PROSPECTUS DATED 26 MAY 2006

(Registered by the Monetary Authority of Singapore on 26 May 2006)

This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser.

This is the initial public offering of our ordinary shares ("Shares"). Banyan Tree Holdings Limited ("our Company") is issuing and making an offering of 101,828,563 Shares (the "Issue Shares") and (i) Ho KwonPing, (ii) Ho KwonCjan, (iii) Tropical Resorts Limited, (iv) JAIC-1 Investment Fund, JAIC-2(A) Investment Fund, JAIC-2(B) Investment Fund, JAIC-2(C) Investment Fund, JAIC P-1A Investment Fund, JAIC P-2(A) Investment Fund and JAIC P-2(B) Investment Fund (with Japan Asia Investment Co., Ltd as investment manager of each such investment fund) (collectively, "JAIC"), (v) Kilby Associates Limited ("Kilby"), (vi) Wah-Chang Offshore (Hong Kong) Company Limited, (vii) Freesia Investments Ltd, (viii) Recourse Investments Ltd., (ix) Chang Fung Company Limited, (x) Changfung Investments Ltd., (xi) Tropical Resorts Management Co Ltd., (xii) Gold Sand Investments Ltd., (xiii) Maypole Ltd., (xiv) Li-Ho Holdings (Private) Limited and (xv) PAMA Group Inc. (as Manager and on behalf of DIF Investment Trust) ("PAMA", and together, the "Vendors") are making an offering of 278,288,437 Shares (the "Vendor Shares" and together with the Issue Shares, the "Offering Shares") for subscription and/or purchase by investors at the Offering Price (as defined below). The Offering consists of: (i) an international placement to investors, including institutional and other investors in Singapore (the "Placement") (including 5,146,000 Offering Shares (the "Reserved Shares") reserved for members of our Company's board of directors (the "Directors") and our employees, as well as business associates and others who have contributed to our success and development (to be determined by us at our sole discretion) ("Business Partners") and (ii) an offering to the public in Singapore (the "Public Offer" and together with the Placement, the "Offering"). The minimum size of the Public Offer is 20,000,000 Offering Shares.

The offering price for each Offering Share (the "Offering Price") will be not more than S$1.07 (the "Maximum Offering Price").

Offering Shares included in the Public Offer will be underwritten by DBS Bank Ltd ("DBS Bank") and UBS AG, acting through its business group, UBS Investment Bank ("UBS" and, together with DBS Bank, the "Joint Global Co-ordinators") at the Offering Price, if the Offering Price is agreed upon between the Joint Global Co-ordinators, the Vendors and our Company.

Separate from the Offering, our Company will issue Management Shares (as defined herein) after the close of the Offering. Prior to the Offering, there has been no public market for our Shares. Application has been made to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to list all our issued Shares (including the Offering Shares, the Additional Shares (as defined herein) and the Management Shares and the new Shares to be issued pursuant to the exercise of options under the Banyan Tree Share Option Scheme (the "Share Option Scheme"), the Banyan Tree Performance Share Plan (as defined herein) and the Founder's Grant (as defined herein) on the Main Board of the SGX-ST. Such permission for the listing of our Shares will be granted when we have been admitted to the Official List of the SGX-ST. Acceptance of applications for the Offering Shares will be conditional upon, among others, permission being granted to deal in and for quotation of all our issued Shares. Monies paid in respect of any application accepted will be returned, at each investor's own risk, without interest or any share of revenue or other benefit arising therefrom, and without any right or claim against us, the Vendors or the Joint Global Co-ordinators, if the Offering is not completed because the said permission is not granted or for any other reason.

We have received a letter of eligibility from the SGX-ST for the listing and quotation of our issued Shares on the Main Board of the SGX-ST. Our Company's eligibility to list does not indicate the merits of the Offering, our Company, our Group (as defined herein), our Shares, the Share Option Scheme, the Banyan Tree Performance Share Plan or the Founder's Grant.

The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Offering, our Company, our Group, our Shares, the Share Option Scheme, the Banyan Tree Performance Share Plan or the Founder's Grant.

A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the "Authority"). The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the Securities and Futures Act, Chapter 289 of Singapore (the "Securities and Futures Act"), or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of our Shares or the Additional Shares (if the Over-allotment Options (as defined below) are exercised) being offered for investment. No Shares shall be allotted or allocated on the basis of this Prospectus later than six months after the date of registration of this Prospectus by the Authority.

See "Risk Factors" for a discussion of certain factors to be considered in connection with an investment in our Shares.

In connection with the Offering, our Company and certain of the Vendors will grant to UBS, on behalf of the Joint Global Co-ordinators, over-allotment options (the "Over-allotment Options") exercisable by UBS, in consultation with DBS Bank, in full or in part on one occasion no later than the earliest of (i) the date falling 30 days from the commencement of trading of the Shares on the SGX-ST, (ii) the date when UBS has bought on the SGX-ST an aggregate of 57,017,000 Shares representing not more than 15.0 per cent. of the total Offering Shares to undertake stabilising action, and (iii) the date falling 30 days after the date of adequate public disclosure of the Offering Price, to purchase up to an aggregate of 57,017,000 Shares (representing not more than 15.0 per cent. of the total Offering Shares) at the Offering Price, solely to cover the over-allotment of the Offering Shares, if any. If the Over-allotment Options are exercised, UBS, in consultation with DBS Bank, will first exercise the option granted by the Vendors and thereafter (if necessary) the option granted by our Company. The Vendors are expected to agree among themselves that Shares sold by the Vendors as a result of the Over-allotment Options being exercised (the "Vendor Additional Shares") will first be sold by JAIC, Kilby and PAMA (if necessary, on a pro rata basis), before any of the other Vendors. The total number of issued and existing Shares immediately after the completion of the Offering and the issue of the Management Shares (and prior to the exercise of the Over-allotment Options) will be 750,155,759 Shares. If the option granted by our Company is exercised in full, the total number of issued and existing Shares immediately after the completion of the Offering will increase by 40,486,521 Shares.

The Maximum Offering Price is payable in full on application under the Public Offer and for applications for the Reserved Shares, subject to refund if and to the extent the Offering Price is less than the Maximum Offering Price. Investors applying for the Placement (save for the Reserved Shares) are required to pay the Offering Price. The Offering Price will be determined following a book-building process by agreement between the Joint Global Co-ordinators, our Company and the Vendors on a date currently expected to be 8 June 2006 (the "Price Determination Date"), which date is subject to change. If for any reason the Offering Price is not agreed between the Joint Global Co-ordinators, our Company and the Vendors, the Offering will not proceed. Notice of the Offering Price will be published in one or more major Singapore newspapers such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao* not more than two calendar days after the Price Determination Date.

The Shares in the Offering have not and will not be registered under the United States Securities Act of 1933, as amended (the "US Securities Act") and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, US persons (as defined in Regulation S under the US Securities Act ("Regulation S")). The Shares in the Offering are being offered and sold outside the United States to non-US persons (including institutional and other investors in Singapore) in reliance on Regulation S under the US Securities Act and within the United States to "qualified institutional buyers" in reliance on Rule 144A under the US Securities Act ("Rule 144A"). Prospective investors are hereby notified that the seller of our Shares may be relying on the exemption from the provisions of Section 5 of the US Securities Act provided by Rule 144A. For further details about restrictions on offers, sales and transfers of our Shares, see "Plan of Distribution" and "Transfer Restrictions".

All copies of this Prospectus distributed in Singapore must be accompanied by the instructions booklet "Terms, Conditions and Procedures for Application for the Offering Shares in Singapore", which constitutes part of this Prospectus lodged with and registered by the Authority.

BANYAN TREE

BANYAN TREE HOLDINGS LIMITED

(Company Registration Number: 200003108H)
(incorporated with limited liability in the Republic of Singapore on 11 April 2000)

Offering in respect of 380,117,000 Offering Shares
(subject to the Over-allotment Options)
The minimum size of the Public Offer is 20,000,000 Offering Shares
Maximum Offering Price: S$1.07 per Offering Share

Joint Global Co-ordinators and Joint Bookrunners

DBS   UBS Investment Bank

Sub-underwriters

BNP PARIBAS PEREGRINE   CAZENOVE

ABOUT US

Banyan Tree Holdings Limited is a leading manager and developer of premium resorts, hotels and spas in the Asia Pacific, with 18 resorts and hotels, 49 spas, 53 galleries and two golf courses. We manage and/or have ownership interests in niche resorts and hotels. Each resort typically has between 50 and 100 rooms and commands room rates at the high end of each property's particular market.

We have six operating business segments: hotel investment, hotel management, spa operations, gallery operations, property sales, design fees and others (design and project management, golf course operations and other businesses).

Our business is centred around two award-winning brands: Banyan Tree and Angsana, of which the latter includes our Colours of Angsana product line. We also operate the leading integrated resort in Thailand – Laguna Phuket, through our subsidiary, Laguna Resorts & Hotels Public Company Limited ("LRH").

As a leading operator of spas in the Asia Pacific, our spas are one of the key features in our resorts and hotels. Our galleries, which complement our resorts, hotels and spas, help to extend the reach and scope of our brands.

Since the launch of our first Banyan Tree resort, Banyan Tree Phuket, in 1994, we have received over 250 awards and accolades for the resorts, hotels and spas that we manage. We have also received recognition for our commitment to environmental protection and our emphasis on corporate social responsibility.

BUSINESS SEGMENTS

- Hotel Investment
- Hotel Management
- Spa Operations
- Gallery Operations
- Property Sales
- Design Fees and Others

INDICATIVE TIMETABLE

Public Offer opens at 8.00 a.m. on Saturday, 27 May 2006

Public Offer closes at 12.00 noon on Wednesday, 7 June 2006

Commence trading at 9.00 a.m. on Wednesday, 14 June 2006

See also "Indicative Timetable" of this Prospectus for further details.

This overview section is qualified in its entirety by, and should be read in conjunction with, the full text of this Prospectus (including but not limited to the sections entitled "Risk Factors" and "Notice to Investors – Forward Looking Statements". Words and expressions not defined herein have the same meaning as the main body of the Prospectus, unless the context otherwise requires.

BANYAN TREE

OUR BRANDS

Our business is centred around our two award-winning brands: Banyan Tree and Angsana. In addition, our Colours of Angsana product line operates under the Angsana brand.

Banyan Tree

Positioned in the niche resorts, hotels and spas market segments, we believe that Banyan Tree's product offerings are associated with prestige and luxury. The Banyan Tree brand is targeted primarily at highly affluent travellers who are seeking a luxury retreat with a focus on romance, intimacy and rejuvenation. The Banyan Tree brand was named as "Singapore's Strongest Brand" by International Enterprise Singapore in 2003.

All six resorts and hotels, eight spas and 19 galleries under the Banyan Tree brand reflect the natural environment, culture and heritage of their locations.

Angsana

Launched in 2000 as the sister brand of Banyan Tree, Angsana is a brand that is associated with youth and revitalisation. It is targeted at a younger customer segment than Banyan Tree, and offers a refreshing and contemporary experience that is manifested in its interior designs and spa treatments.

There are four resorts and hotels, 26 spas and 34 galleries under the award-winning Angsana brand.

Colours of Angsana

An extension of the Angsana brand, Colours of Angsana is positioned as offering an experience that is centred on cultural tourism and soft adventure. The product line, which made its debut in 2003, consists of a range of boutique resorts and hotels whose interior designs reflect modern adaptations of the indigenous culture and heritage of their respective locations.

Currently, there are three hotels operating under the Colours of Angsana product line.

COMPETITIVE STRENGTHS

We believe that we can capitalise on our following competitive strengths:

- We are a leading manager and developer of niche resorts, hotels and spas in the Asia Pacific
- We own award-winning brands which drive our growth strategy
- Our complementary product offerings and integrated business model enhance our resilience
- We have achieved strong operating performance for the resorts and hotels we manage
- We have a strong financial track record
- We have a proven and experienced management team

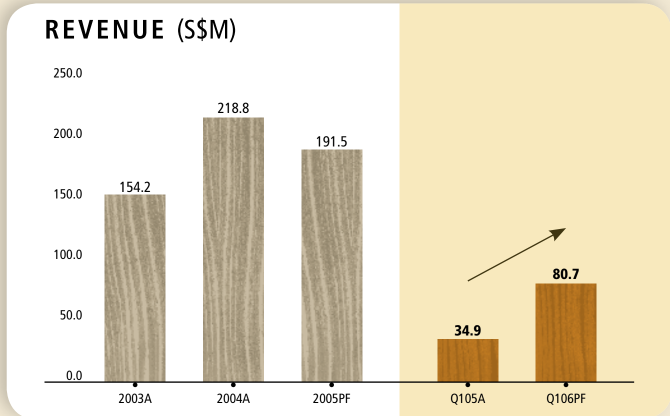
BUSINESS STRATEGY

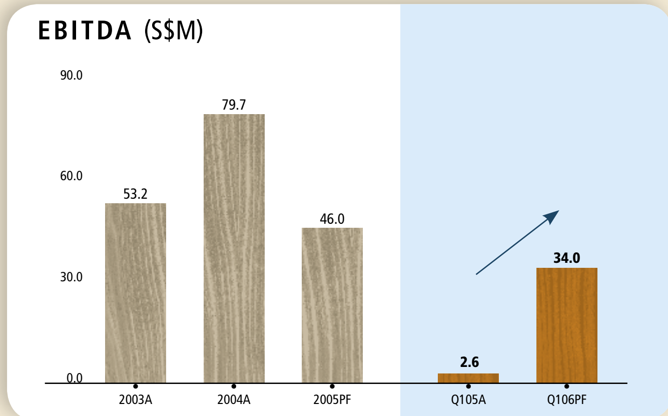
Our principal strategic objective is to build upon the Banyan Tree and Angsana brands, to create a diversified group of niche resorts and hotels in strategic locations throughout the world, complemented by our resort/hotel residence and property sales and our spa and gallery operations, while achieving strong profitability and operating margins and maintaining our strong balance sheet position.

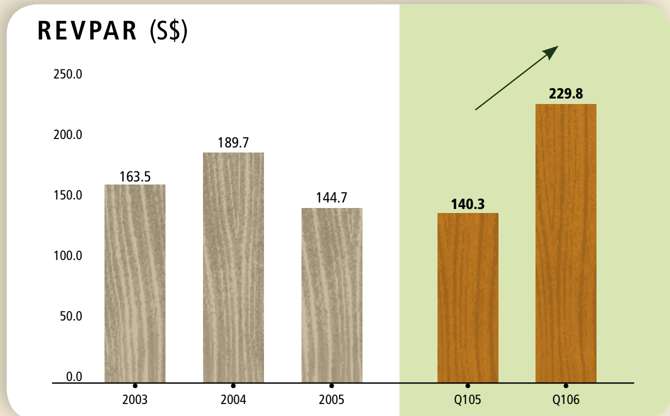
In particular, we seek to:

- Focus on growing our business through new management agreements and selective resort and hotel investment
- Increase our geographical presence by expanding our resort and hotel operations into new strategic locations
- Continue to target niche markets through our differentiated brand strategy
- Continue residential development and sales to reduce resort and hotel investment outlay
- Expand and upgrade our existing resorts to achieve increasing returns to scale

FINANCIAL PERFORMANCE







A – Actual
PF – Pro forma

AWARDS AND ACCOLADES

Since our flagship resort, Banyan Tree Phuket, was launched in 1994, our resorts, hotels and spas have been voted as being among the best in the world by readers of leading travel consumer and trade publications in the United Kingdom, the United States and the Asia Pacific. We have also won a broad spectrum of awards and claimed prestigious top spots for our brands, galleries, website designs and environmental programmes. The list includes:

2006

World's Top 25 (Rank 7th)
Condé Nast Traveller UK: Readers' Spa

Gold Award, Marketing (Spa)
Pacific Asia Travel Association Gold Award

Singapore Top 100 International Company
Singapore International 100

Singapore 1000: Highest Net Profit
Singapore 1000/SME 500 Awards

Gold List: World's Best Places to Stay
Condé Nast Traveler US

2005

Industry Turnover Growth Award
Singapore 1000/SME 500 Awards

Gold Award, Marketing Industry – Spa
Pacific Asia Travel Association Gold Awards

Gold Award, Marketing Industry – Hotel
Pacific Asia Travel Association Gold Awards

Grand Award, Marketing Industry – Spa
Pacific Asia Travel Association Gold Awards

World's Best Hotels: Top 25 Asia (Rank 11th)
Travel + Leisure World's Best Award

Best Resort Hotel in Asia Pacific
Business Traveller Awards

Best Spa China
SpaFinder's Readers' Choice Crystal Award Winners – Best Spa by Country or Region

Best Spa in Asia
SpaFinder's Readers' Poll

2004

Top Ten Urban Day Spas – Overseas
Condé Nast Traveller UK: Readers' Spa Awards

Asia's Best Vacation Resort
Asiamoney Business Travel Poll

Top Overseas Hotel Spa – Africa, Indian Ocean & Middle East
Condé Nast Traveller UK: Readers' Spa Awards

50 Fastest Growing Companies
DP Information Group

Gold Award – Industry Spa (Marketing)
Pacific Asia Travel Association Gold Awards

Grand Award – Heritage
Pacific Asia Travel Association Gold Awards

Best Responsible Tourism Website
TravelMole.com Travel & Tourism Web Awards

Asia's Best Hotel Chains for Vacation (Rank 5th)
Asiamoney Business Travel Poll

Top 50 Resorts (Rank 11th)
Zagat Survey, Top International Hotels, Resorts & Spas

President of Maldives Green Resort Award
President of Maldives Green Resort Award

World's Leading Responsible Tourism Internet Site
World Travel Awards

2003

Commitment to Quality Award (Middle East/Africa)
The Leading Hotels of the World, Ltd

2002

Gold Award – International Marketing Programme Under US$5 Million
Pacific Asia Travel Association Gold Awards

2001

Top Hotel Group Innovator Award
Travel Weekly East Innovator Awards

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Notice to Investors

No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of us, the Vendors or the Joint Global Co-ordinators. Neither the delivery of this Prospectus nor any offer, sale or transfer made hereunder shall under any circumstances imply that the information herein is correct as of any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in our or the Vendors' affairs, conditions and prospects or our Shares since the date hereof. Where such changes occur and are material or required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, we and/or the Vendors will make an announcement of the same to the SGX-ST and, if required, issue and lodge an amendment to this document or a supplementary document or replacement document pursuant to Section 240 or, as the case may be, Section 241 of the Securities and Futures Act and take immediate steps to comply with the said sections. Investors should take notice of such announcements and documents and upon release of such announcements or documents shall be deemed to have notice of such changes. No representation, warranty or covenant, express or implied, is made by the Joint Global Co-ordinators or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers as to the accuracy or completeness of the information contained herein, and nothing contained in this Prospectus is, or shall be relied upon as, a promise, representation or covenant by the Joint Global Co-ordinators or their respective affiliates, directors, officers, employees, agents, representatives or advisers.

None of us, the Vendors, any of the Joint Global Co-ordinators or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers are making any representation or undertaking to any investors in our Shares regarding the legality of an investment by such investor under appropriate legal, investment or similar laws. In addition, investors in our Shares should not construe the contents of this Prospectus as legal, business, financial or tax advice. Investors should be aware that they may be required to bear the financial risks of an investment in our Shares for an indefinite period of time. Investors should consult their own professional advisers as to the legal, tax, business, financial and related aspects of an investment in our Shares.

For the purpose of our Shares being offered in the United States to "qualified institutional buyers" in reliance on Rule 144A under the US Securities Act, this Prospectus is being furnished in the United States on a confidential basis solely for the purpose of enabling prospective purchasers to consider the purchase of our Shares. Its use for any other purpose in the United States is not authorised. In the United States, it may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents be disclosed to anyone other than the prospective purchasers to whom it is submitted.

The Shares have not been approved or disapproved by the US Securities and Exchange Commission, any State securities commission in the United States or any other US regulatory authority nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of our Shares or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

In addition, until 40 days after the commencement of the Offering, an offer or sale of our Shares within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

The distribution of this Prospectus and the offering, purchase, sale or transfer of our Shares in certain jurisdictions may be restricted by law. We, the Vendors and the Joint Global Co-ordinators require persons into whose possession this Prospectus comes to inform themselves about and to observe any such restrictions at their own expense and without liability to us, the Vendors or the Joint Global Co-ordinators. This Prospectus does not constitute an offer of, or an invitation to purchase, any of our Shares in any jurisdiction in which such offer or invitation would be unlawful. Persons to whom a copy of this Prospectus has been issued shall not circulate to any other person, reproduce or otherwise distribute this Prospectus or any information herein for any purpose whatsoever nor permit or cause the same to occur.

In connection with the Offering, UBS, the stabilising manager (or persons acting on behalf of UBS), in consultation with DBS Bank, may over-allot Shares or effect transactions that stabilise or maintain the market price of our Shares at levels that might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the Securities and Futures Act and any regulations thereunder. However, there is no assurance that UBS (or persons acting on behalf of UBS) will undertake stabilisation action. Such transactions may commence on or after the commencement of trading of the Shares on the SGX-ST and, if commenced, may be discontinued at any time and shall not be effected

after the earlier of (i) the date falling 30 days from the commencement of trading of the Shares on the SGX-ST, or (ii) the date when UBS has bought, on the SGX-ST an aggregate of 57,017,000 Shares representing not more than 15.0 per cent. of the total Offering Shares to undertake stabilising action, or (iii) the date falling 30 days after the date of adequate public disclosure of the Offering Price.

In connection with the Offering, our Company and certain of the Vendors will grant to UBS, on behalf of the Joint Global Co-ordinators, the Over-allotment Options exercisable by UBS, in consultation with DBS Bank, in full or in part on one occasion but no later than the earliest of (i) the date falling 30 days from the commencement of trading of the Shares on the SGX-ST, (ii) the date when UBS has bought, on the SGX-ST an aggregate of 57,017,000 Shares representing not more than 15.0 per cent. of the total Offering Shares to undertake stabilising action, and (iii) the date falling 30 days after the date of adequate public disclosure of the Offering Price, to purchase up to an aggregate of 57,017,000 Shares (representing not more than 15.0 per cent. of the total Offering Shares) at the Offering Price, solely to cover the over-allotment of the Offering Shares, if any.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR TRANSACTION MEANS THAT THE SECRETARY OF STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

AVAILABLE INFORMATION

We have agreed that, for so long as any Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act, we will, during any period in which we are neither subject to Section 13 or 15(d) of the US Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner for delivery to such holder, beneficial owner or prospective purchaser, in each case upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the US Securities Act.

ENFORCEABILITY OF CIVIL LIABILITIES

We are a limited liability company incorporated under the laws of the Republic of Singapore. All of our Directors and management, most of the directors and management of the Vendors, our auditors and certain of the parties named in this Prospectus reside outside the United States. All or a substantial portion of our assets, the assets of the Vendors and the assets of such persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon us or such persons, or to enforce in the United States any judgment obtained in the United States courts against us, the Vendors or any of such persons, including judgments based upon the civil liability provisions of the securities laws of the United States or any state or territory of the United States. Judgments of United States courts based upon the civil liability provisions of the federal securities laws of the United States are not enforceable in Singapore courts and there is doubt as to whether Singapore courts will enter judgments in original actions brought in Singapore courts based solely upon the civil liability provisions of the federal securities laws of the United States.

FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus constitute "forward-looking statements". All statements other than statements of historical facts included in this Prospectus, including those regarding our financial position and results, business strategy, plans and objectives of management for future operations (including development plans and dividends), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our and our Group's present and future business strategies and the environment in which we or our Group will operate in the future. Among the important factors that could cause our or our Group's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the condition of, and changes in, the regional or global economy that decrease the disposable income of our potential customers, increased competition or changes in the attractiveness of the locations where we operate as tourist destinations that result in our resorts and hotels experiencing lower average occupancy levels and/or lower average room rates and terrorist attacks, epidemics such as severe acute respiratory syndrome ("SARS") and Avian flu virus H5N1 ("Avian flu") or other events which have a negative effect on tourism and the hospitality and leisure industry. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "Risk Factors", "Dividends", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Industry" and "Business". These forward-looking statements speak only as of the date of this Prospectus. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We do not intend to update any of the forward-looking statements after the date of this Prospectus to conform those statements to actual results, subject to compliance with all applicable laws including the Securities and Futures Act and/or rules of the SGX-ST.

