51,305**	**60,849**	**–**	**309,565**
Results:					
Segment results	**7,503**	**3,144**	**(2,687)**	**(10,979)**	**(3,019)**
Unallocated income					**29,652**
Profit from operations and other gains					**26,633**
Finance income	**141**	**1,562**	**905**	**1,066**	**3,674**
Finance costs	**(5,305)**	**(3,633)**	**(300)**	**(20,392)**	**(29,630)**
Share of results of associates	**–**	**–**	**33**	**–**	**33**
Profit before taxation					**710**
Income tax expense					**(7,660)**
Loss for the year					**(6,950)**
Year ended 31 December 2015					
Revenue:					
Segment revenue					
Sales	197,063	94,210	123,893	–	415,166
Inter-segment sales	(374)	–	(44,104)	–	(44,478)
Sales to external customers	196,689	94,210	79,789	–	370,688
Results:					
Segment results	(432)	14,691	(2,106)	(12,201)	(48)
Unallocated income					6,350
Profit from operations and other gains					6,302
Finance income	231	831	134	1,155	2,351
Finance costs	(5,485)	(2,166)	(658)	(19,774)	(28,083)
Share of results of associates	–	–	41	(76)	(35)
Loss before taxation					(19,465)
Income tax expense					(6,495)
Loss for the year					(25,960)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2016

48. 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 years ended 31 December 2016 and 2015:

	Hotel Investments $'000	Property Sales $'000	Fee-based Segment $'000	Head Office $'000	Total $'000
Year ended 31 December 2016					
Assets and liabilities:					
Segment assets	**676,310**	**456,131**	**260,972**	**104,853**	**1,498,266**
Associates	**56,308**	**–**	**168**	**37,408**	**93,884**
Deferred tax assets	**6,600**	**6,769**	**2,315**	**388**	**16,072**
Total assets					**1,608,222**
Segment liabilities	**55,775**	**55,464**	**26,446**	**6,951**	**144,636**
Interest-bearing loans and borrowings	**110,815**	**59,674**	**4,000**	**49,179**	**223,668**
Notes payable	**–**	**–**	**–**	**392,917**	**392,917**
Current and deferred tax liabilities	**72,105**	**38,251**	**3,367**	**432**	**114,155**
Total liabilities					**875,376**
Other segment information:					
Capital expenditure	**15,065**	**187**	**550**	**86**	**15,888**
Depreciation of property, plant and equipment	**18,812**	**511**	**2,718**	**300**	**22,341**
Amortisation expense	**2,511**	**–**	**–**	**211**	**2,722**
Other non-cash items	**293**	**–**	**(1,141)**	**3,216**	**2,368**
Year ended 31 December 2015					
Assets and liabilities:					
Segment assets	700,119	435,569	236,640	202,214	1,574,542
Associates	1	–	159	–	160
Deferred tax assets	8,505	7,480	2,199	92	18,276
Total assets					1,592,978
Segment liabilities	50,584	41,479	35,259	7,023	134,345
Interest-bearing loans and borrowings	123,095	68,675	6,337	62,787	260,894
Notes payable	–	–	–	391,772	391,772
Current and deferred tax liabilities	63,730	34,173	8,027	576	106,506
Total liabilities					893,517
Other segment information:					
Capital expenditure	21,871	12	1,130	456	23,469
Depreciation of property, plant and equipment	18,286	420	2,724	396	21,826
Amortisation expense	2,455	–	–	427	2,882
Other non-cash items	288	(61)	10,843	343	11,413

48. 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	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Singapore	**760**	307	**77,405**	78,416
South East Asia	**210,194**	247,127	**632,867**	484,156
Indian Oceania	**64,548**	74,930	**141,023**	137,173
Middle East	**899**	2,322	**–**	–
North East Asia	**26,125**	38,938	**10,756**	75,240
Rest of the world	**7,039**	7,064	**22,753**	22,953
	309,565	370,688	**884,804**	797,938

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

49. Dividends

	COMPANY	
	2016 $'000	2015 $'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend for 2015: Nil cent (2014: 0.13 cent) per share	–	989

50. Authorisation of financial statements

The financial statements for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Directors on 16 March 2017.