CERTAIN DEFINED TERMS AND CONVENTIONS

Market data and certain industry forecasts used throughout this Prospectus were obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of us, the Vendors or the Joint Global Co-ordinators make any representation as to the accuracy or completeness of this information.

We will publish our financial statements in Singapore dollars. In this Prospectus, references to "S$", "Singapore dollars" or "Singapore cents" are to the lawful currency of the Republic of Singapore, references to "US$", "US dollars" or "US cents" are to the lawful currency of the United States of America, references to "Bt" or "Baht" are to the lawful currency of Thailand, references to "Indonesian rupiah" and "Rupiah" are to the lawful currency of the Republic of Indonesia, references to "RMB" are to the lawful currency of the People's Republic of China, and references to "Euro" or "€" are to the single currency introduced on 1 January 1999 at the start of the third stage of European Economic and Monetary Union, pursuant to the Treaty establishing the European Communities, as amended by the Treaty on European Union and the Treaty of Amsterdam. All references to dates and times are to Singapore dates and times. For the reader's convenience, certain Singapore dollar amounts in this Prospectus have been translated into US dollars based on the exchange rate of S$1.62 = US$1.00 and Thai Baht exchange rate of Baht 40.99 = US$1.00 which were the noon buying rates in New York City as certified for customs purposes by the Federal Reserve Bank of New York for cable transfers (the "Noon Buying Rate") for Singapore dollars and Thai Baht respectively on 31 December 2005. In addition, as at and for the three months ended 31 March 2006, certain Singapore dollar amounts in this Prospectus have been translated into US dollars based on the exchange rate of S$1.62 = US$1.00 and Thai Baht exchange rate of Baht 38.88 = US$1.00, which were the Noon Buying Rates for Singapore dollars and Thai Baht respectively on 31 March 2006. As at the Latest Practicable Date, certain Singapore dollar amounts in this Prospectus have been translated into US dollars based on the exchange rate of S$1.62 = US$1.00 and Thai Baht exchange rate of Baht 39.74 = US$1.00. (See "Exchange Rates".) Such translations should not be construed as representations that Singapore dollar amounts and Thai Baht amounts respectively, have been, could have been or could be converted into US dollars at that or any other rate. In addition, certain Indonesian rupiah amounts have been translated into Singapore dollars based on the exchange rate of S$1.00 = Rupiah 518, and certain RMB amounts have been translated into Singapore dollars based on the exchange rate of S$1.00 = RMB5. Such translations should not be construed as representations that Indonesian rupiah amounts and RMB amounts respectively have been, could have been or could be converted into Singapore dollars at that or any other rate.

Our financial statements are prepared in accordance with the Singapore Financial Reporting Standards ("SFRS"), which differ in certain respects from generally accepted accounting principles in certain other countries. For a discussion of the principal differences between SFRS and generally accepted accounting principles in the United States (''US GAAP''), see ''Summary of Principal Differences between SFRS and US GAAP''.

In this Prospectus, unless the context otherwise requires, references to ''our Company'' or the ''Company'' refer to Banyan Tree Holdings Limited; references to ''we'', ''us'', ''our'', ''ourselves'', and ''Group'' refer to Banyan Tree Holdings Limited and its subsidiaries taken as a whole. References to ''our resorts'', ''our hotels'' and/or ''our spas'' refer to the resorts, hotels and spas we manage and/or in which we have ownership interests. References to resorts and hotels in which we have ''ownership interests'' refer to resorts and hotels in which our ownership interests are held through a subsidiary or associated company but excludes the Swanee Hotel in which we acquired a 70.5 per cent. ownership interest in October 2003 and subsequently increased to 79.9 per cent. in March 2004. Swanee Hotel is currently closed for refurbishment and will be relaunched as an Angsana hotel in 2008.

References to our management and Directors refer to the management and Directors of our Company; references to our ''Memorandum and Articles of Association'' refer to the Memorandum of Association and Articles of Association of our Company; and references to our share capital in ''Description of Our Shares'' and elsewhere refer to the share capital of our Company. Further, unless we specify otherwise or the context otherwise requires, all references to our ''ordinary shares'' or our ''Shares'' refer to ordinary shares in the capital of our Company.

References to ''average room rate'' refers to the total room revenue earned during a period divided by the number of paid room nights for that period; references to ''average occupancy'' refers to the number of paid room nights during a period divided by the total number of available rooms during that period, expressed as a percentage; references to ''average number of available rooms'' refers to the total aggregate number of rooms available for occupancy for each day during the relevant period divided by the number of days in that period; references to ''REVPAR'' mean the average room rate multiplied by the average occupancy; and references to average hours of use per room per day refers to the average hours of use per spa treatment room per day calculated on the basis of 365 days a year.

In addition, unless we indicate otherwise, all information in this Prospectus assumes the Offering Price of our Offering Shares is S$1.07, being the Maximum Offering Price; UBS has not exercised the Over-allotment Options; and no Offering Shares have been re-allocated between the Placement and the Public Offer.

All trademarks appearing in this Prospectus are the property of their respective owners. References to ''financial year'' in this Prospectus are to our financial year ended or ending 31 December.

References to the ''United States'' or ''US'' in this Prospectus shall be to the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

References to the ''Latest Practicable Date'' in this Prospectus shall be a reference to 25 April 2006, being the latest practicable date prior to the lodgement of this Prospectus with the Authority.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding. All S$ and US$ amounts herein have been rounded to the nearest 100,000 except for amounts less than S$50,000 and US$50,000 which have respectively been rounded to the nearest 10,000. The information on our and Laguna Resorts & Hotels Public Company Limited's (''LRH'') websites, any website of the Vendors or any website directly or indirectly linked to such websites is not incorporated by reference into this Prospectus and should not be relied on.

Corporate Information

Directors	Ho KwonPing — Executive Chairman Ariel P Vera — Group Managing Director Yeow Yew Keong — Managing Director, Marketing Surapon Supratya — Executive Director Chia Chee Ming Timothy — Independent Director Elizabeth Sam — Independent Director Dilhan Pillay Sandrasegara — Independent Director
Company Secretary	Joyce Khoo Phaik Lian, LLM (London)
Company Registration Number	200003108H
Registered Office	211 Upper Bukit Timah Road Singapore 588182 Telephone Number: +65 6849-5888 Facsimile Number: +65 6462-0186
Principal Place of Business	211 Upper Bukit Timah Road Singapore 588182
The Vendors	(i) Ho KwonPing, (ii) Ho KwonCjan, (iii) Tropical Resorts Limited, (iv) JAIC-1 Investment Fund, JAIC-2(A) Investment Fund, JAIC-2(B) Investment Fund, JAIC-2(C) Investment Fund, JAIC P-1A Investment Fund, JAIC P-2(A) Investment Fund and JAIC P-2(B) Investment Fund (with Japan Asia Investment Co., Ltd as investment manager of each such investment fund), (v) Kilby Associates Limited, (vi) Wah-Chang Offshore (Hong Kong) Company Limited., (vii) Freesia Investments Ltd, (viii) Recourse Investments Ltd., (ix) Chang Fung Company Limited, (x) Changfung Investments Ltd., (xi) Tropical Resorts Management Co Ltd., (xii) Gold Sand Investments Ltd., (xiii) Maypole Ltd., (xiv) Li-Ho Holdings (Private) Limited and (xv) PAMA Group Inc. (as Manager and on behalf of DIF Investment Trust)
Share Registrar and Transfer Agent	Lim Associates (Pte) Ltd 10 Collyer Quay #19-08 Ocean Building Singapore 049315
Joint Global Co-ordinators and Joint Bookrunners	DBS Bank Ltd 6 Shenton Way DBS Building, Tower One Singapore 068809 UBS AG, acting through its business group, UBS Investment Bank 5 Temasek Boulevard #18-00 Suntec Tower Five Singapore 038985
Legal Advisers to our Company as to Singapore law	Wong Partnership One George Street #20-01 Singapore 049145
Legal Advisers to our Company as to English and United States federal law	Clifford Chance Wong Pte Ltd One George Street 19th floor Singapore 049145
Legal Advisers to the Joint Global Co-ordinators as to English, United States federal and Singapore law	Freshfields Drew & Napier Pte Ltd 20 Raffles Place #18-00 Ocean Towers Singapore 048620

Legal Advisers to JAIC, Kilby and PAMA as to Singapore law	Allen & Gledhill One Marina Boulevard #28-00 Singapore 018989
Auditors	Ernst & Young Certified Public Accountants 10 Collyer Quay #21-01 Ocean Building Singapore 049315
Independent Financial Adviser	PricewaterhouseCoopers Corporate Finance Pte Ltd 8 Cross Street #17-00 PWC Building Singapore 048424
Principal Banker	The Hongkong and Shanghai Banking Corporation Limited 21 Collyer Quay #08-01 HSBC Building Singapore 049320
Receiving Bank	DBS Bank Ltd 6 Shenton Way DBS Building, Tower One Singapore 068809
Valuers	Jones Lang LaSalle Property Consultants Pte Ltd 9 Raffles Place #38-01 Republic Plaza Singapore 048619
	Jones Lang LaSalle (Thailand) Limited 19/F Sathorn City Tower 175 South Sathorn Road Sathorn District Bangkok 10120 Thailand

Summary

The following summary is qualified in its entirety, and is subject to, the more detailed information and the financial information contained or referred to elsewhere in this Prospectus. The meanings of terms not defined in this summary can be found elsewhere in this Prospectus.

Statements contained in this summary that are not historical facts may be forward-looking statements. Such statements are based on certain assumptions and are subject to certain risks, uncertainties and assumptions which could cause actual results to differ materially from those projected. (See "Notice to Investors — Forward-looking Statements".) Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by us, the Vendors, the Joint Global Co-ordinators or any other person or that these results will be achieved or are likely to be achieved. Investing in our Shares involves risks. Prospective investors should read this Prospectus in its entirety and, in particular, the section headed "Risk Factors".

OVERVIEW

We are a leading manager and developer of premium resorts, hotels and spas in the Asia Pacific. We manage and/or have ownership interests in niche resorts and hotels. Our resorts each typically has between 50 and 100 rooms and command room rates at the high end of each property's particular market. We offer our customers a multi-faceted travel and leisure experience which we deliver through our 18 resorts and hotels, 49 spas, 53 galleries (where our Banyan Tree and Angsana branded products are sold) and two golf courses. We have increased the aggregate number of rooms at our resorts and hotels from 1,816 rooms as at 1 January 2003 to 1,986 rooms as at 31 March 2006.

We have six operating business segments: hotel investment, hotel management, spa operations, gallery operations, property sales, and design fees and others (design and project management, golf course operations and other businesses). (See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview of Revenue and Expenses — Revenue".)

Through our subsidiary, LRH, we also operate the leading integrated resort in Thailand, Laguna Phuket. We currently own 51.8 per cent. of the outstanding shares of LRH. Within Laguna Phuket, we have five resorts, five spas, 14 galleries, an 18-hole golf course and three resort residence developments currently available for sale. Because of its positioning as an integrated resort, we market Laguna Phuket as a travel destination within Phuket. Primarily as a result of our ownership interest in LRH, hotel investment is our largest business segment. Hotel investment accounted for 53.4 per cent., 61.2 per cent., 59.7 per cent. and 63.2 per cent. of our revenue for the three years ended 31 December 2003, 2004 and 2005 and for the three months ended 31 March 2006, respectively. As at 31 March 2006, we managed and/or had ownership interests in 1,095 rooms in the five resorts at Laguna Phuket, which includes 127 rooms at the Banyan Tree Phuket.

Within Laguna Phuket, we also offer resort residences for sale, including 10 recently released DoublePool Villas at Banyan Tree Phuket (which we will lease back from purchasers and receive income from guests as part of the resort's room inventory). We only undertake the development and sale of properties where these developments are closely integrated with our resorts and hotels.

Through the Banyan Tree brand, its sister brand Angsana, and our Colours of Angsana product line, we target three distinct customer segments, allowing us to expand our customer base while minimising brand dilution and cannibalisation. Our Banyan Tree and Angsana resorts and hotels had average room rates of approximately S$482.10 and S$253.10, respectively, for the year ended 31 December 2005 and S$601.60 and S$277.00 respectively, for the three months ended 31 March 2006. We have pioneered concepts that have become the signature features for many of our resorts and hotels, such as the tropical garden spa and pool villa. To date, we have received over 250 awards and accolades for the resorts, hotels and spas that we manage since the first Banyan Tree resort, Banyan Tree Phuket was launched, in 1994. We have also received recognition for our commitment to environmental protection and our emphasis on corporate social responsibility.

Being a leading operator of spas in the Asia Pacific, our spas are often considered by our guests to be one of the key features of our resorts and hotels. We also operate the Banyan Tree Spa Academy, accredited by Thailand's Ministry of Education, where our spa therapists receive theoretical and practical training. In addition, our galleries, which complement our resorts, hotels and spas, provide us with opportunities to extend the reach and scope of our brands.

Our integrated business model comprises a hotel management division, an in-house design and project management division, as well as a centralised global marketing team. These in-house capabilities enable us to preserve brand integrity, create innovative product offerings with quicker time to market and maintain the quality of the resorts, hotels, spas and galleries that we manage and the services we offer. We believe that these capabilities and the geographic diversity of our customer markets and our product offerings increase the resilience of our business model.

Our revenues for the three years ended 31 December 2003, 2004 and 2005 and for the three months ended 31 March 2006 were S$154.2 million, S$218.8 million, S$186.9 million and S$80.7 million, respectively. Average occupancy levels for our resorts and hotels for the three years ended 31 December 2003, 2004 and 2005 and for the three months ended 31 March 2006 were approximately 62.9 per cent., 69.4 per cent., 53.3 per cent. and 67.5 per cent., respectively. REVPAR for the three years ended 31 December 2003, 2004 and 2005 and for the three months ended 31 March 2006 was S$163.50, S$189.70, S$144.70 and S$229.80 respectively. Average room rates for the three years ended 31 December 2003, 2004 and 2005 and for the three months ended 31 March 2006 was S$259.90, S$273.50, S$271.60 and S$340.40 respectively.

Our revenues for the three months ended 31 December 2005 and 31 March 2006 were S$71.9 million and S$80.7 million respectively. Our average occupancy levels for the three months ended 31 December 2005 and 31 March 2006 were 64.4 per cent. and 67.5 per cent. respectively and our average room rates for the three months ended 31 December 2005 and 31 March 2006 were S$293.20 and S$340.40 respectively. Our REVPAR in the three months ended 31 December 2005 was S$188.70 while our REVPAR in the three months ended 31 March 2006 was S$229.80.

COMPETITIVE STRENGTHS

We believe that we can capitalise on our following competitive strengths:

- ***We are a leading manager and developer of niche resorts, hotels and spas in the Asia Pacific:*** We are a leading operator of premium resorts, hotels and spas in the Asia Pacific, with 18 resorts and hotels and 49 spas that we manage and/or in which we have ownership interests. In the preceding 12 months, we have grown our business geographically by entering into management agreements in new locations outside the Asia Pacific, such as Abu Dhabi and Barbados. We have also entered into management agreements in London, Mexico and Morocco (see "Business — Resorts and Hotel Expansion"). Our leadership is demonstrated by the fact that the resorts, hotels and spas that we manage have won more than 250 awards and accolades since the first Banyan Tree resort, Banyan Tree Phuket, was launched in 1994. Laguna Phuket, our integrated resort complex in Phuket, Thailand, has a leading presence in one of the top resort destinations in Asia. We have pioneered concepts that have become the signature features of many of our resorts and hotels, such as the tropical garden spa and the pool villa. We believe that our strength as a manager and developer is principally derived from our integrated business model, including an in-house design and project management division as well as a centralised global marketing team. Our integrated capabilities enable us to preserve brand integrity, create innovative product offerings with quicker time to market, preserve our premium positioning in the niche markets in which we operate and the quality of our resorts, hotels, spas and galleries and the services we offer.
- ***We own award-winning brands which drive our growth strategy:*** The two key brands that we own, Banyan Tree and Angsana, have received many awards and accolades. The Banyan Tree brand was named as "Singapore's Strongest Brand" by International Enterprise Singapore, 2003. Our strong brand recognition allows us to command prices at the high end of the market for the resorts, hotels and spas that we manage. In the three months ended 31 March 2006, our average room rate was S$601.60 and S$277.00 for Banyan Tree and Angsana respectively. Further, Laguna Phuket is marketed as a travel destination because of its unique position as an integrated resort complex. Through the strength of our brands, we are also able to expand our product offerings more quickly. Our differentiated brands strategy allows us to target distinct customer market segments and drive growth in our hotel investment and hotel management business segments while avoiding brand dilution and cannibalisation. We have been able to attract respected business associates such as the Oberoi Group of India, with whom we have entered into spa management agreements, due to the leading position of our brands. The strength of the Banyan Tree and Angsana brands also improves our negotiating position with potential business associates.
- ***Our complementary product offerings and integrated business model enhance our resilience:*** The resilience of our business model is sustained by our strong brands: Banyan Tree, Angsana and Laguna Phuket (our destination brand). Each brand and product line (including the Colours of Angsana product line) targets distinct market segments and consequently expands our overall customer base. Our complementary product offerings, ranging from resorts, hotels, spas, galleries and resort residences to golf courses, enable us to offer a multi-faceted travel and leisure experience and give rise to cross-selling

opportunities. We believe that we were able to reduce the adverse impact of external events such as SARS, the Bali bombings and the 11 September, 2001 terrorist attack because our resorts, hotels and spas are located across different countries and have a geographically diverse customer base. Although our operations in Maldives were impacted by the 2004 tsunami, we saw a recovery in our operations by the third quarter of 2005 and by the fourth quarter of 2005, our REVPAR for the quarter was higher than in the fourth quarter of 2004. Our integrated capabilities (including in-house design and project management and centralised marketing) enable us to create innovative product offerings, reduce the time needed to launch new product offerings and manage our costs effectively. When events affect one or more of our markets, we utilise multiple sales channels through our centralised global marketing approach to target unaffected and/or less affected customer markets. For example, following the 2004 tsunami, we were able to mitigate our losses and speed up recovery by redirecting our marketing efforts to unaffected customer markets/locations.

- ***We have achieved strong operating performance for the resorts and hotels we manage:*** We have a strong operating track record evidenced by the fact that we were able to maintain high average room rates and REVPAR for all the Banyan Tree and Angsana resorts and hotels we managed during the three years ended 31 December 2003, 2004 and 2005 (with the exception of our hotels and resorts which were affected by the 2004 tsunami). Average room rates for the Banyan Tree and Angsana resorts and hotels we managed were S$301.20 for the year ended 31 December 2003, S$308.00 for the year ended 31 December 2004 and S$309.60 for the year ended 31 December 2005 and average occupancy levels were 59.6 per cent., 66.8 per cent. and 54.5 per cent., respectively. REVPAR at these resorts and hotels was S$179.70 for the year ended 31 December 2003, S$205.70 for the year ended 31 December 2004 and S$168.60 for the year ended 31 December 2005. We maintained REVPARs through 2003 and 2004 for most of our resorts and hotels despite several external events such as the Bali bombings and SARS, which severely affected the hospitality and leisure industry during this period. In the three months ended 31 December 2005, we saw a recovery from the 2004 tsunami with average room rates of S$326.10, average occupancy of 64.5 per cent. and REVPAR of S$210.30, further improving to average room rates of S$363.10, average occupancy of 66.5 per cent. and REVPAR of S$241.40 for the three months ended 31 March 2006.

  Average room rates and REVPAR at our Banyan Tree resorts and hotels alone were higher, with average room rates of S$474.50 for the year ended 31 December 2003, S$503.60 for the year ended 31 December 2004 and S$482.10 for the year ended 31 December 2005 and REVPAR of S$312.80 for the year ended 31 December 2003, S$373.00 for the year ended 31 December 2004 and S$317.00 for the year ended 31 December 2005. In the three months ended 31 December 2005, we saw a recovery from the 2004 tsunami with average room rates of S$537.10, average occupancy of 71.1 per cent. and REVPAR of S$381.70, further improving to average room rates of S$601.60, average occupancy of 70.7 per cent. and REVPAR of S$425.20 for the three months ended 31 March 2006 for our Banyan Tree resorts and hotels.

- ***We have a strong financial track record:*** Our financial position, in terms of our strong balance sheet, profitability and operating margins, as well as the strong cash flows of LRH, our subsidiary, enables us to develop and expand our product offerings, to introduce new product lines, such as Colours of Angsana, and to capitalise on future opportunities when they arise. We generally operate in low cost environments while concurrently being able to charge room and spa treatment rates at the high end of our market, enabling us to achieve strong operating margins, especially for our resorts in Laguna Phuket and our Banyan Tree resorts. Our revenues grew 41.9 per cent. from 2003 to 2004 during difficult industry conditions. Operating profits also grew 53.7 per cent. over the same period. Revenues for the three months ended 31 March 2005 decreased by 38.0 per cent. from the three months ended 31 March 2004 and revenues for the three months ended 31 March 2006 grew 131.2 per cent. from the three months ended 31 March 2005. Operating profits grew 44.0 per cent. in the three months ended 31 March 2006 from the three months ended 31 December 2005, showing strong recovery from the 2004 tsunami. Our operating profit margin, as a percentage of our total revenues, was 26.6 per cent. for the three months ended 31 December 2005, supported by 34.1 per cent. for the three months ended 31 March 2006.

- ***We have a proven and experienced management team:*** We have an experienced and qualified management team with a successful track record in managing our businesses. Most of the core members of our senior management team have been instrumental in our development since the inception of the Banyan Tree brand in 1992. The team has successfully grown our business through brand building initiatives, strategic alliances and effective crisis management through difficult operating conditions for the industry over the last few years. We are led by our founder, Executive Chairman, Mr Ho KwonPing, who has more than 20 years of experience in the hospitality and leisure industry and has won awards including the Innovation Award from Hotel Investment Conference Asia Pacific in 2003, the 2005 Entrepreneurship Award from the London Business School and the Ernst & Young Singapore, Lifestyle, Hospitality and Retail Entrepreneur Award 2005. Mr Ho is supported by an experienced management team (see ''Management''). We believe our senior management team possesses the appropriate mix of multi-disciplinary skills and experience, particularly in areas of product innovation, branding, resort and hotel design and construction, as well as hotel operations.

STRATEGY

Our principal strategic objective is to build upon the Banyan Tree and Angsana brands, to create a diversified group of niche resorts and hotels in strategic locations throughout the world, complemented by our resort/hotel residence and property sales and our spa and gallery operations, while achieving strong profitability and operating margins and maintaining our strong balance sheet position.

In particular, we seek to:

- ***Focus on growing our business through new management agreements and selective resort and hotel investment:*** We intend to grow our business by increasing the number of resorts and hotels that we manage. In the next four years, we plan to open 21 resorts and hotels, 12 of which we will manage but not have any ownership interest in. We believe that our strong operating track record in managing our resorts and hotels, the strength of our brands, in-house design and innovation and our centralised sales and marketing and distribution networks help attract owners of resorts and hotels. For a Banyan Tree resort/hotel in a location where we are familiar with the market conditions and operating environment, we would typically expect to acquire, at a minimum, a minority ownership interest in order to strengthen our position as the manager of that resort or hotel as well as to enhance returns. For Angsana and Colours of Angsana resorts and hotels, we intend to focus on management agreements, which we believe would enhance our management fee income, increase awareness of our brands at a faster pace and expand our revenue base without incurring significant incremental capital expenditure. We expect to increase our revenues from spa operations by expanding into new locations through leases, management agreements and strategic alliances.

- ***Increase our geographical presence by expanding our resort and hotel operations into new strategic locations:*** We intend to develop our international presence to grow our resorts and hotels business and diversify our revenue base. Through strategic expansion into low-cost locations close to our key customer markets, we intend to increase accessibility to our existing customers as well as reach out to affluent customer segments within these operating countries. Our ability to command premium rates will be a key consideration in our geographic expansion. We believe that strategic geographical expansion will reduce our exposure to seasonal and cyclical fluctuations in our business by having more diversified geographic and customer bases and will also permit us to take advantage of cross-marketing opportunities. We typically target an internal rate of return in excess of 20.0 per cent. on our equity investment in resort and hotel projects. We have entered into management agreements to open new resorts and hotels in various locations including Morocco (Marrakech), Sri Lanka (Beruwela), Thailand (Chiang Mai and Koh Samui), Indonesia (Ungasan, Bali), Mexico (Acapulco and Cancun), Greece (Pilos), Barbados, PRC (Hainan) and United Arab Emirates (Abu Dhabi, Dubai, Ras Al Khaimah). By venturing outside the Asia Pacific, we aim to further tap into the customer markets of Europe, the United States and the Middle East. (See ''Business — Resort and Hotel Expansion'' and ''Management's Discussion and Analysis of Financial Condition and Results of Operations — Capital Expenditure'').

- ***Continue to target niche markets through our differentiated brand strategy:*** We will continue to capitalise on the strong recognition of our award-winning brands, Banyan Tree and Angsana, to capture the premium segment of different customer markets. We believe Banyan Tree's product offerings are associated with prestige and luxury. Rack rates for Banyan Tree resorts and hotels typically range between US$300 (S$486) to US$2,200 (S$3,564) per room night. Angsana offers a refreshing and contemporary ambience and targets a younger customer market than Banyan Tree. Rack rates for Angsana hotels typically range between US$200 (S$324) and US$900 (S$1,458) per room night. Our latest product line, Colours of Angsana, is targeted at a distinct niche customer segment of travellers looking for cultural tourism and soft adventure. We believe we have the first-mover advantage in providing premium rooms to this market segment. Rack rates for Colours of Angsana hotels typically range between US$100 (S$162) and US$200 (S$324) per room night. We also believe we will be able to cross-sell our existing product offerings to customers of our new product lines and encourage our existing customers to experience our new product offerings.

- ***Continue residential development and sales to reduce resort and hotel investment outlay:*** We intend to continue our strategy of developing and managing resort/hotel residences selectively in locations where we have existing resorts or hotels, as we have previously done in Laguna Phuket. Locations where we intend to implement this strategy include Seychelles, Chiang Mai, Lijiang, Acapulco and Cancun. Our resort residences will only be constructed in conjunction with one of our existing resort developments and we do not intend to engage in stand-alone property development. The cash flows generated from the sale of our resort/hotel residence developments will reduce our investment outlay for resort/hotel developments and expansion of existing resorts and hotels. We also intend to lease back and/or manage the resort residences that we sell, in order to obtain recurring revenues from these resort residences, in addition to sale proceeds received. In addition, in select locations such as Mayakoba (Mexico), Punta Diamante (Mexico) and Tepi Kahyangan (Bali), we receive royalty fees on sales of branded properties (typically 4 to 7 per cent. of revenues). We also believe that the value of land surrounding our resorts and hotels typically appreciates as the resort or hotel matures. The sale of resort residences will enable us to capitalise on any appreciation in land values.

  We also intend to selectively enter into management agreements to manage premium serviced residences (apartments) in selected locations. These premium serviced residences will operate under one of our brands.

- ***Expand and upgrade our existing resorts to achieve increasing returns to scale:*** Expanding and upgrading our existing resorts is a cost-efficient way to increase our revenue base and enhance profitability. Building new rooms or villas at our existing resorts allows us to provide our guests with new product offerings while expanding our revenue base, generally without incurring significant incremental construction or operating costs. Several of our resorts, including Banyan Tree Phuket, Banyan Tree Seychelles, Dusit Laguna, Sheraton Grande Laguna Phuket and Banyan Tree Lijiang have additional land on which we can build new rooms or villas. In early 2006, we added 45 rooms at Sheraton Grande Laguna Phuket and by the end of 2006, we intend to add 22 DoublePool Villas at Banyan Tree Phuket and 13 Beachfront Pool Villas at Banyan Tree Seychelles.

THE OFFERING

Banyan Tree Holdings Limited	Banyan Tree Holdings Limited is a company incorporated with limited liability under the laws of the Republic of Singapore.
The Vendors	(i) Ho KwonPing, (ii) Ho KwonCjan, (iii) Tropical Resorts Limited, (iv) JAIC, (v) Kilby, (vi) Wah-Chang Offshore (Hong Kong) Company Limited., (vii) Freesia Investments Ltd, (viii) Recourse Investments Ltd., (ix) Chang Fung Company Limited., (x) Changfung Investments Ltd., (xi) Tropical Resorts Management Co Ltd., (xii) Gold Sand Investments Ltd., (xiii) Maypole Ltd., (xiv) Li-Ho Holdings (Private) Limited and (xv) PAMA.
The Offering	380,117,000 Offering Shares offered through the Placement and the Public Offer (subject to the Over-allotment Options) comprising 101,828,563 Issue Shares and 278,288,437 Vendor Shares.
The Placement	Offering Shares offered by way of an international placement to investors at the Offering Price, including institutional and other investors in Singapore (including 5,146,000 Reserved Shares). These Offering Shares will be underwritten by the Joint Global Co-ordinators at the Offering Price. The Shares in the Offering are being offered and sold outside the United States to non-US persons (including institutional and other investors in Singapore) in reliance on Regulation S under the US Securities Act and within the United States to "qualified institutional buyers" in reliance on Rule 144A under the US Securities Act. The Shares in the Offering have not been and will not be registered under the US Securities Act and, subject to certain exceptions, may not be offered or sold within the United States or to, for the account or benefit of, US persons (as defined in Regulation S).
The Public Offer	Offering Shares offered in Singapore at the Offering Price by way of an offering to the public in Singapore. The minimum size of the Public Offer is 20,000,000 Offering Shares. These 20,000,000 Offering Shares will be underwritten by the Joint Global Co-ordinators at the Offering Price if the Offering Price is agreed upon between the Joint Global Co-ordinators, our Company and the Vendors. However, if, for any reason, the Offering Price is not agreed between the Joint Global Co-ordinators, our Company and the Vendors, the Offering will not proceed and all application monies will be returned (without interest or any share of revenue or other benefit arising therefrom) to all applicants, at their own risk (provided that such refunds are made in accordance with the procedures set out in the instructions booklet on "Terms, Conditions and Procedures for Application for the Offering Shares in Singapore"), and without any right or claim against us, the Vendors or the Joint Global Co-ordinators.
The Reserved Shares	5,146,000 Offering Shares at the Offering Price will be reserved for our Directors, our employees and business associates and others who have contributed to our success and development (to be determined by us at our sole discretion).
Clawback and Re-allocation	Offering Shares may be reallocated between the Placement and the Public Offer in the event of excess applications in one and a deficit of applications in the other.
Maximum Offering Price	S$1.07 for each Offering Share. Investors applying in the Public Offer and applicants for the Reserved Shares are required to pay the Maximum Offering Price, subject to a refund if and to the extent that the Offering Price is less than the Maximum Offering Price. All refunds shall be without interest or any share of revenue or other benefit arising therefrom. Investors applying in the Placement (save for the Reserved Shares) are required to pay the Offering Price.

Price Determination	The Offering Price will be determined following a book-building process by agreement between the Joint Global Co-ordinators, our Company and the Vendors on the Price Determination Date, which date is subject to change. If, for any reason, the Offering Price is not agreed between the Joint Global Co-ordinators, our Company and the Vendors, the Offering will not proceed and all application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to all applicants, at their own risk (provided that such refunds are made in accordance with the procedures set out in the instructions booklet on "Terms, Conditions and Procedures for Application for the Offering Shares in Singapore"). Among the factors that will be taken into account in determining the Offering Price are the demand for the Offering Shares, the prevailing market conditions and our historical performance. Notice of the Offering Price will be published in one or more major Singapore newspapers, such as *The Straits Times, The Business Times* and *Lianhe Zaobao*, not more than two calendar days after the Price Determination Date.
Application Procedures in Singapore	Investors in Singapore must follow the application procedures set out in the instructions booklet on "Terms, Conditions and Procedures for Application for the Offering Shares in Singapore", which constitutes part of this Prospectus registered with the Authority. Applications must be paid for in Singapore dollars. The minimum initial application is for 1,000 Shares. An applicant may apply for a larger number of Shares in integral multiples of 1,000 Shares.
Over-allotment Options	In connection with the Offering, UBS, on behalf of the Joint Global Co-ordinators, will be granted the Over-allotment Options by our Company and certain of the Vendors, exercisable by UBS, in consultation with DBS Bank, in full or in part on one occasion but no later than the earliest of (i) the date falling 30 days from the commencement of trading of the Shares on the SGX-ST, (ii) the date UBS has bought on the SGX-ST an aggregate of 57,017,000 Shares representing not more than 15.0 per cent. of the total Offering Shares to undertake stabilisation, and (iii) the date falling 30 days after the date of adequate public disclosure of the Offering Price, to purchase up to an aggregate of 57,017,000 Shares (representing not more than 15.0 per cent. of the total Offering Shares) at the Offering Price, solely to cover the over-allotment of the Offering Shares, if any. If the Over-allotment Options are exercised, UBS, in consultation with DBS Bank, will first exercise the options granted by the Vendors and thereafter (if necessary) the option granted by our Company. The Vendors are expected to agree among themselves that Vendor Additional Shares will first be sold by JAIC, Kilby and PAMA (if necessary, on a pro rata basis) before any of the other Vendors. The total number of issued and existing Shares immediately after completion of the Offering (and prior to the exercise of the Over-allotment Options) will be 750,155,759 Shares. If the option granted by our Company is exercised in full, the total number of issued and existing Shares immediately after the completion of the Offering will increase by 40,486,521 Shares. Unless indicated otherwise, all information in the Prospectus assumes that UBS does not exercise the Over-allotment Options. (See "Plan of Distribution".)
Lock-ups	Our Company has agreed with the Joint Global Co-ordinators, that it will not, subject to certain exceptions, issue, offer, sell, contract to sell, grant any option to purchase or otherwise dispose of, directly or indirectly, any Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase Shares); enter into a transaction (including a derivative transaction) having an economic effect similar to that of a sale of Shares; deposit any Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase Shares) in any depository receipt facilities; or publicly announce any

intention to do any of the above for a period from the date of the Offer Agreement (as defined in ''Plan of Distribution — The Offering'') to the date falling six months from the Listing Date.

Each of JAIC, Kilby and PAMA has agreed with the Joint Global Co-ordinators that it, from the date of the Offer Agreement until the date falling three months from the Listing Date, will not, subject to certain exceptions, offer, sell, contract to sell, grant any option to purchase, grant security over, encumber or otherwise dispose of, directly or indirectly, any of our Shares (or any securities convertible into or exchangeable for Shares or which carry rights to subscribe or purchase Shares); enter into a transaction (including a derivative transaction) with a similar economic effect to a sale of Shares; deposit any Shares (or any securities convertible into or exchangeable for Shares or which carry rights to subscribe or purchase Shares) in any depository receipt facilities; or publicly announce any intention to do any of the above.

Each of (i) Mr Ho KwonPing, (ii) Mr Ho KwonCjan, (iii) Tropical Resorts Limited and (iv) each of Changfung Investments Ltd., Freesia Investments Ltd, Recourse Investments Ltd., Wah-Chang Offshore (Hong Kong) Company Limited. and TRL Investments Ltd. (each a ''Ho Family Company'' and together the ''Ho Family Companies'') has agreed with the Joint Global Co-ordinators that from the date of the Offer Agreement until the date falling 12 months (in the case of Tropical Resorts Limited, six months) from the Listing Date, will not, subject to certain exceptions, offer, sell, contract to sell, grant any option to purchase, grant security over, encumber or otherwise dispose of, directly or indirectly, any of our Shares (or any securities convertible into or exchangeable for Shares or which carry rights to subscribe or purchase Shares); enter into a transaction (including a derivative transaction) with a similar economic effect to a sale of Shares; deposit any Shares (or any securities convertible into or exchangeable for Shares or which carry rights to subscribe or purchase Shares) in any depository receipt facilities; or publicly announce any intention to do any of the above.

Each of Mr Ho KwonPing, his spouse Ms Claire Chiang, his brother Mr Ho KwonCjan, his mother Mrs Ho Lien Fung and his sister Ms Ho MinFong (each a ''Ho Family Member'' and together, the ''Ho Family Members'') has agreed with the Joint Global Co-ordinators that from the date of the Offer Agreement until the date falling 12 months from the Listing Date, he/she will not, subject to certain exceptions, offer, sell, contract to sell, grant any option to purchase, grant security over, encumber or otherwise dispose of, directly or indirectly, any of his/her shares (or any securities convertible into or exchangeable for shares or which carry rights to subscribe or purchase shares) in a Ho Family Company or Chang Fung Company Limited; enter into a transaction (including a derivative transaction) with a similar economic effect to a sale of shares in a Ho Family Company or Chang Fung Company Limited; deposit any of his/her shares (or any securities convertible into or exchangeable for shares or which carry rights to subscribe or purchase shares) in a Ho Family Company or Chang Fung Company Limited in any depository receipt facilities; or publicly announce any intention to do any of the above.

Each of Chang Fung Company Limited and Changfung Investments Ltd. has jointly and severally agreed with the Joint Global Co-ordinators that from the date of the Offer Agreement until the date falling 12 months from the Listing Date, it will not, subject to certain exceptions, offer, sell, contract to sell, grant any option to purchase, grant security over, encumber or otherwise dispose of, directly or indirectly, any of its shares (or any securities convertible into or exchangeable for shares or which carry rights to subscribe or purchase shares) in TRL Investments Ltd. or Tropical

Resorts Limited (as applicable); enter into a transaction (including a derivative transaction) with a similar economic effect to a sale of shares of TRL Investments Ltd. or Tropical Resorts Limited (as applicable); deposit any of its shares (or any securities convertible into or exchangeable for shares or which carry rights to subscribe or purchase shares) in TRL Investments Ltd. or Tropical Resorts Limited (as applicable) in any depository receipt facilities; or publicly announce any intention to do any of the above.

Mr Ho KwonPing has agreed to procure (to the extent that he exercises control over them) that each of the Ho Family Companies and Chang Fung Company Limited will comply with and will not breach its obligations under the aforementioned undertakings.

(See ''Plan of Distribution — Restrictions on disposals and issues of Shares''.)

Proceeds from the Offering

Based on the Maximum Offering Price of S$1.07 for each Offering Share, our net proceeds from the issue of 101,828,563 Issue Shares, after deducting commissions and other estimated offering expenses payable in relation to the issue and sale of the Issue Shares, assuming the Over-allotment Options are not exercised, are estimated to be approximately S$104.0 million.

We expect to utilise these proceeds in the following manner.

	Estimated Application of Proceeds(1)
	S$ million
Investments in existing and new resorts(2)	70.0
Redemption of ''B1'' Preference Shares(3)	12.2
Final payment for the acquisition of Trademarks(3)	7.7
Future investments in hotels/resorts(4) and working capital	14.1
Total net proceeds	104.0

Notes:

(1) The amount could potentially vary depending on the Offering Price.

(2) The amount we will allocate to investments in existing and new resorts will not change if the Offering Price is below the Maximum Offering Price.

(3) The redemption price of ''B1'' Preference Shares and the final payment for the acquisition of the Trademarks will depend on the Offering Price of the Offering Shares. See ''Description of our Shares — Redemption of Preference Shares'' and ''Dividends'' and ''Business — Intellectual Property''.

(4) We have yet to enter into agreements for these investments which are currently under discussion. If any of these investments do not materialise, the proceeds set aside for that investment will be re-deployed as working capital.

Pending the deployment of the net proceeds from the issue of the Issue Shares as aforesaid, the funds may be placed in short-term deposits with banks or financial institutions or invested in money market instruments as the Directors may deem fit.

We will not receive any proceeds from the offer and placement of the Vendor Shares by the Vendors. (See ''Proceeds from the Offering''.)

Listing and Trading

Prior to the Offering, there has been no public market for our Shares. Application has been made to the SGX-ST for permission to list all our issued Shares (including the Offering Shares, the Additional Shares and the Management Shares) and the new Shares to be issued pursuant to the exercise of options under the Share Option Scheme or pursuant to the Founder's Grant and the Banyan Tree Performance Share Plan on the Main Board of the SGX-ST. Such permission will be granted when we have been admitted to the Official List of the SGX-ST. Acceptance of applications for the Offering Shares will be conditional upon, among other things, permission being granted to deal in and for quotation for all our

	issued Shares. We have not applied to any other exchange to list our Shares. The Shares are expected to commence trading on a "when issued" basis no earlier than 9.00 a.m. on 14 June 2006 (Singapore time) and on a "ready" basis as early as 9.00 a.m. on 21 June 2006 (Singapore time). (See "— Indicative Timetable".) The Shares will, upon their issue, listing and quotation on the SGX-ST, be traded on the SGX-ST under the book-entry (scripless) settlement system of The Central Depository (Pte) Limited (the "CDP"). Dealing in and quotation of our Shares on the SGX-ST will be in Singapore dollars. The Shares will be traded in board lot sizes of 1,000 Shares on the SGX-ST.
Settlement	We and the Vendors expect to receive payment for all the Offering Shares in the Placement and the Public Offer on 14 June 2006. We will, and we expect the Vendors will, deliver global share certificates representing the Offering Shares to the CDP for deposit into the securities accounts of successful applicants on or about 14 June 2006.
Stabilisation	In connection with the Offering, UBS, the stabilising manager, in consultation with DBS Bank, may over-allot Shares or effect transactions which may stabilise or maintain the market price of our Shares at levels which might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the Securities and Futures Act and any regulations thereunder. The number of Shares that UBS may buy, in consultation with DBS Bank, to undertake stabilising action, shall not exceed an aggregate of 57,017,000 Shares representing not more than 15.0 per cent. of the total Offering Shares. Such transactions, if commenced, may be discontinued at any time and shall not be effected after the earliest of (i) the date falling 30 days from the commencement of trading of the Shares on the SGX-ST, (ii) the date when UBS has bought on the SGX-ST, an aggregate of 57,017,000 Shares representing not more than 15.0 per cent. of the total Offering Shares to undertake stabilising action, and (iii) the date falling 30 days after the date of adequate public disclosure of the Offering Price.
Transfer Restrictions	The Shares will be subject to certain transfer restrictions. (See "Transfer Restrictions".)
Dividends	As part of the preparation for the Offering, our Board of Directors has considered the general principles that it currently intends to apply when recommending dividends for approval by our shareholders or when declaring any interim dividends. The current dividend policy is as follows: • in determining our dividend payout ratio in respect of any particular financial year, we will take into account our current desire to maintain and potentially increase dividend levels within our overall objective of maximising shareholder value over the longer term; and • if we pay an annual dividend in respect of a financial year, the dividend would generally be paid in the second or third quarter of the following financial year.

In considering the level of dividend payments, if any, upon recommendation by our Board of Directors, we intend to take into account various factors, including:

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

(See ''Dividends'' for a description of our dividend policy for 2006.)

Risk Factors

Prospective investors should carefully consider certain risks connected with an investment in our Shares, as discussed under ''Risk Factors''.

INDICATIVE TIMETABLE

An indicative timetable for trading in our Shares is set out below for the reference of applicants for our Shares:

Date and time (Singapore)	Event
26 May 2006, 5.00 p.m.	Opening date and time for the Placement in Singapore.
27 May 2006, 8.00 a.m.	Opening date and time for the Public Offer in Singapore.
7 June 2006, 12.00 noon	Closing Date and time for the Public Offer.
7 June 2006, 5.00 p.m.	Closing Date and time for the Placement in Singapore.
8 June 2006	Price Determination Date.
8 June 2006	Balloting of applications in the Public Offer, if necessary. Commence returning or refunding of application monies to unsuccessful or partially successful applicants and commence returning or refunding of application monies to successful applicants for the amount paid in excess of the Offering Price, if necessary.
14 June 2006, 9.00 a.m.	Commence trading on a ''when issued'' basis.
20 June 2006	Last day of trading on a ''when issued'' basis.
21 June 2006, 9.00 a.m.	Commence trading on a ''ready'' basis.
26 June 2006	Settlement date for all trades done on a ''when issued'' basis and all trades done on a ''ready'' basis on 21 June 2006.

The above timetable is indicative only and is subject to change at our and the Vendors' discretion, with the agreement of the Joint Global Co-ordinators. The above timetable and procedure may also be subject to such modifications as the SGX-ST may in its discretion decide, including the commencement date of trading on a ''ready'' basis. It assumes: (i) that the closing of the Public Offer is 7 June 2006; (ii) that the date of admission of our Company to the Official List of the SGX-ST is 14 June 2006; and (iii) compliance with the SGX-ST's shareholding spread requirement. All dates and times referred to above are Singapore dates and times. Trading on a ''when issued'' basis is expected to commence at 9.00 a.m. on 14 June 2006 in order to allow, among other things, sufficient time for the settlement of application monies from overseas investors.

We and the Vendors, with the agreement of the Joint Global Co-ordinators, may at our discretion, subject to all applicable laws and regulations and the rules of the SGX-ST, agree to extend or shorten the period during which the Offering is open.

In the event of the extension or shortening of the time period during which the Offering is open, we will publicly announce the same:

(a) through a SGXNET announcement to be posted on the Internet at the SGX-ST website http://www.sgx.com; and

(b) in one or more major Singapore newspapers, such as *The Straits Times, The Business Times* and *Lianhe Zaobao.*

Investors should consult the SGX-ST announcement on the ''ready'' listing date on the Internet (at the SGX-ST website), INTV or in the newspapers, or check with their brokers on the date on which trading on a ''ready'' basis will commence.

We and the Vendors will provide details of and the results of the Public Offer through SGXNET or in one or more major Singapore newspapers, such as *The Straits Times, The Business Times* and *Lianhe Zaobao.*

We and the Vendors reserve the right to reject or accept, in whole or in part, or to scale down or ballot any application for the Offering Shares, without assigning any reason therefore, and no enquiry and/or correspondence on our and the Vendors' decision will be entertained. In deciding the basis of allocation, due consideration will be given to the desirability of allocating our Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

Where an application is rejected, the full amount of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at his own risk within 14 days on which the SGX-ST is open for trading in securities (''Market Days'') (or such shorter period as the SGX-ST may require) after the close of the Offering (provided that such refunds are made in accordance with the procedures set out in the instructions booklet on ''Terms, Conditions and Procedures for Application for the Offering Shares in Singapore'').

Where an application is accepted in full or in part only, any balance of the application monies (including the excess monies arising from the difference between the Offering Price and the Maximum Offering Price should the Offering Price be lower than the Maximum Offering Price) will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at his own risk, within 14 Market Days after the close of the Offering (provided that such refunds are made in accordance with the procedures set out in the instructions booklet on ''Terms, Conditions and Procedures for Application for the Offering Shares in Singapore'').

Where the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will be returned within three Market Days after the Offering is discontinued.

SUMMARY FINANCIAL INFORMATION AND OPERATING DATA

The following tables present our summary consolidated financial information, on an actual basis, as at and for the years ended 31 December 2003, 2004 and 2005 and for the three months ended 31 March 2005 and 2006 and certain operating data for the same period as well as our summary consolidated financial information on a pro forma basis, as at and for the year ended 31 December 2005 and the three months ended 31 March 2006. The summary consolidated financial information as at and for the years ended 31 December 2003, 2004 and 2005 and for the three months ended 31 March 2005 and 2006 should be read in conjunction with our audited and unaudited consolidated interim financial statements and our pro forma consolidated financial information and the related notes thereto which are included elsewhere in this Prospectus. Our consolidated financial statements for the years ended 31 December 2003, 2004 and 2005 included in this Prospectus have been audited by Ernst & Young. Our consolidated interim financial statements for the three months ended 31 March 2005 and 2006 included in this Prospectus have been reviewed by Ernst & Young. Our consolidated financial statements have been prepared in accordance with SFRS. (See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Significant Accounting Policies".) The summary pro forma consolidated financial information for the year ended 31 December 2005 and the three months ended 31 March 2006 set out below have been prepared solely for illustration purposes to show what the historical information of the Group might have been on the assumption that certain events set forth in footnote 4 to our unaudited pro forma consolidated financial information have taken place, and gives effect to the adjustments described in footnote 43 to our unaudited pro forma consolidated financial information. Certain principal differences between SFRS requirements and US GAAP are discussed in "Summary of Principal Differences between SFRS and US GAAP".