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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 KMGAFL
Galileo - BY 16394
Sabre - BY 127890
Worldspan - BY KMGAF

Angsana Hangzhou
8 Westbrook Resort
Zijingang Road
Hangzhou
Zhejiang Province 310030
People's Republic of China
Tel : +86 571 8500 2000
Fax : +86 571 8500 2111
hangzhou@angsana.com

Amadeus - BY HGHAHH
Galileo - BY 33066
Sabre - BY 142420
Worldspan - BY HGHAH

Angsana Laguna Phuket
10 Moo 4 Srisoonthorn Road
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 54 3695 800
Fax : +84 54 3695 900
langco@angsana.com

Amadeus - BY DADALL
Galileo - BY 58225
Sabre - BY 165714
Worldspan - BY DADAL

Angsana Tengchong • Hot Spring Village
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@angsana.com

Amadeus - BY BSOANG
Galileo - BY 32883
Sabre - BY 185650
Worldspan - BY TCZAN

WORLDWIDE RESORTS

Angsana Villas Resort Phuket
142/3 Moo.6, Cherngtaly, Thalang
Phuket 83110
Thailand
Tel : +66 76 336 900
Fax : +66 76 336 970
angsanavillasresortphuket@angsana.com

Amadeus - BY HKTTLP
Galileo - BY 67747
Sabre - BY 10325
Worldspan - BY TLP

Angsana Xi'an Lintong
No. 8 East Yue Chun Road,
Lintong District, Xi'an, Shaanxi 710600
People's Republic of China
Tel : +86 029 8387 8888
Fax : +86 029 8387 6666
reservations-xianlintong@angsana.com

Amadeus - BY 81AANG
Galileo - BY B6121
Sabre - BY 284134
Worldspan - BY ANCNX

SOUTH ASIA

Angsana Bangalore
Northwest Country
Main Doddaballapur Road
Rajankunte Bangalore 560064
India
Tel : +91 80 2846 8892
Fax : +91 80 2846 8897
bangalore@angsana.com

Amadeus - WV BLRAOS
Galileo - WV 69850
Sabre - WV 34458
Worldspan - WV BLRAO

Angsana Ihuru
North Malé Atoll
Republic of Maldives
Tel : +960 664 3502
Fax : +960 664 5933
reservations-maldives@angsana.com

Amadeus - WW MLEANG
Galileo - WW 37922
Sabre - WW 60405
Worldspan - WW MLEIH

Angsana Velavaru
South Nilandhe Atoll (Dhaalu Atoll)
Republic of Maldives
Tel : +960 676 0028
Fax : +960 676 0029
velavaru@angsana.com

Amadeus - BY MLEANN
Galileo - BY 13765
Sabre - BY 74305
Worldspan - BY MLEAN

ANGSANA AFFILIATED HOTELS

ASIA PACIFIC

Maison Souvannaphoum Hotel
Rue Chao Fa Ngum
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

CASSIA

ASIA PACIFIC

Cassia Phuket
64 Moo 4 Srisoonthorn Road
Tambon, Cherngtalay, Amphur
Thalang, Phuket 83110,
Thailand
Tel : +66 76 356999
reservation-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

OTHER HOTELS & RESORTS

ASIA PACIFIC

The Grand Luang Prabang Hotel
Ban Xiengkeo
Khet Sangkalok, PO Box 1191
Luang Prabang
Laos
Tel : +856 71 253 851
info@grandluangprabang.com

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

China - Guangzhou
Tel : +86 20 2826 1896
Fax : +86 20 2826 1897
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China - Shanghai
Tel : +86 21 6335 2929
Fax : +86 21 6335 0658
sales-shanghai@banyantree.com
sales-shanghai@angsana.com

Hong Kong
Tel : +852 2312 1815
Fax : +852 2730 5236
sales-hongkong@banyantree.com
sales-hongkong@angsana.com

Japan & South Korea
Tel : +81 3 5542 3511
Fax : +81 3 5542 3512
sales-tokyo@banyantree.com
sales-tokyo@angsana.com

Taiwan
Tel : +886 2 2509 2368
Fax : +886 2 2509 2286
sales-taiwan@banyantree.com
sales-taiwan@angsana.com

EUROPE

Germany, Austria & Switzerland
Tel : +43 676 7752 555
sales-germany@banyantree.com
sales-germany@angsana.com

United Kingdom
Tel : +44 7500 887 369
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