CONSOLIDATED INCOME STATEMENTS

	For the year ended 31 December (audited)				For the three months ended 31 March (unaudited)		
	2003[1]	2004	2005	2005	2005	2006	2006
	S$ million	S$ million	S$ million	US$ million	S$ million	S$ million	US$ million
Continuing operations							
Revenue	154.2	218.8	186.9	112.6	34.9	80.7	49.8
Other operating income	2.5	5.8	1.7	1.0	0.5	0.6	0.4
Costs and expenses							
Operating supplies	(20.3)	(34.1)	(28.9)	(17.4)	(4.7)	(12.8)	(7.9)
Salaries and related expenses	(35.6)	(48.4)	(59.1)	(35.6)	(14.0)	(17.0)	(10.5)
Administrative expenses	(15.2)	(22.9)	(25.5)	(15.4)	(4.7)	(4.6)	(2.8)
Sales and marketing expenses	(5.6)	(8.1)	(9.9)	(6.0)	(2.4)	(3.0)	(1.9)
Depreciation of property, plant and equipment	(12.2)	(15.5)	(19.9)	(12.0)	(4.5)	(5.4)	(3.3)
Other operating expenses	(26.3)	(31.8)	(33.4)	(20.1)	(7.5)	(11.0)	(6.8)
Profit from continuing operations	41.5	63.8	11.9	7.1	(2.4)	27.5	17.0
Finance income	0.7	1.2	0.8	0.5	0.3	0.4	0.2
Finance costs	(7.1)	(4.5)	(9.8)	(5.9)	(1.6)	(3.8)	(2.3)
Share of results of associated companies	6.3	0.4	0.6	0.4	0.4	0.3	0.2
Share of results of joint venture companies	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Profit from continuing operations before taxation	41.4	60.9	3.5	2.1	(3.3)	24.4	15.1
Income tax expenses	(8.9)	(11.4)	(3.5)	(2.1)	0.2	(6.9)	(4.2)
Profit from continuing operations after taxation	32.5	49.5	(0.0)	(0.0)	(3.1)	17.5	10.9
Minority interests	(5.3)	(19.1)	1.0	0.6	2.2	(6.4)	(4.0)
Net profit after minority interests from ordinary activities	27.2	30.4	1.0	0.6	(0.9)	11.1	6.9
Net profit for the year	27.2	30.4	1.0	0.6	(0.9)	11.1	6.9
Basic and diluted earnings per Share (S$)	0.045	0.051	0.002	0.001	(0.001)	0.018	0.011
Adjusted earnings per Share[2] (S$)	0.036	0.041	0.001	0.001	(0.001)	0.015	0.009

Notes:

(1) LRH's results have been consolidated from 1 April 2003.

(2) Adjusted for the issue of 101,828,563 Issue Shares, the allotment and issue of 38,400,000 new Shares pursuant to the redemption of "B" Preference Shares and the acquisition of the Trademarks and the issue of 8,000,000 Management Shares.

PRO FORMA CONSOLIDATED INCOME STATEMENTS

	For the year ended 31 December (unaudited)		For the three months ended 31 March (unaudited)	
	2005[1]	2005	2006	2006
	S$ million	US$ million	S$ million	US$ million
Continuing operations				
Revenue	191.5	115.3	80.7	49.8
Other operating income	11.0	6.6	0.6	0.4
Costs and expenses				
Operating supplies	(29.7)	(17.9)	(12.8)	(7.9)
Salaries and related expenses	(60.0)	(36.1)	(17.0)	(10.5)
Administrative expenses	(24.4)	(14.7)	(4.6)	(2.8)
Sales and marketing expenses	(10.2)	(6.1)	(3.0)	(1.9)
Depreciation of property, plant and equipment	(20.8)	(12.5)	(5.4)	(3.3)
Other operating expenses	(35.2)	(21.2)	(11.0)	(6.8)
Profit from continuing operations	22.3	13.4	27.6	17.0
Finance income	0.8	0.5	0.4	0.2
Finance costs	(12.5)	(7.5)	(3.8)	(2.3)
Share of results of associated companies	0.6	0.4	0.3	0.2
Share of results of joint venture companies	(0)	(0)	(0)	(0)
Profit from continuing operations before taxation	11.1	6.7	24.5	15.1
Income tax expenses	(3.5)	(2.1)	(6.9)	(4.2)
Profit from continuing operations after taxation	7.6	4.6	17.6	10.9
Attributable to:				
Equity holders of the Company	5.2	3.1	11.2	6.9
Minority interests	2.4	1.5	6.4	4.0
	7.6	4.6	17.6	10.9
Basic and diluted earnings per Share (S$)	0.009	0.005	0.019	0.011
Adjusted earnings per Share (S$)[2]	0.007	0.004	0.015	0.009

Note:

(1) LRH's results have been consolidated from 1 April 2003.

(2) Adjusted for the issue of 101,828,563 Issue Shares and the allotment and issue of 38,400,000 new Shares pursuant to the redemption of "B" Preference Shares and the acquisition of the Trademarks and the issue of 8,000,000 Management Shares.

CONSOLIDATED BALANCE SHEETS

	As at 31 December (audited)			As at 31 March (unaudited)	
	2003[1]	2004	2005	2006	2006
	S$ million	S$ million	S$ million	S$ million	US$ million
Non-current assets	369.1	366.8	549.6	559.8	345.6
Current assets	111.3	131.9	132.4	157.3	97.1
Total assets	480.4	498.7	682.0	717.1	442.7
Current liabilities	79.5	74.3	133.0	144.1	89.0
Non-current liabilities	134.6	121.0	228.2	233.8	144.3
Total liabilities	214.1	195.3	361.2	377.9	233.3
Net assets	266.3	303.4	320.8	339.2	209.4
Capital and reserves					
Share capital	30.1	30.1	30.1	60.2	37.2
Share premium	30.1	30.1	30.1	—	—
Reserves	83.9	103.4	128.6	138.3	85.4
Minority interests	122.2	139.8	132.0	140.7	86.8
Total equity	266.3	303.4	320.8	339.2	209.4

Note:

(1) LRH's results have been consolidated from 1 April 2003.

OTHER FINANCIAL DATA

	As at 31 December (unaudited)			As at 31 March (unaudited)	
	2003[1]	2004	2005	2006	2006
	S$	S$	S$	S$	US$
Net assets per Share including minority interests[2]	0.4	0.5	0.5	0.6	0.3
Net assets per Share excluding minority interests[2]	0.2	0.3	0.3	0.3	0.2
NTA including minority interests (in millions)	293.7	329.3	318.0	336.4	207.7
NTA excluding minority interests (in millions)	171.5	189.5	186.0	195.7	120.8
NTA per Share including minority interests[2]	0.5	0.5	0.5	0.6	0.3
NTA per Share excluding minority interests[2]	0.3	0.3	0.3	0.3	0.2
Adjusted NTA per Share including minority interests[3]	0.6	0.6	0.6	0.6	0.4
Adjusted NTA per Share excluding minority interests[3]	0.4	0.4	0.4	0.4	0.3
EBITDA (in millions)[4]	53.2	79.7	34.7	33.9	20.9

Notes:

(1) LRH's results have been consolidated from 1 April 2003.

(2) The net assets per Share and NTA per Share have been calculated based on the net assets, NTA and the sub-division of each of our ordinary shares, as at 31 March 2006 into two ordinary shares.

(3) The adjusted NTA per Share have been calculated based on the NTA after adjusting for the issue of 101,828,563 Issue Shares, the allotment and issue of 38,400,000 new Shares pursuant to the redemption of the "B" Preference Shares and the acquisition of the Trademarks and the issue of 8,000,000 Management Shares.

(4) We calculate our EBITDA by adding back depreciation and amortisation to profit from continuing operations as calculated under SFRS. EBITDA is not a standard measure of operating cash flow under SFRS. EBITDA is commonly used as a financial indicator of operating performance and liquidity, and as a financial measure of the potential capacity of a company to incur and service debt. EBITDA should not be considered in isolation or be construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA does not account for taxes and interest expense. In evaluating EBITDA, we believe that investors should consider among other things, the components of EBITDA such as revenues and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. We have included EBITDA because we believe it is a useful supplement to cash flow data as a measure of our performance and our ability to generate cash from operations. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. You should not compare our EBITDA to EBITDA presented by other companies because not all companies use the same definition.

PRO FORMA CONSOLIDATED BALANCE SHEETS

	As at 31 December (unaudited)		As at 31 March (unaudited)	
	2005	2005	2006	2006
	S$ million	US$ million	S$ million	US$ million
Non-current assets	573.9	345.7	584.1	360.6
Current assets	132.8	80.0	157.3	97.1
Total assets	706.7	425.7	741.4	457.7
Current liabilities	157.3	94.8	168.2	103.9
Non-current liabilities	228.2	137.5	233.8	144.3
Total liabilities	385.5	232.3	402.0	248.2
Net assets	321.2	193.4	339.4	209.5
Pro forma equity attributable to equity holders of the Company	185.7	111.8	198.7	122.6
Minority interests	135.5	81.6	140.7	86.9
Total pro forma equity	321.2	193.4	339.4	209.5

CONSOLIDATED CASH FLOW DATA

	For the year ended 31 December (audited)				For the three months ended 31 March (unaudited)		
	2003[1]	2004	2005	2005	2005	2006	2006
	S$ million	S$ million	S$ million	US$ million	S$ million	S$ million	US$ million
Net cash flows from operating activities and continuing operations	26.2	73.1	17.5	10.5	(6.8)	22.4	13.8
Net cash flows from/(used-in) investing activities	4.6	(12.8)	(89.8)	(54.1)	(5.2)	(17.5)	(10.8)
Net cash flows (used in)/from financing activities	(6.8)	(42.4)	60.9	36.7	12.9	2.9	1.8
Net increase/(decrease) in cash and cash equivalents	24.0	17.9	(11.4)	(6.9)	0.9	7.8	4.8
Net foreign exchange difference	0.0	(0.2)	(1.2)	(0.7)	0.1	0.5	0.3
Cash and cash equivalents at beginning of year/period	8.2	32.2	49.9	30.0	49.9	37.3	23.0
Cash and cash equivalents at end of year/period	32.2	49.9	37.3	22.4	50.9	45.6	28.1

Note:
(1) LRH's results have been consolidated from 1 April 2003.

PRO FORMA CONSOLIDATED CASH FLOW DATA

	For the year ended 31 December (unaudited)	
	2005	2005
	S$ million	US$ million
Net cash flows from operating activities and continuing operations	24.7	14.9
Net cash flows used in investing activities	(97.1)	(58.5)
Net cash flows from financing activities	60.9	36.7
Net decrease in cash and cash equivalents	(11.4)	(6.9)
Net foreign exchange difference	(1.1)	(0.7)
Cash and cash equivalents at beginning of year	49.9	30.1
Cash and cash equivalents at end of year	37.3	22.5

OPERATING DATA

The following table sets forth certain aggregate operating data for the resorts and hotels we manage and/or in which we have an ownership interest for the periods indicated.

	As at or for the year ended 31 December (unaudited)			As at or for the three months ended 31 March (unaudited)	
	2003	2004	2005	2005	2006
Number of properties	14	15	18	16	18
Average number of available rooms[1]	1,816	1,886	2,024	1,900	1,986
Average occupancy(%)[2]	62.9	69.4	53.3	42.8	67.5
Average room rate (S$)[3]	259.90	273.40	271.60	327.70	340.40
REVPAR (S$)[4]	163.50	189.70	144.70	140.30	229.80
Total revenue (S$ million)	172.8	213.8	171.8	38.7	64.4

The following table sets forth certain aggregate operating data for the resorts and hotels we manage for the periods indicated.

	As at or for the year ended 31 December (unaudited)			As at or for the three months ended 31 March (unaudited)	
	2003	2004	2005	2005	2006
Number of properties	12	13	16	16	16
Average number of available rooms[(1)]	1,303	1,373	1,511	1,387	1,448
Average occupancy(%)[(2)]	59.6	66.8	54.5	46.9	66.5
Average room rate (S$)[(3)]	301.20	308.00	309.60	359.60	363.10
REVPAR (S$)[(4)]	179.70	205.70	168.60	168.60	241.40
Total revenue (S$ million)	131.8	165.8	143.6	33.2	50.0

The following table sets forth certain aggregate operating data for the resorts that are operated under the Banyan Tree brand for the periods indicated.

	As at or for the year ended 31 December (unaudited)			As at or for the three months ended 31 March (unaudited)	
	2003	2004	2005	2005	2006
Number of properties	5	5	6	5	6
Average number of available rooms[(1)]	492	502	540	496	540
Average occupancy(%)[(2)]	65.9	74.1	65.7	64.0	70.7
Average room rate (S$)[(3)]	474.50	503.60	482.10	505.80	601.60
REVPAR (S$)[(4)]	312.80	373.00	317.00	324.00	425.20
REVPAR (S$) (excluding Banyan Tree Bangkok)	467.60	546.40	445.00	461.10	578.90
Total revenue (S$ million)	87.2	109.0	96.6	23.7	32.3
Total revenue (S$ million) (excluding Banyan Tree Bangkok)	68.7	83.9	70.9	16.8	24.1

The following table sets forth certain aggregate operating data for the resorts that are operated under the Angsana brand for the periods indicated.

	As at or for the year ended 31 December (unaudited)			As at or for the three months ended 31 March (unaudited)	
	2003	2004	2005	2005	2006
Number of properties	5	6	7	7	7
Average number of available rooms[(1)]	317	394	428	420	413
Average occupancy (%)[(2)]	52.1	53.1	48.8	42.8	56.3
Average room rate (S$)[(3)]	246.10	237.40	253.10	282.40	277.00
REVPAR (S$)[(4)]	128.20	126.10	123.50	120.80	155.80
Total revenue (S$ million)	23.9	32.1	30.1	6.8	8.6

Notes:

(1) Average number of available rooms means the total aggregate number of rooms available for average occupancy for each day during the relevant period divided by the number of days in that period.

(2) Average occupancy means the number of paid room nights during a period divided by the total number of available rooms during that period, expressed as a percentage.

(3) Average room rate means the total room revenue earned during a period divided by the number of paid room nights for that period.

(4) REVPAR equals average room rate multiplied by average occupancy.

Risk Factors

Prospective investors should consider carefully, together with all other information contained in this Prospectus, the risks described below before deciding to invest in our Shares. The risks described below are not the only ones we face. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. Our business, financial condition, results of operations and prospects could be materially and adversely affected by any of these risks. The market price of our Shares could decline due to any of these risks and you may lose all or part of your investment.

This Prospectus also contains forward-looking statements that involve risks and uncertainties. The actual results of our operations could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks we face as described below and elsewhere in this Prospectus. (See "Notice to Investors — Forward-looking Statements".)

Before deciding to invest in our Shares, prospective investors should seek professional advice from their advisers about their particular circumstances.

RISKS RELATING TO OUR BUSINESS AND OPERATIONS

We may not be able to successfully develop new resorts, hotels, spas, resort residences or serviced residences

We are developing and intend to develop new resorts, hotels, spas, resort residences and serviced residences in the future. Our operation of resorts, hotels, spas, resort residences and serviced residences in new locations, many of which we expect to be in geographic regions where we have limited operating experience, and our acquisition of land and/or existing hotel or resort properties could present operating, marketing, financial and legal challenges that are different from those that we currently encounter in our existing locations. There can be no assurance that we will succeed in implementing our strategy of expanding into new geographic markets to become more accessible to our key customer segments. If we are unsuccessful in doing so, we may be unable to expand our operations and increase our revenues and profits. (See "Business — Overview — Strategy — Increase our geographical presence by expanding our resort and hotel operations into new strategic locations".)

Our ability to expand our existing business and operations and pursue new growth opportunities successfully will depend on factors such as our ability to:

- identify suitable acquisition and expansion opportunities;
- negotiate purchases of vacant land and/or existing hotel or resort properties as well as the construction or refurbishment of resorts, hotels, resort residences and serviced residences on satisfactory terms;
- obtain the necessary financing on competitive terms;
- obtain the requisite regulatory and/or governmental approvals; and
- integrate new properties into our existing operations.

Our operations may be adversely affected by another outbreak of SARS, Avian flu or other epidemics

The first outbreak of SARS occurred in November 2002 and the epidemic was largely contained by July 2003. SARS had a material adverse effect on our business, financial condition, profitability and results of operations. Multiple cases of SARS were diagnosed in several countries and other jurisdictions in Asia and elsewhere, including Hong Kong, the PRC, Singapore, Taiwan and Vietnam. During the period in which it was prevalent, it had an adverse effect on the economies of those countries which were affected, and on the Asian hospitality and leisure industry in general. As a consequence of the SARS outbreak, certain countries implemented immigration policies to restrict travellers coming from, and several airlines reduced flights to and from, SARS-affected countries or regions. Our operations in SARS-affected countries were adversely affected, particularly our visitor numbers and future bookings for our resorts and hotels. If SARS re-emerges, or if any other similar wide-ranging epidemics or contagious diseases should occur, our business, revenues, financial condition and results of operations could be materially and adversely affected. (See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Significant Factors Affecting Our Results of Operations — Condition of the Tourism Industry — SARS, Avian Flu and Other Epidemics".)

In addition, since the first reported outbreak in Hong Kong in 1997, there have been outbreaks of the Avian flu in, among other places, Thailand, Indonesia, Vietnam, Turkey, Cambodia and the PRC. As at the Latest Practicable Date, since the outbreak was first reported in 1997, Thailand has reported 22 human cases of Avian flu, of which 14 were fatal, while the PRC has reported 17 human cases with 12 deaths and Indonesia has reported 32 human cases with 24 deaths. Should the virus mutate and human-to-human transmission of the disease arise, there could be adverse effects on travel to the affected countries and consequently to our business, results of operations, financial condition and profitability.

Terrorist attacks and other acts of violence or war may adversely affect our business

Terrorist attacks, such as those that occurred in the United States on 11 September 2001, in Bali on 12 October 2002 and 2 October 2005, in Jakarta on 5 August 2003 and 9 September 2004, in Madrid on 11 March 2004, and in London on 7 July 2005; or armed conflicts, such as the war in Iraq, may adversely affect our operations, revenues and profitability. The consequences of any terrorist attacks or armed conflicts are unpredictable and may include the issuance of travel advisories warning people to defer and/or avoid travel to certain locations in which we operate, as well as a general reluctance of people to travel. We may not be able to foresee events that could have an adverse effect on the travel and hospitality and leisure industry, the locations in which our resorts and hotels are located and our business and results of operations.

Since January 2004, there have been numerous terrorist incidents, including attacks on Thailand's security forces and other sporadic acts of violence (which in the aggregate have killed over 1,000 people) caused by separatist groups in southern Thailand, approximately 500 kilometers from Laguna Phuket. The Thai government declared martial law in certain southern provinces of Thailand in January 2004 and in November 2005 to curtail the violence. This led countries like the United States and the United Kingdom to issue travel warnings for the region. As at the Latest Practicable Date, these travel warnings have been lifted. If such terrorist incidents and acts of violence were to continue in Thailand or spread to other regions of Thailand, its hospitality and leisure industry could experience a downturn and there could be a material adverse effect on our business, financial condition, profitability and results of operations. (See ''Management's Discussion and Analysis of Financial Condition and Results of Operations — Significant Factors Affecting Our Results of Operations — Condition of the Tourism Industry — Terrorist Attacks and Other Significant Events''.)

We may be subject to claims that we do not have legal title to certain property owned by the LRH Group

In 2001, a Thai citizen sued the Phuket Provincial Land Office alleging that it improperly issued title to approximately 100 acres of land and asking that the Administration Court revoke the title of this land. The plots of land in dispute, include land on which parts of Dusit Laguna, Sheraton Grande Laguna Phuket, Laguna Beach Resort and Banyan Tree Phuket are situated. We (through LRH and certain of its subsidiaries) joined the case voluntarily as a co-defendant. We are currently awaiting a ruling. If the Administration Court rules against the Phuket Provincial Land Office, the LRH Group's possession rights over these lands could be revoked and the right to possession would revert to the State. (See ''Business — Litigation''). If the LRH Group is not able to subsequently lease the relevant parcels of land from the State to continue its operations, our revenue from operating Laguna Phuket could cease and there will be material adverse effects on our business, operations and financial condition. For the three financial years ended 31 December 2003, 2004 and 2005, we derived approximately 62.0 per cent., 76.8 per cent. and 57.3 per cent. of our total revenue respectively from operating Laguna Phuket.

In 2003, there were published press reports alleging that the LRH Group may not have proper title to certain plots of land it purports to own. Such negative publicity may have a material adverse effect on our property sales business in Thailand if purchasers are concerned that we are unable to transfer good title to them. (See ''Risks Relating to the Industry in which We Operate — Our results of operations are dependent on the conditions of the hospitality and leisure industry in the countries in which we operate, especially Thailand, and the state of the property market in Phuket'' and ''Risks Relating to General Economic and Political Conditions'' and ''Business — Resorts and Hotels — Laguna Phuket''.)

In 2005, a case was brought by the Phuket Public Prosecutor to the Phuket Provincial Court charging Laguna Beach Club Limited and Khun Pitak Boonpojianassonton, a former director of LRH, with having jointly encroached on state property of approximately 1,250 square metres. The Laguna Beach Resort Hotel was constructed in compliance with plans approved by the relevant authorities. Subsequent to construction, the state boundary lines were drawn. We have won the case at first instance but the Phuket Public Prosecutor may appeal the court's decision. If such appeal is successful, the court may impose a sentence of imprisonment not exceeding one year or a fine of Baht 5,000 or both, and the LRH Group will have to remove structures (such as a beach bar and a water sports centre) on the land that is the subject of the dispute. (See ''Business — Litigation''.)

We may fail to promote or guard the value of our brands

We intend to continue to develop and increase the value of the Banyan Tree and Angsana brands. We believe brand awareness, image and loyalty are critical to our ability to achieve and maintain high average occupancy and average room rates, and to support the larger number of resorts, hotels, spas and galleries we intend to operate and manage. If we fail to provide the service levels, the facilities and the experience promised by our marketing programmes, then the value of our brands could be diminished, which would have a material adverse effect on our business, financial condition, profitability and results of operations.

Our success will also depend on our awareness of and our ability to prevent third parties from using our brands without our consent. We could incur substantial costs in pursuing any claims relating to the Marks. Issues relating to intellectual property rights can be complicated and there is no assurance that disputes will not arise or that any disputes in relation to the Marks will be resolved in our favour. Although we have commenced the process of registering all the assignments of the Trademarks, the registrations have to be made in a number of different jurisdictions, and will take some time to be effected. Until such registrations are completed, the process of protecting our interests should there be an infringement, may be more complex.

We derive a majority of our revenues from LRH's operations in Thailand and we are therefore highly dependent on LRH's performance

For each of the years ended 31 December 2003, 2004 and 2005, 46.5 per cent., 66.8 per cent. and all of our profits after minority interests, respectively, were attributable to our interest in LRH (for the year ended 31 December 2005, a number of other subsidiaries contributed to our profits after tax and minority interests, which were offset by losses in other subsidiaries.) Any condition which might have a material adverse effect on LRH's business, financial condition, profitability and results of operations, such as changes in the attractiveness of Thailand as a tourist destination, acts of terrorism, increased levels of criminal activity, civil unrest or epidemics which affect Thailand, increased competition for the resorts, hotels, spas and galleries in which LRH has an ownership interest or a depression of property values in Phuket, could have a material adverse effect on our business, financial condition, profitability and results of operations. (See "— Risks Relating to the Industry in which We Operate — Our results of operations are dependent on the conditions of the hospitality and leisure industry in the countries in which we operate, especially Thailand, and the state of the property market in Phuket" and "— Risks Relating to General Economic and Political Conditions".)

In addition, because we are so dependent on LRH given its contribution to our results of operations and financial condition, changes in its share price (which may be due to factors unrelated to its operating performance or financial condition, such as volatility or negative sentiment in relation to Thai stocks generally) may have an effect on the price of our Shares.

Economic, political, legal and regulatory conditions in Thailand and elsewhere may adversely affect us and the market price of our Shares

Because of our extensive operations in the Asia Pacific, particularly in Thailand through LRH, we are subject to political, legal and regulatory conditions that differ in certain significant respects from those prevailing in more developed countries. Our results of operations may be influenced in part by the political situation in the Asia Pacific, which has been unstable from time to time in the past. For example, in early 2006 when the family of the Thai Prime Minister, Thaksin Shinawatra, sold their stake in Shin Corporation Public Limited for US$1.9 billion (S$3.1 billion), there was a severe social and political backlash. Two Cabinet ministers resigned in protest and, on 4 and 5 February 2006, there were rallies and large demonstrations involving 50,000 to 100,000 Thai citizens (the largest demonstrations since 1992). Following snap parliamentary elections on 2 April 2006 which were boycotted by the opposition parties and subsequently annulled by the Thai Constitutional Court, Thaksin Shinawatra took leave of absence as Prime Minister with effect from 5 April 2006 and appointed a caretaker prime minister to preside in his absence. On 23 May 2006, the Cabinet Meeting cancelled the appointment of the caretaker prime minister and Thaksin Shinawatra resumed his duties as Prime Minister. These developments may create political instability in Thailand which could have an adverse effect on our business and operations.