Hong Kong
Tel : 80 0903 881

Japan
Tel : 01 2077 8187

Singapore
Tel : 1800 232 5599

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
Elizabeth Sam
Chan Heng Wing
Tham Kui Seng
Lim Tse Ghow Olivier

AUDIT & RISK COMMITTEE

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

NOMINATING & REMUNERATION COMMITTEE

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

MANAGEMENT TEAM

Claire Chiang
Ho KwonCjan
Eddy See Hock Lye
Shankar Chandran
Dharmali Kusumadi
Des Pugson
Stuart Reading
Shelly Yeo
Hokan Limin
Timothy Cheong
Cindy Lee
Sachiko Shiina
Philip Lim
Kenneth Law
Kanruethai Roongruang
Gavin Herholdt
Alan Chin
Carolyn Zhang
Kuan Chiet

REGISTERED ADDRESS

Banyan Tree Holdings Limited
211 Upper Bukit Timah Road
Singapore 588182
Tel : +65 6849 5888
Fax : +65 6462 0186

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01
Singapore Land Tower
Singapore 048623

AUDITOR

Ernst & Young LLP
One Raffles Quay
North Tower Level 18
Singapore 048583

Partner in charge
(since financial year ended 31 December 2016)
Simon Yeo

SOLICITORS

WongPartnership LLP

BANKERS

Hong Kong & Shanghai Banking Corporation Ltd
Malayan Banking Berhad
Qatar National Bank SAQ
Bank of East Asia Ltd
Bank of China Ltd
The Siam Commercial Bank Public Company Limited

COMPANY SECRETARY

Jane Teah
Tel : +65 6849 5886
Fax : +65 6462 0186
jane.teah@banyantree.com

BUSINESS DEVELOPMENT

Jackson Tan
Tel: +65 6389 1381
Fax: +65 6462 0186
bd@banyantree.com

GROUP SALES & MARKETING

211 Upper Bukit Timah Road
Singapore 588182
Tel : +65 6849 5888
Fax : +65 6462 9800
pr@banyantree.com

STATISTICS OF SHAREHOLDINGS

as at 16 March 2017

Share Capital

Issued and Paid-up Capital	$199,994,894
Class of Shares	Ordinary Shares
Voting Rights	One vote per share except for treasury shares

Distribution Of Shareholdings

Size of Shareholdings	No. of shareholders	%	No. of shares	%
1 – 99	18	0.60	555	0.00
100 – 1,000	402	13.30	373,360	0.05
1,001 – 10,000	1,733	57.33	9,251,478	1.21
10,001 – 1,000,000	852	28.18	44,431,733	5.84
1,000,001 AND ABOVE	18	0.59	706,999,654	92.90
Total	**3,023**	**100.00**	**761,056,780***	**100.00**

* The total number of issued shares excludes the 345,500 treasury shares. Percentage of 345,500 treasury shares against total number of issued shares (excluding treasury shares) is 0.05%.

Substantial Shareholders[1]

	Direct interests No. of shares	%[2]	Deemed interests No. of shares	%[2]
Ho KwonPing[3]	–	–	293,319,882	38.54
Claire Chiang[3]	–	–	293,319,882	38.54
Ho KwonCjan[4]	16,000,000	2.10	49,629,000	6.52
Bibace Investments Ltd[5]	–	–	286,519,882	37.65
Bibace Management Company Limited (acting as trustee of The Bibace Trust)[6]	–	–	286,519,882	37.65
Bibace Management Company Limited (acting as trustee of the Merit Trust)[6]	–	–	286,519,882	37.65
Bibace Management Company Limited (acting as trustee of the Ho Ren Hua Family Line Trust)[6]	–	–	286,519,882	37.65
Bibace Management Company Limited (acting as trustee of the Ho Ren Yung Family Line Trust)[6]	–	–	286,519,882	37.65
Bibace Management Company Limited (acting as trustee of the Ho Ren Chun Family Line Trust)[6]	–	–	286,519,882	37.65
Banyan Tree Global Foundation Limited[7]	–	–	286,519,882	37.65
Qatar Holding LLC[8]	–	–	205,870,443	27.05
Qatar Investment Authority[9]	–	–	205,870,443	27.05

1 As shown in the Register of Substantial Shareholders and based on the notifications and information received by the Company.

2 Percentage shareholding is based on issued share capital as at 16 March 2017 (excluding treasury shares).

3 Ho KwonPing and Claire Chiang, named beneficiaries of The Bibace Trust, are each deemed to have an interest in the shares held by HSBC (Singapore) Nominees Pte Ltd and Raffles Nominee (Pte.) Limited (acting as nominees for Bibace Investments Ltd ("**Bibace**")) as a result of The Bibace Trust's shareholding interest in Bibace. They are 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.).

4 Ho KwonCjan is deemed to have an interest in the shares held by ICD (HK) Limited, Freesia Investments Ltd and Raffles Nominee (Pte.) Limited (acting as nominee for Li-Ho Holdings (Private) Limited).

5 Bibace Investments Ltd is deemed to have an interest in the shares held by its nominees, HSBC (Singapore) Nominees Pte Ltd and Raffles Nominee (Pte.) Limited.

6 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.

7 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 Nominee (Pte.) Limited (acting as nominees for Bibace) as a result of The Bibace Trust's shareholding interest in Bibace.

8 Qatar Holding LLC ("**QH**") is deemed to have an interest in the shares held through third party nominees.

9 Qatar Investment Authority is deemed to have an interest in the shares held by its wholly-owned subsidiary, QH.

STATISTICS OF SHAREHOLDINGS

as at 16 March 2017

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

No.	Name	No. of Shares	%
1.	HSBC (Singapore) Nominees Pte Ltd	282,117,082	37.07
2.	DBSN Services Pte. Ltd.	213,357,343	28.03
3.	Citibank Nominees Singapore Pte Ltd	54,018,848	7.10
4.	BNP Paribas Nominees Singapore Pte Ltd	38,150,000	5.01
5.	ICD (HK) Limited	31,000,000	4.07
6.	Raffles Nominees (Pte) Limited	22,105,000	2.90
7.	Ho KwonCjan	16,000,000	2.10
8.	OCBC Securities Private Limited	15,898,400	2.09
9.	Freesia Investments Ltd	10,000,000	1.31
10.	Recourse Investments Ltd.	6,000,000	0.79
11.	DBS Nominees (Private) Limited	5,266,615	0.69
12.	Goi Seng Hui	3,758,900	0.49
13.	Lee Pineapple Company Pte Ltd	2,200,000	0.29
14.	Maybank Kim Eng Securities Pte. Ltd.	2,053,166	0.27
15.	United Overseas Bank Nominees (Private) Limited	1,503,700	0.20
16.	UOB Kay Hian Private Limited	1,350,100	0.18
17.	Ariel P Vera	1,120,500	0.15
18.	Lee Seng Tee	1,100,000	0.14
19.	Phillip Securities Pte Ltd	981,400	0.13
20.	Leong Hong Cheong	750,000	0.10
	Total	**708,731,054**	**93.11**

As at 16 March 2017, approximately 25.38% 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 Seventeenth Annual General Meeting ("**AGM**") of the Company will be held at Ballroom 1 Lower Lobby, The Fullerton Hotel, 1 Fullerton Square, Singapore 049178, on Friday, 21 April 2017 at 3.00 p.m. to transact the following business:

Ordinary Business

1 To receive and adopt the Directors' Statement and Audited Accounts for the financial year ended 31 December 2016 and the Auditor's Report thereon.

2 To re-elect the following directors who are retiring by rotation in accordance with Articles 93 and 94 of the Company's Articles of Association comprising part of the Constitution of the Company (the "**Constitution**") and who, being eligible, offer themselves for re-election:

i. Mrs Fang Ai Lian
ii. Mr Tham Kui Seng
iii. Mr Lim Tse Ghow Olivier

3 To approve payment of Directors' Fees of S$446,628 for the financial year ended 31 December 2016 (FY2015: S$438,959).

4 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

5 To consider and, if thought fit, to pass the following ordinary resolutions, with or without modifications:

5.1 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 5.1 may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution 5.1 was in force,

NOTICE OF ANNUAL GENERAL MEETING

BANYAN TREE HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 200003108H)

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution 5.1 (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 5.1) shall not exceed 50 per cent of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 5.1) shall not exceed 20 per cent of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited (the "**SGX-ST**")) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) at the time this Resolution 5.1 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 5.1 is passed; and

(ii) any subsequent bonus issue, consolidation or sub-division of Shares;

(3) in exercising the authority conferred by this Resolution 5.1, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Listing Manual of the SGX-ST ("**Listing Manual**") for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution 5.1 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.