Our business and operations are also subject to the changing economic and political conditions prevailing from time to time in the Asia Pacific, particularly in Thailand. Thailand's government has frequently intervened in the Thai economy and has occasionally made significant changes in policy. The Thai government's actions to control inflation have resulted in, among other things, wage and price controls, capital controls and limitations on imports. Our business, financial condition, profitability and results of operations may be adversely affected by changes in the Thai government's policies or by changes in the policies of the other countries in which we operate.

Our majority control over LRH may not be sufficient to permit us to take certain corporate actions

Although we control LRH's affairs and business with our current interest of 51.8 per cent. in LRH, minority shareholders may be able to prevent us from taking certain actions which require approval of three-quarters of the total votes of shareholders who attend a meeting of shareholders and have voting rights; such as an increase or decrease of capital, changes to LRH's objectives, an issuance of debentures, a sale or transfer of the whole or material parts of the business of LRH to other persons and a purchase or acceptance of the transfer of business of other private or public companies by LRH.

A fire, accident or other calamity at one of our resorts could adversely affect us

We currently operate only a limited number of resorts. A fire or other calamity resulting in significant damage to any of these resorts could have a material adverse effect on our business, financial conditions, profitability or results of operations.

The consequences of fire, accidents or calamities could be severe and they could have a material adverse effect on our business, financial conditions, profitability and results of operations. We cannot determine when such an event will occur or the effect that it will have on the hospitality and leisure industry in areas in which our hotels and resorts are located. For example, on 26 December 2004, a powerful earthquake struck the floor of the Indian Ocean off the northwest coast of Sumatra, Indonesia (the "2004 tsunami") triggering a massive tsunami which devastated towns, seaside communities and holiday resorts, killing tens of thousands of people in several countries. Many areas in the East Indian Ocean basin, including the coast of Northern Sumatra, the Eastern and Southern coasts of Sri Lanka and South Western Thailand were affected. Not only did the 2004 tsunami cause physical damage in the areas affected, it also had a severe effect on the hospitality and leisure industry in the region as tourists were deterred from travelling to the devastated and nearby areas. The 2004 tsunami affected the operation and financial results of our resorts in Phuket, and to a lesser extent, in the Maldives.

For instance, the 2004 tsunami also resulted in one of LRH's wholly-owned subsidiaries failing to meet its debt service coverage ratio obligations under its loan agreements in respect of loans amounting to Baht 565 million (S$23.2 million) as at 31 December 2005. Although the relevant bank has agreed to waive compliance with such obligations for 2005 and confirmed that the breach will not be considered an event of default, any breach of similar covenants in our financial instruments in the future may trigger default or acceleration provisions in our other financial instruments. In such event, if we are unable to repay such loans when required, we may become insolvent.

Our insurance policies do not cover all operating risks

While we maintain insurance policies covering losses, including those arising from fire, accidents and calamities, we do not carry insurance that covers losses that are due to operating risks such as acts of terrorism. With respect to losses which are covered by our policies, it may be difficult and may take time to recover such losses from insurers. In addition, we may not be able to recover the full amount from the insurer. There can be no assurance that our policies would be sufficient to cover all potential losses, regardless of the cause, or whether we can recover for such losses. For example, we suffered financial loss and damage to property as a result of the 2004 tsunami and have commenced claims under our insurance policies for such losses (See "Business — Litigation".). We have not yet recovered a large portion of the amounts claimed as the insurer has disputed the majority of our claims. If our claims are unsuccessful, we may not recover the substantial costs we expect to incur in pursuing our claims.

Our expansion plans will place additional demands on our management and key in-house operating divisions

Rapid growth in our resort, hotel, spa and property sales operations will continue to place additional demands on our management team, our centralised global marketing team, our in-house design and project management divisions and our financial reporting and information systems. See "Business — Resort and Hotel Expansion" and "Business — Spa Operations — Expansion". There can be no assurance that our expansion plans can be implemented successfully and that we will be able to recruit and retain sufficient numbers of high-quality management and staff to service the additional resorts, hotels, spas and property sales operations.

We are subject to risks associated with constructing new resorts and hotels or converting existing properties into Banyan Tree or Angsana resorts and hotels

New project development and property conversions are subject to a number of risks, many of which are outside our control, including:

- market or site deterioration after acquisition;
- the possibility of discovering previously undetected defects or problems at a site or property to be converted; and
- the possibility of construction or conversion delays or cost overruns due to delayed regulatory approvals, inclement weather, labour or material shortages, work stoppages and the unavailability of construction and/or long-term financing.

A minimum of two years normally elapses between the time the design of a new resort or hotel commences and the project's completion, while conversion of an existing resort or hotel normally takes between six to nine months to complete. Between the time the design of a new resort or hotel commences and its completion, operating conditions, travel preferences, political or social conditions of the location or other conditions critical to the success of the hotel or resort may change, such that we are unable to open the hotel or resort, repay our debt financing and/or achieve our projected returns. (See "Risk Factors — Risks Relating to our Business Operations — We may not be able to successfully develop new resorts, hotels, spas, resort residences or serviced residences".)

We expect to face competition for management agreements; management agreements may contain restrictive provisions, including restrictions on competition

Part of our growth strategy focuses on expansion through the acquisition of additional management agreements. (See "Business — Strategy".) In pursuing this strategy, we will compete with international, regional and local management companies and brand franchisers, some of which may have greater name recognition and financial resources than we do. Competition for management agreements is intense among management companies and brand franchisers in the hospitality and leisure industry. As a result, in order for us to expand our business activities by acquiring additional management agreements, we may be required to offer more attractive terms to hotel owners than under our existing agreements. We also anticipate that, in certain cases, we may be required to make equity investments in hotel properties in order to secure management agreements. In addition, certain of our resort, hotel and spa management contracts contain provisions permitting termination of the contract under certain circumstances and restricting our ability to manage other resorts, hotels and spas within specific geographic areas surrounding some of our resorts. Such restrictions could have a material adverse effect on our business, financial condition, profitability and results of operations. (See "Business — Resorts and Hotels — Description of Resorts and Hotels we Manage but in which we have no Ownership Interest — Description of Resort Management Arrangements".)

The majority of our customers come from Europe and the Asia Pacific; adverse economic conditions in Europe or the Asia Pacific or other factors that depress the level of disposable income of consumers in these markets could have a material adverse effect on our financial condition and results of operations

Our business is subject to prevailing economic conditions in markets or countries from which our guests come. In particular, a majority of our guests visit from, and purchasers of our resort residences reside in, countries within Europe (particularly the United Kingdom) and the Asia Pacific, especially Japan, Korea, Hong Kong and Singapore. We believe that we are, and will continue to be, substantially dependent on the ability and willingness of these consumers to spend money on leisure and entertainment activities, including vacations, in the locations where we operate. A deterioration in economic conditions in these countries may reduce the level of disposable income that consumers spend on leisure and entertainment activities, which may reduce their patronage of our hotels and resorts, and in turn could have a material adverse effect on our business, financial condition, profitability and results of operations.

We may face potential conflicts of interests with related parties

We have entered into various transactions with companies directly or indirectly controlled by or associated with our Executive Chairman and substantial shareholder, Mr Ho KwonPing. Such companies include companies within the TRL Group (one of our shareholders and a company which has an ownership interest in certain of the hotels and resorts that we manage), and Thai Wah Public Company Limited ("Thai Wah Public") (which is currently under rehabilitation pursuant to Thai law), a shareholder of LRH. (See "Interested Person Transactions and Conflicts of Interests — Potential Conflicts of Interests'' and the notes to our financial statements appearing elsewhere in this Prospectus for the details of our previous and current interested person transactions.) In the future, we expect that we will enter into other transactions with related parties.

Some of our directors are also officers, directors and/or shareholders of related parties and, with respect to the interested person transactions, may, individually or in the aggregate, have conflicts of interests. We have obtained certain undertakings to address the potential conflicts of interests with related parties (See ''Interested Person Transactions and Conflicts of Interests — Potential Conflicts of Interests'' for further details). If these undertakings are breached, there may be conflicts of interests between us and related parties including companies within the TRL Group, Thai Wah Public and/or their respective subsidiaries and/or associated companies.

Fluctuations in exchange rates may adversely affect our reported financial results

Because of the geographic diversity of our business, we receive revenue and incur expenses in a variety of currencies. Our room rates are typically quoted in US dollars but payments are made in local currency at the then applicable exchange rate. Most of our contracts with our wholesale distributors are denominated in US dollars, although certain contracts are denominated in Euros. A substantial portion of our revenue, including payments from resort, hotel and spa customers is denominated in US dollars but payable in local currency. The majority of our expenses are denominated in local currency. As a result, we are exposed to depreciation of the US dollar or the Euro against local currencies. In addition, our financial statements are presented in Singapore dollars. Changes in the value of local currencies, especially Baht, against the Singapore dollar and the US dollar can cause fluctuations in our results of operations and could have a material adverse effect on our reported financial results.

While we try to minimise risk by quoting most of our room rates in US dollars, we may not always be able to change our room rates in a timely manner to account for the fluctuations in the value of the US dollar.

Our financial statements are impacted by foreign exchange fluctuations through both:

- translation risk, which is the risk that our financial statements for a particular period or as of a certain date depend on the prevailing exchange rates of the currencies discussed above against the Singapore dollar; and

- transaction risk, which is the risk that the currencies of our costs and liabilities fluctuate in relation to the currencies of our revenue and assets.

With respect to translation risk, even though the fluctuations of currencies against the Singapore dollar can be substantial and therefore significantly impact comparisons with prior periods, the translation impact is a reporting consideration and does not affect the underlying results of operations, as transaction risk does.

(See ''Management's Discussion and Analysis of Results of Operations and Financial Condition — Market Risk — Foreign Exchange Risk''.)

Future fund raising may cause a dilution in your shareholding or place restrictions on our operations

In the future, we may be required to raise additional funding to meet capital or operational expenditure requirements, to increase our shareholding in subsidiaries and/or associated companies. Such funding, if raised through the issuance of equity securities, may cause a reduction in the percentage ownership of our existing shareholders at that particular point in time. Alternatively, if such funding requirements are met by way of additional debt financing, we may have restrictions placed on us through such debt financing arrangements which may:

- limit our ability to pay dividends or require us to seek consents for the payment of dividends;

- increase our vulnerability to general adverse economic and industry conditions;

- limit our ability to pursue our growth plans;

- require us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing the availability of our cash flow to fund capital expenditure, working capital requirements and other general corporate purposes; and

- limit our flexibility in planning for, or reacting to, changes in our business and our industry.

We may be unable to obtain future financing on favorable terms, or at all, to fund our operations, expected capital expenditure and working capital requirements

We may be unable to obtain future financing on favorable terms, or at all, to fund our operations, anticipated capital expenditure and working capital requirements. We incur indebtedness in connection with the construction of new resorts and hotels as well as in connection with converting existing properties into Colours of Angsana resorts and hotels. Outside Thailand, for example, in the Maldives, our subsidiaries historically have borrowed mostly in US dollars as their construction costs tend to be denominated in US dollars and a substantial portion of our subsidiaries' revenues are denominated in US dollars. We may have difficulty finding lenders who will provide sufficient US dollar denominated financing for our planned new resorts and hotels as these properties may be located in countries with respect to which local lenders may be unable to make US dollar denominated loans and foreign lenders may be unwilling or unable to loan significant amounts necessary to construct a new resort or hotel. In addition, lenders may be unwilling to accept security interests in the property being developed as collateral for the loan due to the illiquidity of the relevant property. If we are unable to raise such financing on favorable terms, or at all, we may not be able to fund our operations sufficiently or we may be unable to carry out our planned expansion, all of which could have a material adverse effect on our business, financial condition, profitability, results of operations and ability to implement our growth strategy.

We are reliant on key members of our senior management team

Our success depends largely on the skills, experience and performance of key members of our senior management team, especially our Executive Chairman, Mr Ho KwonPing. We have established the Founder's Grant as an incentive to secure the continuing commitment of Mr Ho KwonPing to our Group. (See "Management — Directors — Founder's Grant" for further details.) However, there is no assurance that we will continue to have the service of the key members of our senior management team. If we were to lose one or more of these key employees, our ability to set and implement successfully our strategy could be materially adversely affected. We generally do not maintain significant key-person life insurance on our employees. Our future success also depends on the continued service of our key operating, marketing, design and administrative personnel. Further, such losses could be negatively perceived in the capital markets, which could reduce the value of our Shares.

We must attract, train and retain qualified employees to execute our business strategy

As a service-oriented company, our future success depends largely on our ability to hire, train and retain appropriately qualified employees with appropriate language skills and cultural sensitivity to pursue our resort, hotel and spa management, customer service and sales and marketing activities. Skilled personnel in these areas, especially for certain remote locations where we have operations, such as the Seychelles, have on occasion been in short supply, and any shortages in the future may increase competition for such personnel and hence the staff turnover and/or employment costs incurred by us. Any inability to hire, train and retain a sufficient number of qualified employees could materially adversely affect our business. (See "Business — Employees".)

In addition, labour disruptions at our resorts and hotels can also negatively affect our ability to operate. For example, in December 2000, approximately 260 out of approximately 650 employees of Banyan Tree Bintan, Angsana Bintan and the Banyan Tree Golf Club Bintan staged a strike protesting that we, as manager of the Bintan resorts and the golf club, would not recognise their new union, which we believed had not followed the necessary procedures to be recognised under Indonesian law. As a result of the strike, we experienced a brief manpower shortage at our Bintan resorts but this had no significant impact on our operations or financial results.

Thai labour laws are highly protective of employees, which may make it difficult and costly for us to streamline our workforce in Thailand in the event of an economic downturn

A majority of our employees are based in Thailand. Labour laws in Thailand are highly protective of employees. Under Thai labour laws, we are generally prohibited from discharging employees without severance payments and/or compensation in the absence of gross misconduct, neglect, or acts of dishonesty. As such, we have limited measures at our disposal to reduce headcount in order to increase efficiencies, reduce costs or achieve similar objectives. Any changes to employment terms and conditions that diminish employees' rights and benefits would require consent from employees. For example, during the outbreak of SARS in 2003, we instituted a voluntary unpaid leave programme as we were prohibited from discharging employees without compensation. We have been restricted in the past and expect in the future to be limited to using voluntary plans and similar measures under which selected employees may elect to leave us in return for lump-sum compensation packages and other benefits.

Our properties or part thereof may be acquired compulsorily

Immovable properties in Thailand and other countries where we operate may be subject to expropriation. For example, the Thai Government may expropriate immovable properties for the purpose of public utilities, national defence, acquisition of natural resources, city planning, development of agriculture or industry, land reform or other public benefits. However, the Thai Government has to pay compensation in these circumstances. Under the Immovable Property Expropriation Act B.E. 2530 (1987), the compensation will be determined by taking into account certain factors including market price, condition, location, reason and purpose of the expropriation.

In addition, certain state enterprises or government entities have the right to expropriate immovable properties for their own use, e.g. the State Railway Authority of Thailand and the Department of Highways. If any of our property in Thailand or other countries was acquired compulsorily, we may not receive the property's fair market value as compensation. In addition, we may not be able to replace the revenue streams we lose as a result of our loss of ownership in the property, which may have a material adverse effect on our business, operating results, profitability and financial condition.

RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE

Our results of operations are dependent on the conditions of the hospitality and leisure industry in the countries in which we operate, especially Thailand, and the state of the property market in Phuket

The number of guests at our resorts and hotels is affected, to a large extent, by the condition of the hospitality and leisure industry in the countries in which we operate. Any conditions that adversely affect the hospitality and leisure industry in the Asia Pacific, or Thailand specifically, such as acts of terrorism, health scares, adverse weather conditions and natural disasters (such as the 2004 tsunami), new visa requirements or seasonal factors, may cause a drop in average occupancy levels and/or average rates at our resorts, hotels and spas.

Our property sales are affected by demand and supply factors in relation to the property market in Phuket. If there were a prolonged depression of the property market in Phuket, it could have a material adverse effect on our property sales revenues. Such conditions would have a material adverse effect on our business, financial condition, profitability and results of operations.

We face significant competition

The hospitality and leisure industry is highly competitive. Our resorts and hotels compete with international, regional and local resort and hotel companies, some of which have greater name recognition and financial resources than we do. Our resorts and hotels are often located in areas where competition is intense. Competitive factors at each resort or hotel destination include room rates, quality of accommodation, name recognition, service levels and convenience of location, and to a lesser extent, the quality and scope of other amenities. Competition also exists between destinations and is affected by factors such as the political stability, social conditions, market perception, local culture, the ability of the location to successfully promote itself as a tourist destination, accessibility, infrastructure and other macro-level factors. There can be no assurance that new or existing competitors will not offer significantly lower rates than our rates or offer greater convenience, services or amenities or significantly expand or improve facilities in the locations in which we operate, thereby adversely affecting our results of operations. There also can be no assurance that demographic, geographic or other changes in markets will not adversely affect the accessibility or attractiveness of our resort and hotel properties.

Our spas also face significant competition. We face many competitors in most locations in which we operate. Our competitors may offer similar treatments which may erode our competitive advantage and/or force us to lower the prices at which we offer our treatments. We are under constant pressure to innovate with respect to our resorts, hotels and spas to maintain our market leading position. There can be no assurance that such competition will not adversely affect our business and results of operations. (See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Significant Factors Affecting Our Results of Operations — Competition" and "Business — Competition".)

Our business is subject to government rules and requirements, which may adversely affect our operations

We are subject to various national and local government regulations, including those relating to the environment, the operation of resorts and hotels, preparation and sale of food and beverages, general building and zoning requirements, occupational health and safety requirements and foreign exchange regulations (in countries such as the Seychelles and the PRC). Our spa treatment products are also subject to local health regulations in the locations in which we operate. We are also subject to laws governing our relationship with our employees, including minimum wage, overtime, working conditions and work permit requirements. Also, the success of our strategy to develop new properties and/or expand our existing properties may be dependent upon our obtaining necessary building permits or zoning variances from local authorities. Compliance with these laws and regulations can increase costs and reduce revenues and profits of our resorts, hotels and spas or otherwise adversely affect our operations. (See ''Business — Applicable Laws and Regulations''.) Our property sales business is also subject to regulations limiting the ability of non-local investors to acquire an ownership interest in our developed properties. These regulations may reduce the market for our development properties and thereby affect our ability to sell more properties as well as the prices we are able to charge.

We may be exposed to unknown or unforeseen environmental liabilities

We are subject to various national and local environmental laws, ordinances and regulations relating to the environment which may impose or create significant potential environmental liabilities. Although we are not currently aware of any material environmental claims pending or threatened against us or any of our properties, no assurance can be given that a material environmental claim will not be asserted against us, and ultimately result in liability for us. The cost of defending against, and ultimately paying or settling, claims of liability or of remediating a contaminated property could have a material adverse effect on our results of operations.

RISKS RELATING TO GENERAL ECONOMIC AND POLITICAL CONDITIONS

We are subject to risks relating to the economic, political, legal or social environments of the locations in which we operate

We are subject to risks associated with operating in countries that have at various times in the past been characterised by volatile economic, political and social conditions. Our business, earnings, asset values and prospects and the value of our Shares may be materially and adversely affected by developments with respect to inflation, interest rates, currency fluctuations, government policies, price and wage controls, exchange control regulations, real estate laws and regulations, taxation, expropriation, social instability and other political, legal, economic or diplomatic developments in or affecting the countries in which we operate. We have no control over such conditions and developments and can provide no assurance that such conditions and developments will not have a material adverse effect on our operations or the price of or market for our Shares.

We are subject to a broad range of risks, and we expect these risks to increase as we expand our operations into new countries. These risks include, among others, the following:

- unexpected changes in governmental laws and regulations;
- difficulties and costs of staffing and managing international operations;
- the ability of our management to deal with multiple, diverse regulatory regimes;
- potentially adverse tax consequences;
- uncertain protection for intellectual property rights;
- the risk of nationalisation and expropriation of our assets;
- currency fluctuation and regulation risks;
- social unrest or political instability; and
- adverse economic, political and other conditions; in each case in the countries in which we currently, or in the future, conduct business.

Any of these factors, many of which are outside our control, could have a material adverse effect on our business, profitability, results of operations and financial condition.

We have operations in various jurisdictions in which the legal and regulatory regime may be uncertain and in which we have no or little experience

We have operations in various developing countries, including Thailand, Indonesia and the PRC, where the legal and regulatory regimes may be uncertain and subject to unforeseen changes as discussed below. At times, the interpretation or application of laws and regulations is unclear, and in the past, we may not always have obtained adequate legal advice.

Thailand's legal system is a civil law system based on written statutes. Supreme Court judgments may be used as a guideline for the interpretation of law. The application of certain Thai laws depends upon subjective criteria such as the good faith of the parties to the transaction and principles of public policy.

Our inability to obtain a hotel licence for Allamanda Laguna Phuket ("The Allamanda") illustrates some of the difficulties we face in the application of Thai law. Since its launch, we have operated The Allamanda without the requisite licence. We have been working with the relevant Thai authorities since the late 1990s to try to establish the proper procedure we should follow in order to obtain the licence. New legislation governing the licensing of hotels was enacted in 2005. However, we are still awaiting the release of ministerial legislation which will set out the procedures for licence applications. When such regulations are released, we intend to apply for a hotel licence, subject to consent by the current owners of units at The Allamanda. Should we be unable to apply for a licence, or should our application for a licence be rejected, we would be required to cease operations at The Allamanda and we will lose the revenue streams from managing The Allamanda. For the three financial years ended 31 December 2003, 2004 and 2005, the income we derived from managing The Allamanda accounted for approximately 0.2 per cent., 0.2 per cent., and 0.1 per cent. of our revenues, respectively. If we were required to close The Allamanda, we could be exposed to claims from the parties who purchased these units from us, in the expectation that they might receive investment income from the hotel. Such claims could have a material adverse effect on our results of operations or financial condition. (See "Business — Applicable Laws and Regulations".)

Indonesia's legal system is a civil law system based on written statutes in which judicial decisions do not constitute binding precedent and are not systematically published. The application of many Indonesian laws and regulations depends, in large part, upon subjective criteria such as the good faith of the parties to the transaction and principles of public policy. Indonesian judges operate in an inquisitorial legal system and Indonesian court decisions may omit express articulation of the legal and factual analysis of the issues presented in a case. Indonesian authorities have very broad fact-finding powers and a high level of discretion in relation to the manner in which those powers are exercised. As a result, the administration and enforcement of laws and regulations by Indonesian courts and governmental agencies may be subject to uncertainty and considerable discretion.

In 2002, a company that we controlled participated in an auction to purchase, and did successfully purchase, three US dollar and Indonesian Rupiah denominated loans from Indonesian government authorities with an aggregate face value of approximately US$31.8 million (S$51.5 million) and approximately Indonesian Rupiah 37.3 billion (S$7.2 million). Based on a review of the transaction by us recently, it is probable that the company we controlled did not comply with certain of the terms of the auction. If it were determined that there was any breach of law or contract, we, our Directors and/or the company we controlled could be exposed to significant legal sanctions. While the likelihood and the consequences of a finding that there was a breach of law or contract are uncertain, any significant sanction could have a material adverse effect on our business and financial condition. To date, neither the Indonesian authorities nor any other person has filed any claim against us and we are not aware of any such claim being imminent.

Since 1979, the PRC government has begun to promulgate a comprehensive system of laws and has introduced many new laws and regulations to provide general guidance on economic and business practices in the PRC and to regulate foreign investment. As these laws, regulations and legal requirements are relatively recent, their interpretation and enforcement may involve significant uncertainty. The interpretation of PRC laws may be subject to policy changes which reflect domestic political changes. As the PRC legal system develops, the promulgation of new laws, changes to existing laws and the pre-emption of local regulations by national laws may have an adverse effect on our prospects, financial condition and results of operations in the PRC.

We expect to grow our business by setting up new operations in other developing countries, which may exacerbate the legal and regulatory risks to which we are already subject.

RISKS RELATING TO AN INVESTMENT IN THE SHARES

Upon completion of the Offering, some of our substantial Shareholders will continue to own a significant amount of our Shares

Upon completion of the Offering, Mr Ho KwonPing, who is our Executive Chairman, and his spouse, Ms Claire Chiang, who is our Managing Director, Retail Operations, will, in aggregate, hold direct and deemed interests of 37.09 per cent. of our Shares (assuming the Over-allotment Options are not exercised), and Mr Ho KwonCjan, the brother of Mr Ho KwonPing and our Managing Director, Design Services will hold in aggregate direct and deemed interests of 38.23 per cent. of our Shares (assuming the Over-allotment Options are not exercised). As a result, Mr Ho KwonPing, Ms Claire Chiang and Mr Ho KwonCjan will continue to be in a position to influence the outcome of most matters requiring a shareholder vote, including votes on potential changes of control. No assurance can be given that their objectives as Shareholders will not conflict with the business goals and objectives of our Company. Mr Ho KwonPing, Ms Claire Chiang and Mr Ho KwonCjan may also be able to deter or delay a future takeover or change of control of our Company. (See "Principal Shareholders".)

We may not be able to pay dividends to our shareholders

We conduct all of our operations through our subsidiaries and associated companies. Accordingly, an important source of our income, and consequently an important factor in our ability to pay dividends on our Shares, are the dividends and other distributions received from our subsidiaries and associated companies, in particular LRH. These companies' ability to pay dividends and make other distributions may depend on their subsidiaries' and associated companies' earnings and cash flows and are subject to laws and regulations (including tax laws) in each jurisdiction and any restrictive loan covenants applicable to them. In the event of a subsidiary's or associated company's liquidation, there may not be sufficient assets for us to recoup our investment.

For a description of our dividend policy and LRH's dividend policy, see "Dividends".

Market and economic conditions may affect the market price and demand for our Shares

Movements in domestic and international securities markets, economic conditions, foreign exchange rates and interest rates may affect the market price and demand for our Shares. As our Shares will be quoted in Singapore dollars on the SGX-ST, dividends, if any, in respect of our Shares will be paid in Singapore dollars. Fluctuations in the exchange rate between the Singapore dollar and the US dollar or other currencies will affect, amongst other things, the foreign currency value of the proceeds which a shareholder would receive upon sale in Singapore of our Shares and the foreign currency value of dividend distributions. (See "Exchange Rates".)

The sale or possible sale of a substantial number of our Shares by our substantial Shareholders in the public market following the Offering could adversely affect the price of our Shares

Following the Offering and the issue of the Management Shares, we will have 750,155,759 issued and existing Shares, of which 380,117,000 Shares, or 50.67 per cent., will be held by investors participating in the Offering. Mr Ho KwonPing, who is our Executive Chairman, and his spouse, Ms Claire Chiang, who is our Managing Director, Retail Operations, will, in aggregate, hold direct and deemed interests of 278,232,360 Shares, or 37.09 per cent. of our Shares, JAIC will hold direct interests of 3,781,246 Shares, or 0.50 per cent. of our Shares, Kilby will hold direct interests of 9,908,376 Shares, or 1.32 per cent. of our Shares and PAMA will hold direct interests of 3,966,757 Shares, or 0.53 per cent. of our Shares (assuming the Over-allotment Options are not exercised). Gesico International S.A., which holds 7,047,698 Shares, or 0.94 per cent. of our Shares, and the individuals who will be granted Management Shares will not be subject to any lock-up arrangement, and may therefore sell Shares without any restrictions. TRLI will hold direct interests of 270,460,582 Shares, or 36.05 per cent. of our Shares and WOFF (HK) will hold direct interests of 31,670,226 Shares, or 4.22 per cent. of our Shares (assuming the Over-allotment Options are not exercised). Our Shares will be tradable on the Main Board of the SGX-ST following listing. Under the lock-up arrangements (as described in the section "Plan of Distribution — Lock-ups") the transfer of our Shares by our substantial Shareholders (other than JAIC, Kilby and PAMA) will be restricted for a period from the date of the Offer Agreement to the date falling 12 months from the Listing Date, and JAIC, Kilby and PAMA will similarly be restricted for a period from the date of the Offer Agreement to the date falling three months from the Listing Date, subject to certain exceptions. If, in the limited circumstances permitted under the lock-up arrangement during the said period or upon the expiration of the lock-up arrangement, any of the Vendors or any other existing Shareholder sells or is perceived as intending to sell a substantial amount of Shares, the market price for the Shares could be adversely affected. (See "Plan of Distribution — Restrictions on Disposals and Issues of Shares — Disposals in the Lock-up Period".)

Singapore law may not protect shareholders as extensively as other jurisdictions

Our corporate affairs are governed by our Memorandum and Articles of Association, by the laws governing corporations incorporated in Singapore and will be governed by the Listing Manual upon our admission to the Main Board of the SGX-ST. The rights of our shareholders and the responsibilities of our management and the Board of Directors under Singapore law may be different from those applicable to a company incorporated in another jurisdiction. Principal shareholders of Singapore companies do not owe fiduciary duties to minority shareholders, as compared, for example, to controlling shareholders in the United States. Our public shareholders may have more difficulty in protecting their interests in connection with actions taken by our management, members of our Board of Directors or our principal shareholders than they would as shareholders of a company incorporated in another jurisdiction. (See "Description of Our Shares — Minority Rights".)

Corporate disclosure and accounting standards in Singapore may vary from those in other jurisdictions

There may be different publicly available information about Singapore public companies, such as ours, than is regularly made available by public companies in the United States and in other jurisdictions. These differences include the timing and content of disclosure of beneficial ownership of equity securities of officers, directors and significant shareholders; officer certification of disclosure and financial statements in periodic public reports; and disclosure of off-balance sheet transactions in management's discussion of results of operations in periodic public reports. In addition, our financial statements are prepared in accordance with SFRS, which differ in material significant respects from US GAAP. (See "Summary of Principal Differences between SFRS and US GAAP".)

We have not quantified or identified the effects of the aforementioned differences between SFRS and US GAAP in this Prospectus. Accordingly, there can be no assurance, for example, that profit after taxation distributable by us and share capital and reserves reported in accordance with SFRS would not be lower if determined in accordance with US GAAP. Potential investors should consult their own professional advisers if they want to understand the differences between SFRS and US GAAP and how they might affect the information contained herein.

Overseas shareholders may not be able to participate in future rights offerings or certain other equity issues we may make

If we offer or cause to be offered to holders of our Shares rights to subscribe for additional Shares or any right of any other nature, we will have discretion as to the procedure to be followed in making such rights available to holders of our Shares or in disposing of such rights for the benefit of such holders and making the net proceeds available to such holders. We may choose not to offer such rights to the holders of our Shares having an address in a jurisdiction outside Singapore. For instance, we will not offer such rights to the holders of our Shares who are US persons (as defined in Regulation S) or have a registered address in the United States unless:

- a registration statement is in effect, if a registration statement under the US Securities Act is required in order for us to offer such rights to holders and sell the securities represented by such rights; or
- the offering and sale of such rights or the underlying securities to such holders are exempt from registration under the provisions of the US Securities Act.

We have no obligation to prepare or file any registration statement under the US Securities Act. Accordingly, shareholders who are US persons (as defined in Regulation S) or have a registered address in the United States may be unable to participate in rights offerings and may experience a dilution in their holdings as a result.

Our Shares have never been publicly traded and the Offering may not result in an active or liquid market for our Shares

Prior to the Offering, there has been no public market for our Shares and an active public market for our Shares may not develop or be sustained after the Offering. We have received a letter of eligibility from the SGX-ST to have our Shares listed and quoted on the SGX-ST. Listing and quotation does not, however, guarantee that a trading market for our Shares will develop or, if a market does develop, the liquidity of that market for our Shares.

The Offering Price of our Shares under the Offering will be determined following a book-building process by agreement between the Joint Global Co-ordinators, us and the Vendors on the Price Determination Date and may not be indicative of prices that will prevail in the trading market. You may not be able to resell your Shares at a price that is attractive to you.

The trading prices of our Shares could be subject to fluctuations in response to variations in our results of operations, changes in general economic conditions, changes in accounting principles or other developments affecting us, our customers or our competitors, changes in financial estimates by securities analysts, the operating and stock price performance of other companies and other events or factors, many of which are beyond our control. Volatility in the price of our Shares may be caused by factors outside of our control or may be unrelated or disproportionate to our results of operations.

It may be difficult to assess our performance against either domestic or international benchmarks.

Although it is currently intended that our Shares will remain listed on the SGX-ST, there is no guarantee of the continued listing of our Shares.

You will incur immediate dilution and may experience further dilution in the value of your Shares

The Offering Price of our Offering Shares is a multiple of the value of our NTA per Share based on our issued share capital as at the date of lodgement of this Prospectus with the Authority. Investors who purchase our Shares in the Offering will therefore experience immediate and significant dilution of S$0.64 per Share (based on the Maximum Offering Price). See ''Dilution''.

In addition, we may grant options to acquire new Shares under our Share Option Scheme to our Directors and employees. If and when such options are granted and are ultimately exercised, there may be a dilution to the investors in the Offering. (See ''Management — Banyan Tree Share Based Incentives — Summary of Option Scheme''.) Shareholders will also be diluted to the extent Shares are issued to our Executive Chairman, Mr Ho KwonPing, pursuant to his employment agreement. (See ''Management — Directors — Founder's Grant''.) There will also be dilution to Shareholders arising from the Shares awarded pursuant to the Banyan Tree Performance Share Plan. (See ''Management — Banyan Tree Share Based Incentives'').

The Singapore securities market is relatively small which may cause the market price of our Shares to be more volatile

The SGX-ST is relatively small and may be more volatile than stock exchanges in the United States and certain other countries. As at 31 December 2005, there were 192 and 171 companies listed and quoted on the Main Board of the SGX-ST and the SGX-ST Dealing and Automated Quotation System, respectively, and the aggregate market capitalisation of listed equity securities of these companies was approximately S$427.9 billion. The relatively small market capitalisation of, and trading volume on, the SGX-ST, compared to certain other global stock exchanges, may cause the market price of securities listed on the SGX-ST, including our Shares, to fluctuate more than those listed on larger global stock exchanges.

There may be difficulties in enforcing foreign judgments against us, our management as well as the Vendors and their management outside Singapore

We are incorporated in Singapore. Most of our Directors and management reside in Singapore, and most of the Vendors and their directors and management and certain of the other parties named in this Prospectus reside outside the United States. All or a substantial portion of our and such persons' assets are located outside the United States. As a result, it may be difficult or impossible for investors to effect service of process upon us or such persons within the United States or other jurisdictions, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States.

In particular, investors should be aware that judgments of the United States courts based upon the civil liability provisions of the federal securities laws of the United States are not enforceable in Singapore courts and there is doubt as to whether Singapore courts will enter judgments in original actions brought in Singapore courts based solely upon the civil liability provisions of the federal securities laws of the United States.

Proceeds from the Offering

Based on the Maximum Offering Price of S$1.07 for each Offering Share, our net proceeds from the issue of 101,828,563 Issue Shares, assuming the Over-allotment Options are not exercised and after deducting our share of the commissions and other estimated offering expenses payable in relation to the issue and sale of the Issue Shares (estimated to be approximately S$5.0 million, approximately 4.6 per cent. of the gross proceeds) are estimated to be approximately S$104.0 million. A S$0.01 decrease in the Maximum Offering Price of S$1.07 per Offering Share would decrease the net proceeds to us by S$1.0 million.

We expect to utilise these proceeds in the following manner:

	Estimated Application of Proceeds[1]	As a Percentage of Gross Proceeds of the Offering
	S$ million	(%)
Investments in existing and new resorts[2]	70.0	67.3
Redemption of "B1" Preference Shares[3]	12.2	11.7
Final payment for the acquisition of Trademarks[3]	7.7	7.4
Future investments in hotels/resorts[4] and working capital	14.1	13.6
Total net proceeds	104.0	100.0

Notes:

(1) The amount could potentially vary depending on the Offering Price.

(2) The amount we will allocate to investments in existing and new resorts will not change if the Offering Price is below the Maximum Offering Price. (See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Capital Expenditure — Planned Capital Expenditure".)

(3) The redemption price of "B1" Preference Shares, and the final payment for the acquisition of the Trademarks will depend on the Offering Price of the Offering Shares. See "Description of our Shares — Redemption of Preference Shares" and "Dividends" and "Business — Intellectual Property".

(4) We have yet to enter into agreements for these investments which are currently under discussion. If any of these investments do not materialise, the proceeds set aside for that investment will be re-deployed as working capital.

See also "Business — Brands" and "Appendix B — Present and Ongoing Interested Person Transactions — (D) Acquisition of Trademarks from Tropical Resorts Management Co Ltd. and The Allamanda Residential Suites Limited" for details on the acquisitions of the Trademarks.

Pending the deployment of the net proceeds from the issue of the Issue Shares as aforesaid, the funds may be placed in short-term deposits with banks or financial institutions or invested in money market instruments as the Directors may deem fit.

We expect that the timing and final amount of disbursements to be made for the foregoing purposes shall be determined by the Directors with a view to obtaining the optimum benefit for us. However, future events or developments, such as changes in economic, political or other conditions in the locations where we propose to make investments, or events which have a material adverse effect on the tourism and the hospitality and leisure industry in these locations, among other factors, may make a change in the use of the net proceeds from that specified above necessary or desirable, subject to the proper and timely public disclosure of such intended changes through SGXNET. In addition, we may not be able to use the net proceeds to make certain acquisitions and investments identified by the Directors which require prior shareholder and/or regulatory approval if such approval is not forthcoming.

If the Over-allotment Option granted by our Company is exercised by UBS, in consultation with DBS Bank, we shall use the net proceeds arising from the Over-allotment Option for our working capital requirements. We will not receive any proceeds from the sale of the Vendor Shares by the Vendors. In the opinion of the Directors, no minimum amount must be raised by the Offering.

EXPENSES

The expenses payable in connection with the Offering and the application for listing, including the underwriting and selling commission, and all other incidental expenses relating to the Offering, are estimated to amount to approximately S$17.4 million (assuming no Over-allotment Options are exercised and the Offering Price is the Maximum Offering Price), the breakdown of which is set out below:

	Expenses	As a Percentage of Gross Proceeds of the Offering
	S$ million	%
Underwriting and selling commission[1]	8.2	47.1
Professional and accounting fees	6.2	35.7
Other Offering-related expenses	1.1	6.3
Printing and advertising	1.9	10.9
Total	17.4	100.0

Note:

(1) This does not include the incentive fee of up to a maximum of 0.75 per cent., further details of which are described below.

See ''Plan of Distribution — The Offering'' for discussion on commissions.

Each of the Company and the Vendors will pay the Joint Global Co-ordinators, as compensation for their services in connection with the Offering, a combined underwriting and selling commission, amounting to 2.0 per cent. of the total gross proceeds of the Offering. The amount of the commission will be less than the amount mentioned above if the Offering Price is lower than the Maximum Offering Price. The Company and the Vendors may also pay the Joint Global Co-ordinators an incentive fee of up to a maximum of 0.75 per cent. of an amount equal to the aggregate of (i) the total number of Offering Shares and (ii) any Additional Shares that are issued and/or sold pursuant to the Over-allotment Options, multiplied by the Offering Price.

The expenses set forth above will be borne by the Company and the Vendors in the proportion in which the number of Offering Shares offered by each of them pursuant to the Offering bears to the total number of Offering Shares, except for listing expenses and certain fees paid to professionals engaged for the benefit of the Company, which will be borne by the Company.

Dividends

Statements contained in this "Dividends" section that are not historical facts are forward-looking statements. Such statements are subject to certain risks and uncertainties which could cause actual results to differ materially from those which may be forecast and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by us, the Vendors, the Joint Global Co-ordinators or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. (See "Notice to Investors — Forward-looking Statements".)

Our Company declared a first and final dividend of S$0.0421 per ordinary share, net of applicable income tax, amounting to approximately S$12.7 million in respect of the financial year ended 31 December 2003, payable to its shareholders. There was no dividend declared for the financial years ended 31 December 2004 and 2005.

DIVIDEND POLICY

As part of the preparation for the Offering, our Board of Directors has considered the general principles that it currently intends to apply when recommending dividends for approval by our shareholders or when declaring any interim dividends. The actual dividend that our Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Board of Directors.

The current dividend policy is as follows:

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

In considering the level of dividend payments, if any, upon recommendation by our Board of Directors, we intend to take into account various factors, including:

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

If we begin to pay dividends, we may declare dividends to be approved by ordinary resolution of our shareholders at a general meeting, but are not permitted to pay dividends in excess of the amount recommended by our Board of Directors. Our Board of Directors may, without the approval of our shareholders, also declare an interim dividend. We must pay all dividends out of our profits. To the extent that we declare dividends, we anticipate that they will be paid in Singapore dollars. (See "Description of Our Shares — Summary of Our Articles of Association".)

Certain of our existing financing arrangements place restrictions on our payment of dividends. These covenants restrict us from declaring or paying any dividends subject to a number of financial covenants, relating to, amongst other things, operating and capital expenditures and cash flows or if there is an event of default under the relevant financing arrangements. (See "Description of Material Indebtedness".)

(See "Taxation" for information relating to taxes payable on dividends.)

LRH

The dividend policy of LRH is structured into two components as follows:

- a fixed component amounting to one third of net earnings for the year attributable to LRH's shareholders; and
- a variable component subject to LRH's board of directors' discretion on the availability of cash after taking into account major capital expenditure and debt repayment obligations in the following year.

For the years ended 31 December 2003 and 2004, LRH paid dividends per share of Baht 2.00 in each year. LRH directors have recommended to the Annual General Meeting not to declare any dividend for the financial year ended 31 December 2005.

PROPOSED DIVIDENDS FOR 2006

In respect of the year ending 31 December 2006, we intend, subject to the factors outlined above, to recommend a dividend pay-out of 50 per cent. of our Company's profit after tax for the year ending 31 December 2006. The grant of Management Shares, which will be an expense item in our profit and loss results for the year ending 31 December 2006, will affect our Company's profit after tax for the year ending 31 December 2006. On the basis of assumptions made based on facts known as at the Latest Practicable Date, and based on the Maximum Offering Price of S$1.07 for each Offering Share, we estimate that costs and expenses related to the grant of the Management Shares to be approximately S$8.6 million.

You should note that all the foregoing statements (including the statements in "— Dividend Policy" above) are merely statements of our present intention and shall not constitute legally binding statements in respect of our future dividends (including those proposed for the financial year ending 31 December 2006 which may be subject to modification (including reduction or non-declaration thereof) in our Directors' (as the case may be) sole and absolute discretion.

No inference should or can be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in any of the periods discussed.

Exchange Rates

SINGAPORE

The following table sets forth the average, high, low and period-end Noon Buying Rate between Singapore dollars and US dollars (in Singapore dollars per US dollar) for the periods indicated. No representation is made that the Singapore dollar amounts actually represent such US dollar amounts or could have been or could be converted into US dollars at the rate indicated, any other rate or at all.

	Singapore dollar/US dollar			
	Average	High	Low	Period End
2003	1.74	1.79	1.70	1.70
2004	1.69	1.73	1.63	1.63
2005	1.66	1.71	1.62	1.66
2006 (through to the Latest Practicable Date)	1.63	1.66	1.62	1.62

Source: Bloomberg

As at the date of this Prospectus, no exchange control restrictions exist in Singapore.

Fluctuations in the exchange rate between the Singapore dollar and the US dollar will affect the US dollar equivalent of the Singapore dollar price of our Shares on the SGX-ST and cash dividends paid by us in Singapore dollars.

THAILAND

The following table sets forth the average, high, low and period-end Noon Buying Rate between Baht and US dollars (in Baht per US dollar) for the periods indicated. No representation is made that the Baht amounts actually represent such US dollar amounts or could have been or could be converted into US dollars at the rate indicated, any other rate or at all.

	Baht/US dollar			
	Average	High	Low	Period End
2003	41.51	43.15	39.06	39.62
2004	40.26	41.67	38.85	38.90
2005	40.27	42.14	38.25	41.01
2006 (through to the Latest Practicable Date)	39.74	41.03	39.08	39.08

Source: Bloomberg

Exchange control in Thailand is governed by the Exchange Control Act (the "Act") and ministerial regulations. Under the Act, the Bank of Thailand (the "BOT") is vested with control over all types of foreign exchange transactions in Thailand. The BOT also has power to delegate certain powers to authorised agents, which include Thai commercial banks and full branches of foreign banks in Thailand.

The inward remittance of money into Thailand does not require registration with the exchange control authorities. However, the inward remittance of foreign currency into Thailand must be sold to an authorised agent or deposited into a foreign currency account opened with a commercial bank within a specified period. In addition, the relevant form stipulated by the BOT must also be submitted to the BOT through the authorised agent.

No remittance of Thai Baht offshore is permitted without prior BOT approval except in certain cases, e.g. remittance of Thai Baht each time is not more than Baht 50,000. The conversion of Thai Baht to United States dollars for the purpose of making some form of payment outside Thailand must be transacted through an authorised agent on behalf of the BOT. Commercial banks are authorised to sell United States dollars for transactions permitted by the BOT, including repatriation of proceeds of shares sale after payment of applicable Thai taxes, if any or dividends (in unlimited amounts without the prior permission from the BOT provided the inward investment was declared) and principal and interest payment on offshore loans. However, commercial banks are required to examine the completeness and authenticity of all relevant documents prior to approving the purchase of United States dollars.

Currency transactions that do not fall within commercial banks' authorisation require further BOT approval. Investment in foreign securities (securities are defined as ordinary/preferential shares, bonds, debentures and other instruments which are evidence of deposit) is one of the transactions which is subjected to a prior approval of the BOT by submitting the required application form and all relevant documents through the commercial bank.

Please refer to "Appendix A — Exchange Controls" for a description of certain other exchange control restrictions which are applicable to us as at the Latest Practicable Date.

The above exchange rates are quoted from Bloomberg and have not been verified by our Company. We have included the exchange rates in its proper form and context in this Prospectus. Bloomberg has not consented to the inclusion of the above exchange rates for the purposes of section 249 of the Securities and Futures Act, and is not liable for the above exchange rates under sections 253 and 254 of the Securities and Futures Act.

Capitalisation and Indebtedness

The following table sets forth our capitalisation and indebtedness as at 31 March 2006 on an actual basis, as adjusted to reflect:

- the issue and offer of the Issue Shares at the Maximum Offering Price of S$1.07;
- the grant and issue of the Management Shares;
- the conversion of the "B" Preference Shares and the acquisition of the Trademarks; and
- the net proceeds from the Offering after deducting our share of the estimated expenses related to the Offering.

Except as described below, there has been no material change in our capitalisation and indebtedness since 31 March 2006. The information in this table should be read in conjunction with "Selected Financial Information and Operating Data", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Summary of Principal Differences between SFRS and US GAAP" and our consolidated financial statements and the notes thereto included elsewhere in this Prospectus.

	As at 31 March 2006 (unaudited)		
	Actual	As adjusted	
	S$ million	S$ million	US$ million
Short-term indebtedness[1]			
Hire purchase	*	*	*
Bank loans and overdrafts			
Secured	46.8	46.8	28.9
Unsecured	24.7	24.7	15.2
	71.5	71.5	44.1
Long-term indebtedness[2]			
Hire purchase	*	*	*
Bank loans and overdrafts			
Secured	131.1	131.1	80.9
Redeemable preference shares[3]	27.1	8.6[4]	5.3[4]
	158.2	139.7	86.2
Total short and long-term indebtedness	229.7	211.2	130.3
Shareholders' funds	339.2	482.6	297.9
Total capitalisation and indebtedness	568.9	693.8	428.2

* Amount less than S$100,000.00

Notes:

(1) Corporate guarantees amounting to S$17.3 million were issued by the Company and its subsidiaries to the banks.

(2) Corporate guarantees amounting to S$159.2 million were issued by the Company and its subsidiaries to the banks.

(3) Redeemable preference shares comprise the "A" Preference Shares, the "B" Preference Shares and the "B1" Preference Shares.

(4) The redeemable preference shares after the adjustment comprise the "A" Preference Shares and the "B1" Preference Shares. The redemption price of the "B1" Preference Shares will depend on the Offering Price.