5.2 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 (5) per cent of the total number of issued Shares (excluding treasury shares) 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.

5.3 That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual, for the Company, its subsidiaries and its associated companies which are entities at risk as defined under Chapter 9 of the Listing Manual, to enter into any of the transactions falling within the types of interested person transactions described in the Appendix to the Letter to Shareholders dated 5 April 2017 (the "**Letter**"), with any person who falls within the classes of interested persons described in the Appendix to the Letter, provided that such transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders and in accordance with the review procedures for interested person transactions as set out in the Appendix to the Letter (the "**IPT Mandate**");

(b) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date that the next AGM of the Company is held or required by law to be held, whichever is the earlier;

(c) the Audit and Risk Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of such procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual which may be prescribed by the SGX-ST from time to time; and

(d) the Directors 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.

5.4 That:

(a) for the purposes of the Companies Act, the authority conferred on the Directors to exercise all the powers of the Company to purchase or otherwise acquire issued ordinary shares fully paid in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) (each a "**Market Purchase**") on the SGX-ST; and/or

(ii) off-market purchase(s) (each an "**Off-Market Purchase**") in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws and regulations, including but not limited to the provisions of the Companies Act and the Listing Manual as may for the time being be applicable, be and is hereby approved generally and unconditionally (the "**Share Buyback Mandate**");

(b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next AGM is held or required by law to be held; and

(ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated;

NOTICE OF ANNUAL GENERAL MEETING

BANYAN TREE HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 200003108H)

(c) in this Resolution:

"**Maximum Limit**" means that number of Shares representing not more than one (1) per cent of the total number of issued Shares (excluding treasury shares) as at the date of the passing of this Resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered (excluding any treasury shares); and

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding related expenses) which shall not exceed:

(i) in the case of a Market Purchase, 105 per cent of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120 per cent of the Highest Last Dealt Price,

where:

"**Relevant Period**" means the period commencing from the date on which 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.

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

By Order of the Board

Jane Teah
Company Secretary
Singapore, 5 April 2017

Explanatory Notes

In relation to Ordinary Resolution 2(i), Mrs Fang Ai Lian will, upon re-election as Director, continue to serve as Chairman of the Audit & Risk Committee ("ARC") and will be considered independent for the purposes of Rule 704(8) of the Listing Manual.

In relation to Ordinary Resolution 2(ii), Mr Tham Kui Seng will, upon re-election as Director, continue to serve as a member of the ARC and will be considered independent for the purposes of Rule 704(8) of the Listing Manual.

In relation to Ordinary Resolution 2(iii), Mr Lim Tse Ghow Olivier will, upon re-election as Director, continue to serve as a member of the ARC and will be considered independent for the purposes of Rule 704(8) of the Listing Manual.

Ordinary Resolution 3, if passed, relates to the payment of Directors' fees for the financial year ended 31 December 2016. Directors' fees are for services rendered by the Non-Executive Directors on the Board as well as the various Board Committees. The amount also includes complimentary accommodation, spa and gallery benefits provided to the Non-Executive Directors.

Detailed information on the Directors who are proposed to be re-elected can be found under the "Board of Directors" and "Corporate Governance Report" in the Company's Annual Report 2016.

Statement pursuant to Article 56 of the Company's Articles of Association comprising part of the Constitution

Ordinary Resolution 5.1, if passed, will empower the Directors, from the date of the passing of Ordinary Resolution 5.1 to the date of the next AGM, to issue Shares and to make or grant Instruments (such as warrants or debentures) convertible into Shares, and to issue Shares in pursuance of such Instruments, up to an amount not exceeding in total 50 per cent of the total number of issued Shares (excluding treasury shares), with a sub-limit of 20 per cent of the total number of issued Shares (excluding treasury shares) for issues other than on a *pro rata* basis to shareholders. For the purpose of determining the aggregate number of Shares that may be issued, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares) at the time that Ordinary Resolution 5.1 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 5.1 is passed; and (b) any subsequent bonus issue, consolidation or sub-division of Shares.

Ordinary Resolution 5.2, 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 (5) per cent of the total number of issued Shares (excluding treasury shares) on the day preceding the relevant date of the award.