Dilution

Dilution is the amount by which the price paid by the subscribers and/or purchasers of our Shares in the Offering exceeds the net tangible asset (''NTA'') value per Share immediately after the completion of the Offering. NTA value per Share is determined by subtracting our total liabilities from the total book value of our tangible assets excluding minority interests and dividing the difference by the number of our issued Shares on the date as of which the book value is determined. Our NTA as at 31 March 2006 was S$195.7 million, and after adjusting for (i) the acquisition of the Trademarks; (ii) the issuance of the Management Shares; and (iii) the conversion of the ''B'' Preference Shares, our adjusted NTA is S$215.7 million (based on the Maximum Offering Price). Our NTA value per Share as at 31 March 2006 after adjusting for (i) the sub-division of each of our ordinary shares, as at 31 March 2006 into two ordinary shares, (the ''Share Split'') (see ''Share Capital and Shareholders — Share Capital of our Company; (ii) the issuance of the Management Shares; (iii) the acquisition of the Trademarks; and (iv) the conversion of the ''B'' Preference Shares but before adjusting for the net proceeds from the Offering and based on the pre-Offering share capital was S$0.33 per Share (based on the Maximum Offering Price).

After giving effect to the issue and offer of 101,828,563 Issue Shares (being the maximum number of Issue Shares that may be issued pursuant to the Offering) at the Maximum Offering Price of S$1.07 for each Issue Share, our NTA would be S$319.7 million in the aggregate or S$0.43 per Share. This is after deducting estimated selling and underwriting commissions relating to the issue and offer of 101,828,563 Issue Shares (other than such selling and underwriting commissions relating to the offer and sale of the Vendor Shares for which the Vendors are responsible) and estimated expenses of the Offering. This represents an immediate increase in NTA value of S$0.10 per Share to existing Shareholders and an immediate dilution in NTA value of S$0.64 per Share to new investors.

The following table illustrates this per Share dilution as at 31 March 2006:

	S$
Maximum Offering Price per Share	1.07
NTA per Share as at 31 March 2006 after adjusting for the acquisition of the Trademarks, Share Split, the Management Shares and the conversion of the ''B'' Preference Shares (but before adjusting for the Offering)	0.33
NTA per Share after the Offering (assuming that the Over-allotment Option granted by the Company is not exercised)	0.43
Increase in NTA per Share attributable to the Offering	0.10
Dilution in NTA per Share to new public investors	0.64
Dilution in NTA per Share to new public investors (as a percentage of Offering Price)	59.8%

The above assumes that UBS, in consultation with DBS Bank, has not exercised the Over-allotment Option granted by our Company. If the Company's Over-allotment Option is exercised in full, the NTA per Share as at 31 March 2006 after the Offering would have been S$0.46 per Share.

No Shares were acquired by our Directors during the three years prior to the date of lodgement of this Prospectus. The following table summarises the total number of Shares acquired by our substantial Shareholders and the associates of our Directors and substantial Shareholders during the three years prior to the date of lodgement of this Prospectus, the total consideration paid by them and the average effective cash cost per Share to our substantial Shareholders and the associates of our Directors and substantial Shareholders and to our new public shareholders pursuant to the Offering:

	Number of Shares Acquired	Percentage of Post-Offering Issued Share Capital	Total Consideration	Average Effective Cash Cost per Share
		%	S$('000)	S$
Substantial Shareholders				
TRL Investments Ltd.[(1)]	270,460,582	36.05	Not applicable	Not applicable
Kilby Associates Limited[(1)]	81,138,174	10.82	Not applicable	Not applicable
Associates of Directors/ Substantial Shareholders				
Recourse Investments Ltd.[(2)]	7,493,486	1.00	Not applicable	Not applicable
New public Shareholders (excluding purchase of Vendor Shares)	101,828,563	13.57	108,956[(3)]	1.07

Note:

(1) Pursuant to a master restructuring exercise agreement dated 12 November 2003, certain of our direct and indirect Shareholders restructured their shareholdings in our Company. As a result, TRL Investments Ltd. acquired 270,460,582 Shares and Kilby Associates Limited acquired 81,138,174 Shares for nominal considerations.

(2) Mr Ho KwonPing, our Executive Chairman, transferred 7,493,486 Shares to Recourse Investments Ltd. for a nominal consideration. Recourse Investments Ltd. is an investment holding company incorporated in the British Virgin Islands and is 50.0 per cent. owned by our Executive Chairman, Mr Ho KwonPing and 50.0 per cent. owned by Mr Ho's spouse, Ms Claire Chiang See Ngoh.

(3) Assuming that the 101,828,563 Issue Shares were issued at the Maximum Offering Price of S$1.07.

Selected Financial Information and Operating Data

The following tables present our selected consolidated financial information as at and for the years ended 31 December 2003, 2004 and 2005 and for the three months ended 31 March 2005 and 2006 and certain operating data for the same period. The selected consolidated financial information as at and for the years ended 31 December 2003, 2004 and 2005 and for the three months ended 31 March 2005 and 2006 should be read in conjunction with our audited and unaudited consolidated interim financial statements and our pro forma consolidated financial information and the related notes thereto which are included elsewhere in this Prospectus. Our consolidated financial statements for the years ended 31 December 2003, 2004 and 2005 included in this Prospectus have been audited by Ernst & Young. Our consolidated interim financial statements for the three months ended 31 March 2005 and 2006 included in this Prospectus have been reviewed by Ernst & Young. Our consolidated financial statements have been prepared in accordance with SFRS. (See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Significant Accounting Policies".) The selected pro forma consolidated financial information for the year ended 31 December 2005 and the three months ended 31 March 2006 set out below have been prepared solely for illustration purposes to show what the historical information of the Group might have been on the assumption that certain events set forth in footnote 4 to our unaudited pro forma consolidated financial information have taken place, and gives effect to the adjustments described in footnote 3 to our unaudited pro forma consolidated financial information. Certain principal differences between SFRS requirements and US GAAP requirements are discussed in "Summary of Principal Differences between SFRS and US GAAP".

CONSOLIDATED INCOME STATEMENTS

	For the year ended 31 December (audited)				For the three months ended 31 March (unaudited)		
	2003(1)	2004	2005	2005	2005	2006	2006
	S$ million	S$ million	S$ million	US$ million	S$ million	S$ million	US$ million
Continuing operations							
Revenue	154.2	218.8	186.9	112.6	34.9	80.7	49.8
Other operating income	2.5	5.8	1.7	1.0	0.5	0.6	0.4
Costs and expenses							
Operating supplies	(20.3)	(34.1)	(28.9)	(17.4)	(4.7)	(12.8)	(7.9)
Salaries and related expenses	(35.6)	(48.4)	(59.1)	(35.6)	(14.0)	(17.0)	(10.5)
Administrative expenses	(15.2)	(22.9)	(25.5)	(15.4)	(4.7)	(4.6)	(2.8)
Sales and marketing expenses	(5.6)	(8.1)	(9.9)	(6.0)	(2.4)	(3.0)	(1.9)
Depreciation of property, plant and equipment	(12.2)	(15.5)	(19.9)	(12.0)	(4.5)	(5.4)	(3.3)
Other operating expenses	(26.3)	(31.8)	(33.4)	(20.1)	(7.5)	(11.0)	(6.8)
Profit from continuing operations	41.5	63.8	11.9	7.1	(2.4)	27.5	17.0
Finance income	0.7	1.2	0.8	0.5	0.3	0.4	0.2
Finance costs	(7.1)	(4.5)	(9.8)	(5.9)	(1.6)	(3.8)	(2.3)
Share of results of associated companies	6.3	0.4	0.6	0.4	0.4	0.3	0.2
Share of results of joint venture companies	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Profit from continuing operations before taxation	41.4	60.9	3.5	2.1	(3.3)	24.4	15.1
Income tax expenses	(8.9)	(11.4)	(3.5)	(2.1)	0.2	(6.9)	(4.2)
Profit from continuing operations after taxation	32.5	49.5	(0.0)	(0.0)	(3.1)	17.5	10.9
Minority interests	(5.3)	(19.1)	1.0	0.6	2.2	(6.4)	(4.0)
Net profit after minority interests from ordinary activities	27.2	30.4	1.0	0.6	(0.9)	11.1	6.9
Net profit for the year	27.2	30.4	1.0	0.6	(0.9)	11.1	6.9
Basic and diluted earnings per Share (S$)	0.045	0.051	0.002	0.001	(0.001)	0.018	0.011
Adjusted earnings per Share(2) (S$)	0.036	0.041	0.001	0.001	(0.001)	0.015	0.009

Notes:

(1) LRH's results have been consolidated from 1 April 2003.

(2) Adjusted for the issue of 101,828,563 Issue Shares, the allotment and issue of 38,400,000 new Shares pursuant to the redemption of "B" Preference Shares and the acquisition of the Trademarks and the issue of 8,000,000 Management Shares.

PRO FORMA CONSOLIDATED INCOME STATEMENTS

	For the year ended 31 December (unaudited)		For the three months ended 31 March (unaudited)	
	2005[1]	2005	2006	2006
	S$ million	US$ million	S$ million	US$ million
Continuing operations				
Revenue	191.5	115.3	80.7	49.8
Other operating income	11.0	6.6	0.6	0.4
Costs and expenses				
Operating supplies	(29.7)	(17.9)	(12.8)	(7.9)
Salaries and related expenses	(60.0)	(36.1)	(17.0)	(10.5)
Administrative expenses	(24.4)	(14.7)	(4.6)	(2.8)
Sales and marketing expenses	(10.2)	(6.1)	(3.0)	(1.9)
Depreciation of property, plant and equipment	(20.8)	(12.5)	(5.4)	(3.3)
Other operating expenses	(35.2)	(21.2)	(11.0)	(6.8)
Profit from continuing operations	22.3	13.4	27.6	17.0
Finance income	0.8	0.5	0.4	0.2
Finance costs	(12.5)	(7.5)	(3.8)	(2.3)
Share of results of associated companies	0.6	0.4	0.3	0.2
Share of results of joint venture companies	(0)	(0)	(0)	(0)
Profit from continuing operations before taxation	11.1	6.7	24.5	15.1
Income tax expenses	(3.5)	(2.1)	(6.9)	(4.2)
Profit from continuing operations after taxation	7.6	4.6	17.6	10.9
Attributable to:				
Equity holders of the Company	5.2	3.1	11.2	6.9
Minority interests	2.4	1.5	6.4	4.0
	7.6	4.6	17.6	10.9
Basic and diluted earnings per Share (S$)	0.009	0.005	0.019	0.011
Adjusted earnings per Share (S$)[2]	0.007	0.004	0.015	0.009

Note:

(1) LRH's results have been consolidated from 1 April 2003.

(2) Adjusted for the issue of 101,828,563 Issue Shares, the allotment and issue of 38,400,000 new Shares pursuant to the redemption of "B" Preference Shares and the acquisition of the Trademarks and the issue of 8,000,000 Management Shares.

CONSOLIDATED BALANCE SHEETS

	As at 31 December (audited)			As at 31 March (unaudited)	
	2003[1]	2004	2005	2006	2006
	S$ million	S$ million	S$ million	S$ million	US$ million
Non-current assets	369.1	366.8	549.6	559.8	345.6
Current assets	111.3	131.9	132.4	157.3	97.1
Total assets	480.4	498.7	682.0	717.1	442.7
Current liabilities	79.5	74.3	133.0	144.1	89.0
Non-current liabilities	134.6	121.0	228.2	233.8	144.3
Total liabilities	214.1	195.3	361.2	377.9	233.3
Net assets	266.3	303.4	320.8	339.2	209.4
Capital and reserves					
Share capital	30.1	30.1	30.1	60.2	37.2
Share premium	30.1	30.1	30.1	—	—
Reserves	83.9	103.4	128.6	138.3	85.4
Minority interests	122.2	139.8	132.0	140.7	86.8
Total equity	266.3	303.4	320.8	339.2	209.4

Note:

(1) LRH's results have been consolidated from 1 April 2003.

OTHER FINANCIAL DATA

	As at 31 December (unaudited)			As at 31 March (unaudited)	
	2003[1]	2004	2005	2006	2006
	S$	S$	S$	S$	US$
Net assets per Share including minority interests[2]	0.4	0.5	0.5	0.6	0.3
Net assets per Share excluding minority interests[2]	0.2	0.3	0.3	0.3	0.2
NTA including minority interests (in millions)	293.7	329.3	318.0	336.4	207.7
NTA excluding minority interests (in millions)	171.5	189.5	186.0	195.7	120.8
NTA per Share including minority interests[2]	0.5	0.5	0.5	0.6	0.3
NTA per Share excluding minority interests[2]	0.3	0.3	0.3	0.3	0.2
Adjusted NTA per Share including minority interests[3]	0.6	0.6	0.6	0.6	0.4
Adjusted NTA per Share excluding minority interests[3]	0.4	0.4	0.4	0.4	0.3
EBITDA (in millions)[4]	53.2	79.7	34.7	33.9	20.9

Notes:

(1) LRH's results have been consolidated from 1 April 2003.

(2) The net assets per Share and NTA per Share have been calculated based on the net assets, NTA and the sub-division of each of our ordinary shares, as at 31 March 2006 into two ordinary shares.

(3) The adjusted NTA per Share have been calculated based on the NTA after adjusting for the issue of 101,828,563 Issue Shares, the allotment and issue of 38,400,000 new Shares pursuant to the redemption of "B" Preference Shares and the acquisition of the Trademarks and the issue of 8,000,000 Management Shares.

(4) We calculate our EBITDA by adding back depreciation and amortisation to profit from continuing operations as calculated under SFRS. EBITDA is not a standard measure of operating cash flow under SFRS. EBITDA is commonly used as a financial indicator of operating performance and liquidity, and as a financial measure of the potential capacity of a company to incur and service debt. EBITDA should not be considered in isolation or be construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA does not account for taxes and interest expense. In evaluating EBITDA, we believe that investors should consider among other things, the components of EBITDA such as revenues and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. We have included EBITDA because we believe it is a useful supplement to cash flow data as a measure of our performance and our ability to generate cash from operations. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. You should not compare our EBITDA to EBITDA presented by other companies because not all companies use the same definition.

PRO FORMA CONSOLIDATED BALANCE SHEETS

	As at 31 December (unaudited)		As at 31 March (unaudited)	
	2005	2005	2006	2006
	S$ million	US$ million	S$ million	US$ million
Non-current assets	573.9	345.7	584.1	360.6
Current assets	132.8	80.0	157.3	97.1
Total assets	706.7	425.7	741.4	457.7
Current liabilities	157.3	94.8	168.2	103.9
Non-current liabilities	228.2	137.5	233.8	144.3
Total liabilities	385.5	232.3	402.0	248.2
Net assets	321.2	193.4	339.4	209.5
Pro forma equity attributable to equity holders of the Company	185.7	111.8	198.7	122.6
Minority interests	135.5	81.6	140.7	86.9
Total pro forma equity	321.2	193.4	339.4	209.5

CONSOLIDATED CASH FLOW DATA

	For the year ended 31 December (audited)				For the three months ended 31 March (unaudited)		
	2003(1)	2004	2005	2005	2005	2006	2006
	S$ million	S$ million	S$ million	US$ million	S$ million	S$ million	US$ million
Net cash flows from operating activities and continuing operations	26.2	73.1	17.5	10.5	(6.8)	22.4	13.8
Net cash flows from/(used in) investing activities	4.6	(12.8)	(89.8)	(54.1)	(5.2)	(17.5)	(10.8)
Net cash flows (used in)/from financing activities	(6.8)	(42.4)	60.9	36.7	12.9	2.9	1.8
Net increase/(decrease) in cash and cash equivalents	24.0	17.9	(11.4)	(6.9)	0.9	7.8	4.8
Net foreign exchange difference	0.0	(0.2)	(1.2)	(0.7)	0.1	0.5	0.3
Cash and cash equivalents at beginning of year/period	8.2	32.2	49.9	30.0	49.9	37.3	23.0
Cash and cash equivalents at end of year/period	32.2	49.9	37.3	22.4	50.9	45.6	28.1

Note:
(1) LRH's results have been consolidated from 1 April 2003.

PRO FORMA CONSOLIDATED CASH FLOW DATA

	For the year ended 31 December (unaudited)	
	2005	2005
	S$ million	US$ million
Net cash flows from operating activities and continuing operations	24.7	14.9
Net cash flows used in investing activities	(97.1)	(58.5)
Net cash flows from financing activities	60.9	36.7
Net decrease in cash and cash equivalents	(11.4)	(6.9)
Net foreign exchange difference	(1.1)	(0.7)
Cash and cash equivalents at beginning of year	49.9	30.1
Cash and cash equivalents at end of year	37.3	22.5

OPERATING DATA

The following table sets forth certain aggregate operating data for all the resorts and hotels we manage and/or in which we have an ownership interest for periods indicated.

	As at or for the year ended 31 December (unaudited)			As at or for the three months ended 31 March (unaudited)	
	2003[5]	2004	2005	2005	2006
Number of properties	14	15	18	16	18
Average number of available rooms[1]	1,816	1,886	2,024	1,900	1,986
Average occupancy(%)[2]	62.9	69.4	53.3	42.8	67.5
Average room rate (S$)[3]	259.90	273.40	271.60	327.70	340.40
REVPAR (S$)[4]	163.50	189.70	144.70	140.30	229.80
Total revenue (S$ million)	172.8	213.8	171.8	38.7	64.4

The following table sets forth certain aggregate operating data for the resorts and hotels we manage for the periods indicated.

	As at or for the year ended 31 December (unaudited)			As at or for the three months ended 31 March (unaudited)	
	2003	2004	2005	2005	2006
Number of properties	12	13	16	16	16
Average number of available rooms[1]	1,303	1,373	1,511	1,387	1,448
Average occupancy(%)[2]	59.6	66.8	54.5	46.9	66.5
Average room rate (S$)[3]	301.20	308.00	309.60	359.60	363.10
REVPAR (S$)[4]	179.70	205.70	168.60	168.60	241.4
Total revenue (S$ million)	131.8	165.8	143.6	33.2	50.0

The following table sets forth certain aggregate operating data for the resorts that are operated under the Banyan Tree brand for the periods indicated.

	As at or for the year ended 31 December (unaudited)			As at or for the three months ended 31 March (unaudited)	
	2003	2004	2005	2005	2006
Number of properties	5	5	6	5	6
Average number of available rooms[1]	492	502	540	496	540
Average occupancy(%)[2]	65.9	74.1	65.7	64.0	70.7
Average room rate (S$)[3]	474.50	503.60	482.10	505.80	601.60
REVPAR (S$)[4]	312.80	373.00	317.00	324.00	425.20
REVPAR (S$) (excluding Banyan Tree Bangkok)	467.60	546.40	445.00	461.10	578.90
Total revenue (S$ million)	87.2	109.0	96.6	23.7	32.3
Total revenue (S$ million) (excluding Banyan Tree Bangkok)	68.7	83.9	70.9	16.8	24.1

The following table sets forth certain aggregate operating data for the resorts that are operated under the Angsana brand for the periods indicated.

	As at or for the year ended 31 December (unaudited)			As at or for the three months ended 31 March (unaudited)	
	2003	**2004**	**2005**	**2005**	**2006**
Number of properties	5	6	7	7	7
Average number of available rooms[1]	317	394	428	420	413
Average occupancy (%)[2]	52.1	53.1	48.8	42.8	56.3
Average room rate (S$)[3]	246.10	237.40	253.10	282.40	277.00
REVPAR (S$)[4]	128.20	126.10	123.50	120.80	155.80
Total revenue (S$ million)	23.9	32.1	30.1	6.8	8.6

Notes:

(1) Average number of available rooms means the total aggregate number of rooms available for average occupancy for each day during the relevant period divided by the number of days in that period.

(2) Average occupancy means the number of paid room nights during a period divided by the total number of available rooms during that period, expressed as a percentage.

(3) Average room rate means the total room revenue earned during a period divided by the number of paid room nights for that period.

(4) REVPAR equals average room rate multiplied by average occupancy.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our audited consolidated financial statements and our unaudited pro forma consolidated financial information, together in each case with the related notes thereto, all of which are included elsewhere in this Prospectus. Interim results referred to in this discussion are not indicative of our full year results. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly in ''Risk Factors'' and ''Notice to Investors — Forward-Looking Statements''.

BASIS OF PRESENTATION

Except as otherwise indicated, the following discussion is based on our audited consolidated financial statements. We began consolidating the results of LRH as of 1 April 2003, at which time we gained control of more than 50.0 per cent. of the voting power in LRH. Prior to 1 April 2003, we treated LRH as our associated company. When information is given on a pro forma basis, such information is prepared to show what the effect on the financial results and the financial position of the Group would have been if (i) the acquisition of Thai Wah Plaza Limited as a subsidiary company; and (ii) the acquisitions of the ''Banyan Tree'', ''Angsana'' and ''The Allamanda'' brands, had occurred on 1 January 2005 (see notes 4 and 43 to our unaudited pro forma consolidated financial information).

OVERVIEW

We manage and develop premium resorts, hotels and spas in the Asia Pacific. We currently manage and/or have ownership interests in 18 resorts and hotels, 49 spas, 53 galleries and two golf courses. Guests of our resorts, hotels and spas primarily come from Europe and countries within the Asia Pacific, including Hong Kong, Japan and Singapore. As at 31 December 2003, 2004 and 2005 and the three months ended 31 March 2006, we had 1,816, 1,886, 2,024 and 1,986 rooms available, respectively. Despite major world events which have negatively affected the hospitality and leisure industry, for the three years ended 31 December 2003, 2004 and 2005 and the three months ended 31 March 2006, we maintained average occupancy levels of approximately 62.9 per cent., 69.4 per cent., 53.3 per cent. and 67.5 per cent., and average room rates of approximately S$259.90, S$273.50, S$271.60 and S$340.40, respectively, at our resorts and hotels. For the year ended 31 December 2005, our total revenues were S$186.9 million, our net profit was S$1.0 million, and our EBITDA was S$34.7 million. For the year ended 31 December 2005, on a pro forma basis, our total revenues were S$191.5 million, our net profit was S$5.2 million and our EBITDA was S$46.0 million.

We divide our business into six segments: hotel investment, hotel management, spa operations, gallery operations, property sales, and design fees and others. Hotel investment revenue primarily consists of income we receive as a result of our ownership interest in certain resorts and hotels, including resorts and hotels in which we have ownership interests through LRH. Hotel management revenue consists of management, incentive and other fees we receive for managing Banyan Tree, Angsana and Colours of Angsana resorts and hotels. Revenues from these two segments are primarily affected by room rates, average occupancy levels and our available room inventory.

Spa operations revenue consists of income we receive from the spas we manage. Revenues for this segment primarily depend on the number of spas we manage, our average rates for spa treatments, the number of available treatment rooms and the number of hours our treatment rooms are used. Gallery operations revenue consists of revenue from the sale of products at our galleries and revenue from this segment is primarily affected by the number of outlets and average occupancy levels of our resorts and hotels since most of our galleries are located in our resorts and hotels. Property sales revenue primarily consists of revenue we receive from the sale of resort residences in Laguna Phuket. The results of this segment depend on the state of the economies and the property markets in the countries where many of our buyers reside, mainly countries in the Asia Pacific and Europe, and the state of the property market in Phuket. The design fees and others business segment consists primarily of revenues we receive for the provision of our design services, office rental income as well as income we receive from owning and/or managing golf courses. The results of this segment primarily depend upon the number of new projects we are involved in where we provide design services to third parties.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations are affected by a number of factors, the most significant of which are described below.

The Economy in Europe and the Asia Pacific

The average occupancy levels and average room rates of our resorts and hotels and the prices at which we are able to sell resort residences are significantly affected by the amount of disposable income available to our potential customers. As a result, the state of the economy in our key customer markets, including various European countries (particularly the United Kingdom), Japan and Hong Kong, has had, and in the future could have, a material impact on our revenues and financial condition. Strong economic performance in our key customer markets boosts consumer disposable income and may increase tourist arrivals. Conversely, poor economic performance in these key customer markets may negatively affect the average room rates and average occupancy levels at our resorts and hotels.

For the three years ended 31 December 2003, 2004 and 2005, the value of the Euro appreciated against most Asian currencies. For example, between 1 January 2003 and 31 December 2005, the value of the Euro appreciated by 7.6 per cent. against the Baht. We believe the increase in the value of the Euro as compared to Asian currencies has reduced the cost of travel to our Asian destinations for our European customers and has increased travel to the Asia Pacific.

Condition of the Tourism Industry

The average occupancy levels and average room rates at our resorts and hotels are materially affected by the condition of the tourism industry in the countries where we operate, especially Thailand.