Ordinary Resolution 5.3, 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 5.4, 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

BANYAN TREE HOLDINGS LIMITED

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

Apart from using its internal sources of funds, the Company may obtain or incur borrowings to finance its purchases or acquisitions of Shares. The Directors 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 2016 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 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 proxies to attend and vote at a meeting of the Company, but each proxy must be appointed to exercise the rights attached to a different class of share or shares held by such member. Such proxy need not be a member of the Company.

   "**Relevant Intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act.

2. The instrument appointing a proxy or proxies must be lodged at the registered office of the Company at 211 Upper Bukit Timah Road, Singapore 588182, not less than 48 hours before the time appointed for the AGM. In the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

PROXY FORM

BANYAN TREE HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 200003108H)

IMPORTANT:
1. For investors who have used their CPF monies to buy ordinary shares in the capital of Banyan Tree Holdings Limited ("Shares"), this Annual Report is forwarded to them at the request of their CPF Agent Banks and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ______________________________ (Name)

of ______________________________ (Address)

being a member/members of Banyan Tree Holdings Limited (the "**Company**"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares (Ordinary Shares)	%

and/or (please delete as appropriate)

			No. of Shares (Ordinary Shares)	%

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting (the "**AGM**") of the Shareholders of the Company to be held on Friday, 21 April 2017 at Ballroom 1 Lower Lobby, The Fullerton Hotel, 1 Fullerton Square, Singapore 049178, at 3.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM and at any adjournment thereof. If no person is named in the above boxes, the Chairman of the AGM shall be my/our proxy to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder for me/us on my/our behalf at the AGM and at any adjournment thereof.

Resolution No.	Resolution relating to:		No. of Votes For*	No. of Votes Against*
As Ordinary Business				
1	Directors' Statement and Audited Accounts for the financial year ended 31 December 2016			
2	Re-election of Directors pursuant to Articles 93 and 94	(i) Fang Ai Lian		
		(ii) Tham Kui Seng		
		(iii) Lim Tse Ghow Olivier		
3	Approval of Directors' Fees			
4	Re-appointment of Ernst & Young LLP as Auditor			
As Special Business				
5.1	Authority to issue new Shares			
5.2	Authority to grant awards and allot and issue Shares pursuant to vesting of awards under the Banyan Tree Share Award Scheme 2016			
5.3	The Proposed Renewal of the Shareholders' Mandate for Interested Person Transactions			
5.4	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 ____________ 2017

Total number of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature(s) of Member(s) or Common Seal

Important: Please read notes on the reverse carefully before completing this form.

1st fold along line

Affix
postage
stamp

Banyan Tree Holdings Limited
211 Upper Bukit Timah Road
Singapore 588182
Attention: Company Secretary

2nd fold along line

Notes:

1. Please insert the total number of Shares held by you. If you only have Shares entered against your name in the Depository Register (as defined in Part IIIAA of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you (in both the Register of Members and the Depository Register).

2. (a) A member of the Company entitled to attend and vote at a meeting of the Company, and who is not a Relevant Intermediary, is entitled to appoint one or two proxies to attend and vote instead of him. Such proxy need not be a member of the Company. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy shall be deemed as representing 100 per cent 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 proxies to attend and vote at a meeting of the Company, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where more than one 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 proxies, it should annex to the instrument appointing a proxy or proxies the list of proxies, setting out, in respect of each proxy, the name, address, NRIC/Passport Number and proportion of shareholding (number of shares and percentage) in relation to which the proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank who intends to appoint CPF investors as its proxies shall comply with this Note.

   (c) "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore (the "Companies Act").

3. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 211 Upper Bukit Timah Road, Singapore 588182, not less than 48 hours before the time appointed for the AGM.

4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

5. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act.

6. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the member, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

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NOTE ABOUT PRINTING:

In line with Banyan Tree's continuing efforts to promote environmental sustainability, this report is a Forest Stewardship Council™ (FSC™) certified print job. If you would like additional copies or to share this report, we encourage you to join the bulk of our shareholders and enjoy the soft copy in order to reduce consumption of resources from printing and distributing hard copies. The portable document format (PDF) soft copy is available for download via Banyan Tree's website: **www.banyantree.com.**

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.

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BANYAN TREE
HOLDINGS

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