SARS, Avian Flu and Other Epidemics

In 2003, our results were significantly affected by the outbreak of SARS in various countries throughout Asia. The first outbreak of SARS occurred in November 2002 and the epidemic was largely contained by July 2003. Several of our key customer segments, especially guests from Europe, decided not to travel to the Asia Pacific during the SARS outbreak. There were several travel advisories from the World Health Organization and other agencies advising against travel to various countries in Asia. Average room rates dropped sharply during and after SARS as we lowered our average room rates or introduced promotional packages in SARS-affected resorts and hotels to maintain average occupancy levels.

To address the negative effects of SARS and expedite our return to normal average occupancy levels and average room rates, we shifted our focus to Asian and domestic customer markets, such as Singapore, Hong Kong, Korea, Thailand and Australia where potential guests can make travel plans to most of our resorts and hotels upon shorter notice than customers from Europe. We also selectively promoted our resorts and hotels to European and Asian wholesalers through personal visits and by offering promotional incentives. As a result, we were able to mitigate the effect SARS had on the average occupancy levels and average room rates for certain resorts such as Banyan Tree Bintan and our resorts in Laguna Phuket.

Despite the negative effects of SARS and other significant events in 2003 (See "— Terrorist Attacks and Other Significant Events"), the average room rate and the average occupancy level for our resorts and hotels was higher in 2003 as compared to 2002. For the resorts and hotels we managed, REVPAR increased in 2003 compared to 2002. However, REVPAR for all our resorts and hotels decreased in 2003 compared to 2002. We were able to increase REVPAR at the resorts and hotels we managed due to strong average room rates and/or average occupancy levels at Banyan Tree Maldives, Banyan Tree Seychelles and Angsana Great Barrier Reef, which experienced increased average occupancy levels during the nine months ended 30 September 2003 as we encouraged potential customers to visit resorts and hotels in locations where SARS was not a significant problem.

Since the first reported outbreak in 1997, there have been new cases of Avian flu reported in, among other places, Thailand, Indonesia, Vietnam, Turkey, Cambodia and the PRC in 2003, 2004 and 2005. As at the Latest Practicable Date, since the first reported outbreak in 1997, Thailand had reported 22 human cases of Avian flu, of which 14 were fatal, while the PRC had reported 17 human cases with 12 deaths and Indonesia had reported 32 human cases with 24 deaths. Although these new outbreaks have not had a material adverse effect on our business, any new, continued or expanded epidemics and/or new travel warnings could have a material adverse effect on our business, results of operations and financial condition. (See "Risk Factors — Risks Relating to Our Business and Operations — Our operations may be affected by another outbreak of SARS, Avian Flu or Other Epidemics". For a discussion of how SARS affected certain of our resorts and hotels, see "Business — Resorts and Hotels".)

As part of our risk management activities, we have initiated a comprehensive Group-wide programme to address and manage the risks posed by the Avian flu crisis. In connection with the programme, we have conducted a crisis simulation exercise over a five-day period in Singapore in 2006 and plan to conduct a similar exercise at our properties in Phuket.

Terrorist Attacks and Other Significant Events

Our average occupancy levels and average room rates, as well as the hospitality and leisure industry generally, have been affected by terrorist attacks and other significant events during the last three years. The attacks in the United States on 11 September 2001, in Bali in October 2002 and October 2005, in Jakarta in August 2003 and September 2004, in Madrid in March 2004 and in London in July 2005, have resulted in several governments issuing travel advisories with respect to several locations in which we operate, including Thailand and Indonesia. These events affected the willingness of certain of our key customer segments, including residents of European countries, to travel to certain of our resorts and hotels in the Asia Pacific. (See "Risk Factors — Risks Relating to our Business and Operations — Terrorist attacks and other acts of violence or war may adversely affect our business".)

On December 26, 2004, a powerful earthquake struck the floor of the Indian Ocean off the northwest coast of Sumatra, Indonesia, triggering a massive tsunami. The 2004 tsunami devastated cities, seaside communities and holiday resorts, killing tens of thousands of people in several countries. Many areas in the East Indian Ocean basin, including the coast of Northern Sumatra, the Eastern and Southern coasts of Sri Lanka and South Western Thailand, were affected. The 2004 tsunami resulted in cancellations of existing bookings and subsequent travel to Phuket and Maldives where our resorts reside. For the year ended 31 December 2005 compared to the year ended 31 December 2004, revenue from our resorts in Phuket decreased by 40.1 per cent. and revenue from our resorts in Maldives decreased by 15.7 per cent. The 2004 tsunami also resulted in one of LRH's wholly-owned subsidiaries failing to meet its debt service coverage ratio obligations under its loan agreements in respect of loans amounting to Baht 565 million (S$23.2 million) as at 31 December 2005. The relevant bank has since agreed to waive compliance with such obligations for 2005 and confirmed that such non-compliance will not be considered an event of default.

In addition, any discontinuance of flights to locations in which we operate as a result of terrorist attacks, tsunami, SARS or other significant events may have an adverse effect on the revenues we receive from our resorts and hotels in the relevant locations.

When significant events occur which are likely to have a material adverse effect on our average occupancy levels or average room rates, we attempt to mitigate the adverse effects by further promoting product offerings and/or targeting customer segments which are relatively unaffected. In addition, we offer special packages in order to stimulate demand at the resorts, hotels and spas that we manage. Such packages typically combine the cost of accommodation with meals, transportation or spa treatments and normally run for a limited period such as three months. (See "— Pricing".)

Pricing

We set the room rates for the resorts and hotels that we manage at the high end of each property's particular market. We generally try to avoid competing with other resorts and hotels on room price alone and instead focus on creating value perception through our brands and through the use of promotional packages. We review the rate structure for the resorts and hotels that we manage on an annual basis.

For the year ended 31 December 2005, a majority of the total room revenue for the resorts and hotels we manage was derived from a diversified portfolio of over 1,000 wholesalers. These preferred partners combine our product offerings with flights and other holiday components to provide complete vacation packages. We allocate wholesalers a certain number of available rooms at discounted prices for periods of between 12 and 18 months. These allocations are based on each wholesaler's historical ability to produce materialised occupancies and are reviewed annually in meetings between our sales directors and wholesalers. The discounts offered to wholesalers also depend on each wholesaler's performance and may range from 20.0 per cent. to 45.0 per cent. off the standard rack rates of the resorts and hotels we manage. The typical discount that we give to wholesalers, however, is between 35.0 per cent. and 40.0 per cent. For the each of the years ended 31 December 2003, 2004 and 2005, the percentage of total room revenue derived from wholesalers was in excess of 55.0 per cent.

In addition to wholesalers, we also offer discounts to corporate clients and groups. While corporate clients may receive a 15.0 to 25.0 per cent. discount off our standard rack rates, group discounts are based on a variety of factors including the size of the group and the planned length of stay.

For guests who make direct reservations, our in-house revenue management analysts set daily prices for the rooms at all the resorts and hotels we manage primarily based on a historical analysis of demand for each resort or hotel, current booking demand and room type demand, length of stay and guest mix.

As a result of our discount structure we receive higher effective average room rates from guests who make direct reservations as compared to guests who make reservations through wholesalers or travel agents. However, we do not believe that we will be able to reduce our overall reliance on wholesalers as they are our primary distribution channel for our resorts and hotels, especially for newer resorts and hotels which require more promotion to maintain average occupancy levels and for resorts and hotels, such as Banyan Tree Seychelles and Banyan Tree Maldives Vabbinfaru, where most customers purchase accommodation and flight packages. For the resorts and hotels that we manage, the percentage of total room revenue that was derived from wholesalers has increased marginally during the three years ended 31 December 2003, 2004 and 2005, and it may continue to increase if we expand into new locations, despite the fact that our reliance on wholesalers has decreased for more established resorts and hotels such as Banyan Tree Phuket.

A product offering development team also creates packages, including year-round signature packages, which typically combine multiple services so guests may increase their average expenditure at our resorts, hotels and spas. These packages are priced seasonally to increase sales during low seasons and to take advantage of increased demand during the peak season.

Competition

The hospitality and leisure industry in which we operate is highly competitive. Our ability to maintain our relatively high average room rates may be constrained by the competition we face in the locations where we operate. We experience significant price competition in several markets for our hotel and resorts, particularly in the Maldives, Bangkok and Australia, as well as for Angsana Bintan in Indonesia. When new competitors enter the locations where we operate, they typically offer special promotional rates. As a result, our average room rates (along with our other competitors' rates) usually drop in order to maintain average occupancy levels. For example, in 2001 a JW Marriott hotel opened in Phuket. In connection with its opening, the JW Marriott launched low promotional average room rates, which was detrimental to the average room rates and average occupancy levels of The Allamanda, Laguna Beach Resort, Dusit Laguna and Sheraton Grande Laguna Phuket. The JW Marriott also competes for guests in several of LRH's key customer segments including the corporate meeting market. Shangri-la Hotels and Resorts has announced plans to establish a resort in the Seychelles in 2007 and Trisara resort, which competes with Banyan Tree Phuket, opened in the third quarter of 2004. Furthermore, we expect the rebranding of two existing four star hotels in Phuket (the Hilton Arcadia which was rebranded in October 2004 and the Conrad, which is expected to open in 2006) to provide additional competition, although to date the rebranding of the Hilton Arcadia has not had a significant impact.

Competitive factors at each destination include room rates, quality of accommodation and service, brand recognition, and convenience of location, and to a lesser extent, the quality and scope of other amenities. Competition on a location level depends on the political stability, social conditions, market perception, accessibility of the location, local culture, the location's success in promoting itself as a tourist destination, and other macro-level factors. These and other factors may cause new or existing competitors to significantly lower their rates, or offer improved services or amenities or significantly expand or improve facilities in the locations we are in, thereby affecting our results of operations.

Aside from facing competition within a specific location, the locations in which we operate also compete with other tourist locations. Bali is a significant alternative destination for our key customer segments. However, this competition is mitigated because Bali's high season coincides with the low season of most of our resorts and hotels. In addition, the terrorist attacks in Bali in October 2002 and October 2005 significantly reduced Bali's attractiveness as a tourist destination in comparison to Phuket, which generally saw an increase in international tourist arrivals. This was because, in the aftermath of the Bali bombings, some international tourists were substituting Phuket for Bali in their vacation plans. This was to some extent, offset by the SARS outbreak in 2003 and the 2004 tsunami, which had a negative impact on Phuket's popularity as a tourist destination in 2003, 2004 and 2005.

Many of our competitors attempt to replicate our product offerings by launching resorts, hotels and/or spas with similar concepts, features, locations and/or amenities. As a result, offering new and innovative products, such as the 45 rooms we have added to Sheraton Grande Laguna Phuket and the 22 DoublePool Villas at Banyan Tree Phuket which we have planned, is necessary to maintain our niche position within the hospitality and leisure industry. (See "Risk Factors — Risks Relating to the Industry in which We Operate — We face significant competition" and "Business — Competition".)

Seasonality

Our business is also affected by normally recurring seasonal patterns. We generally expect that, in the absence of unusual circumstances, demand for most of our resorts and hotels will be higher between November and April. The weather patterns of the locations where we operate and of the locations of our key geographic customer segments, as well as their holidays, are the major factors creating these seasonal patterns. The financial performance of our spas and galleries also has seasonal trends, as many of our spas and galleries are located in our resorts and hotels. Accordingly, our revenue, operating profit and cash flow are usually lower in the second and third fiscal quarters due to decreased travel during those months. However, we believe our ability to access key customers from various customer segments as well as our use of various pricing and yield management techniques helps us mitigate these seasonal declines. (See "— Pricing".)

Staff Costs and Other Operating Expenses

A key part of our strategy is to operate in environments in which we are able to maintain a low cost to revenue ratio. Maintaining low operating expenses at the resorts and hotels we own decreases our total cost and expenses, while maintaining low operating expenses at the resorts and hotels we manage increases revenues from our hotel management business segment because our incentive fees are based on the gross operating profit of each resort and hotel.

The largest component of our operating expenses (as well as of expenses of the resorts and hotels we manage) is salaries and related expenses. Salaries and related expenses accounted for 33.5 per cent. of our operating expenses for the year ended 31 December 2005. Attracting competent, highly qualified employees is important to the success of our business as our employees have extensive contact with guests of our resorts, hotels, spas and galleries. Wherever practicable, we attempt to hire local employees in each location in which we operate. However, in certain locations such as at Banyan Tree Seychelles, the resort has had to hire expatriates because local candidates are not sufficiently qualified, which increases its operating expenses.

Thailand, the PRC and the Maldives (where we own resorts) and Indonesia, India, Sri Lanka and Laos (where we manage resorts) are countries where we have been able to maintain relatively low operating expenses. Operating expenses in the Seychelles (where we own and manage a resort) and Australia (where we manage a resort) have been higher, particularly because of high costs of labour for those locations. In the Seychelles, costs are also higher because we are restricted in the way we are able to import food and other goods into the country, resulting in higher excise tax, and because we generate our own electricity, which further increases operating expenses. We have been able to mitigate the impact of increased costs in the Seychelles and Australia with higher average room rates and higher average occupancy levels.

Property Sales

The most significant factors affecting property sales revenues are the state of the economies where our buyers reside, mainly countries in the Asia Pacific and Europe, the state of the property markets around the world and particularly the state of the property market in Phuket. For example, in mid-1997, following the substantial depreciation of the Baht, many countries in Asia experienced a significant economic downturn and related economic, financial and social difficulties. As a result, sales volume for the property market in Phuket declined significantly and there was minimal property development during the next three years. As the economy improved across Asia, the property market in Phuket also became more active, which increased the demand for the construction of new property. However, following the 2004 tsunami, there was a slowdown in property sales. In addition, the after-effects of the 2004 tsunami added to the demand for the reconstruction of properties. As a result, there has been increased pressure on the limited supply of quality construction services and labour and consequently the costs of construction of the resort residences we sell may rise, and we may not be able to build resort residences on schedule. As at 31 December 2005, our construction costs in Phuket have increased by approximately 25.0 per cent. since 31 December 2003. Any delays in the construction of our properties may have material adverse effect on our property sales revenues due to our revenue recognition policies.

We currently have plans to commence selling resort residential properties in Lijiang, the PRC and Bangkok, Thailand, towards the end of 2006. We are also developing 22 Banyan Tree DoublePool Villas at Banyan Tree Phuket (some of which are available for sale) and 28 Pool Villas at Dusit Laguna Resort Hotel, which are expected to be completed by the third quarter of 2006 and the end of 2007, respectively. These new villas will be part of the resort's available room inventory and are available for sale and lease back to the resort. A new residential housing project called "Laguna Village" has been launched and comprises the traditional products of the Laguna Townhomes and Laguna Residences as well as introducing a new, more affordable product called the Laguna Village Villa, which is a two-storey villa surrounding a communal pool. Phase I of Laguna Village was released in December 2005 comprising 36 villas, 28 Laguna Townhomes and 12 Laguna Residences. We are also in the process of launching a new property sales initiative, known as "Banyan Tree Residences". (See "Business — Property Sales" and "Business — Resorts and Hotels — Description of Resorts in which we have Ownership Interests but do not Manage — Laguna Phuket — Property Sales".)

In 2005, we sold a number of partially-completed properties but did not fully recognise the revenue of such sales due to our revenue recognition policies, which only recognises revenue from the sale of property as construction proceeds using the percentage of completion method as described in "— Significant Accounting Policies — Revenue Recognition". In addition, there were delays in obtaining the required permits, resulting in further delays in the construction of some of the properties. These included the sale of 16 Laguna Townhomes and two Laguna Residences. In the three months ended 31 March 2006, a further 18 Laguna Residences, 13 Laguna Townhomes and five Banyan Tree DoublePool Villas were sold for which limited revenues have been recognised in the three months ended 31 March 2006 as the construction of these properties has either yet to commence, or if commenced, the construction has either not yet reached 10 per cent. or a signed contract has yet to be received.

Equity-based Grants and Schemes

We have put in place an equity-based grant and schemes, namely a Founder's Grant, the Banyan Tree Performance Share Plan, the Share Option Scheme and the grant of Management Shares to reward and provide eligible employees with an opportunity to participate in the equity of our Company and to motivate them towards better performance (for a description of the grant and schemes, see "Management — Directors — Founder's Grant" and "Management — Banyan Tree Share Based Incentives"). The method by which the grant and schemes are accounted for in our financial statements are described in "— Significant Accounting Policies — Equity-settled Transactions".

Under the rules of the Founder's Grant, a payment equal to a percentage of our profits will be awarded (payable in cash or new Shares) (as described in "Management — Directors — Founder's Grant"). These grants will be recorded as an expense item in our financial statements in the financial year that the grant is made.

The Banyan Tree Performance Share Plan and the Share Option Scheme have been adopted but no Awards or Options have been granted (as described in "Management — Banyan Tree Share Based Incentives"). If and when Awards are granted, the costs and expenses incurred under the Banyan Tree Performance Share Plan will be recorded as an expense item on an amortised basis over the vesting period, if any. If and when Options are granted, the costs and expenses associated with the grant will be treated as an expense based on the fair value ascribed to the Options granted and amortised over the vesting period.

We will also, prior to the Offering, grant the Management Shares to certain of our employees and persons who are employees of the resorts, spas and business units managed by our Group (but not necessarily employed by our Group) (as defined and described in "Management — Banyan Tree Share Based Incentives — Grant of Management Shares"). These Management Shares will be issued after the close of the Offering and the cost of the grant will be recorded as an expense item in our financial statements for the year ending 31 December 2006. On the basis of assumptions made based on facts known as at the Latest Practicable Date, and based on the Maximum Offering Price of S$1.07 for each Offering Share, we estimate that costs and expenses related to the grant of the Management Shares will amount to approximately S$8.6 million.

SIGNIFICANT ACCOUNTING POLICIES

In preparing our financial statements, we make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate the estimates, including those related to goodwill and intangible assets, revenue recognition, accounts receivable and allowance for doubtful accounts. We base our estimates on historical experience and on various assumptions that we believe to be reasonable under the circumstances, the results of which form our basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Our results of operations may differ if prepared under different assumptions or conditions.

We believe the following principal accounting policies affect the more significant judgments and estimates used in the preparation of our consolidated financial statements.

Revenue Recognition

We generate revenues from hotel investment and management, spa and gallery operations, property sales, and design fees and others.

Revenues from hotel investment, hotel management and spa and gallery operations are accounted for when the services are rendered and invoiced value of goods are supplied.

Revenue from property sales is recognised using the percentage of completion method, after a legally binding contract is signed. The percentage of completion is determined based on actual costs incurred to date and the total anticipated construction costs. We start to recognise revenue (as described above) when at least 20.0 per cent. of the contract price has been received by us, and the construction work is at least 10.0 per cent. completed. Revenue recognition is discontinued when three consecutive instalments are overdue. In determining the total anticipated construction costs, we make estimates based on the value of the construction contracts awarded and any directly attributable costs of constructing these properties. Material differences could result in the amount of our revenue and timing of our revenue recognition for any period if management made different judgments or utilised different estimates in determining the total anticipated construction costs.

Depreciation

We depreciate our freehold and leasehold interests in buildings on a straight-line basis over an estimated useful life of 40 to 50 years commencing from the date the buildings are ready for their intended use. We depreciate our furniture, fittings and equipment on a straightline basis over an estimated useful life of three to 20 years, commencing from the date that the relevant furniture, fittings or equipment is placed into productive use. The estimated useful life of these assets reflects our estimate of the periods that we intend to derive future economic benefits from their use. We conduct a comprehensive review of the estimated useful lives of our property, plant and equipment on a regular basis to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits for these assets.

Impairment of Property, Plant and Equipment

We assess the impairment of property, plant and equipment when events or changes in circumstances indicate that the carrying value of these assets or the asset grouping may not be recoverable. Factors we consider in deciding when to perform an impairment review include significant under-performance of these assets relative to expectations, significant negative industry or economic trends, and significant changes or planned changes in our use of the assets. Recoverability of assets to be held and used is measured by comparing the carrying amount of the asset grouping to its future discounted cash flows. If such assets are considered to be impaired, an impairment charge is recognised for the amount that the carrying value of the asset exceeds its fair value. Assets held for sale are reported at the lower of their carrying amount or fair value less related selling costs. We will continue to review impairment factors as described above and, as a result, impairment charges may be necessary in the future as circumstances change.

Deferred Taxation

Amounts in the consolidated financial statements related to income taxes are calculated using the principles of SFRS 12 — "Income Taxes". SFRS 12 requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this principle, deferred tax assets and liabilities are determined based on the temporary differences between the financial reporting basis and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. As part of this process, we are required to estimate our income taxes and tax bases of assets and liabilities in each of the jurisdictions in which we operate. This process involves us estimating our current tax exposure together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. We must then assess the likelihood of the recoverability of future tax benefits, such as unutilised tax losses carried forward, based on estimated future taxable income and recognise such benefits to the extent that realisation is more likely than not to occur.

Intangible Assets

Goodwill

Goodwill, being the excess of the cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, is recognised as an asset. Subsequently, goodwill is carried at cost less any accumulated impairment loss in accordance with SFRS 36 — "Impairment of Assets". If the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the combination, the acquirer:

- reassesses the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination; and
- recognises immediately in income any excess remaining after that reassessment.

With the adoption of SFRS 103 — "Business Combinations" in 2005, the treatments of the previously recognised goodwill are as follows:

- amortisation of goodwill is discontinued;
- the carrying amount of related accumulated amortisation is eliminated with a corresponding decrease in goodwill; and
- goodwill is tested for impairment in accordance with SFRS 36 — "Impairment of Assets".

Negative Goodwill

Negative goodwill arising on acquisition represents the excess of the fair value of the identifiable net assets acquired over the cost of acquisition. Prior to 2005, our negative goodwill is amortised in the profit and loss account using the straight line method over its estimated useful life of 20 years. With the adoption of Singapore SFRS 103 — "Business Combinations" in 2005, negative goodwill net of amortisation is derecognised with the corresponding adjustment to the accumulated profit as at 1 January 2005.

Trade and Other Debtors

Provision for doubtful debts is made based on our evaluation of collectability, an aging analysis and management's evaluation of each receivable. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current credit-worthiness and the past collection history of each debtor. If the financial condition of our debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional provision may be required.

Impairment of non-financial assets

We assess at each reporting date whether there is an indication that an asset may be impaired by estimating the assets' recoverable amount. The recoverable amount of the asset is the higher of the asset's cash-generating fair value less cost to sell and its value in use. The asset's value in use is assessed based on the estimated future cash flows discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If such assets are considered impaired, an impairment charge is recognised for the amount that the carrying value of the asset exceeds its recoverable amount. The impairment charges previously recognised will be reversed in the profit and loss account when the previously recognised charges no longer exist or have decreased as a result of change in the estimates used to determine the asset's recoverable amount. We will continue to review the recoverable amounts as described above and as a result, impairment charges may be necessary as circumstances change.

Impairment of financial assets

We assess at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For assets carried at amortised cost such as loans and receivables or held to maturity investments, their carrying value will be compared against the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If such assets are considered to be impaired, an impairment charge is recognised for the amount that the carrying value exceeds its fair value. Any subsequent reversal of impairment charges is recognised in the profit and loss account.

For assets carried at cost, such as unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, their carrying value will be compared against the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. If such assets are considered to be impaired, an impairment charge is recognised for the amount that the carrying value exceeds its fair value. Such impairment charges however are not reversed in the subsequent periods.

For available for sale financial assets, such as quoted investment in organised financial markets, we measure them at fair value and any gains or losses are recognised in equity until the investment is determined to be impaired and at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

We will continue to review impairment factors as described above and, as a result, impairment charges may be necessary in the future as circumstances change.

Provisions

Provisions are recognised when we have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Equity-settled Transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value of our Shares (using an accepted valuation methodology) at the date on which the shares or share options are granted.

The cost of equity-settled transactions is recognised, together with a corresponding increase in the share capital or employee share option reserve, over the period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date").

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and our best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

With effect from the grant of the Management Shares, this policy will be applicable. The cost of the grant of the Management Shares, which will be issued after the close of the Offering, will be the Offering Price of the Offering Shares.

New Accounting Standards

The following accounting standards, SFRS 19 (revised): Employee Benefits, FRS 40: Investment Property and SFRS 107: Financial Instruments: Disclosure have been issued but are only effective for annual financial periods beginning on or after 1 January 2006 and 1 January 2007 respectively.

SFRS 19 (revised): Employee Benefits is effective for annual financial periods beginning on or after 1 January 2006. This accounting standard introduces an additional recognition option for actuarial gains and losses arising in post-employment defined benefit plans. Companies are also required to provide information about the trends in the assets and liabilities in a defined benefit plan and the assumptions underlying the components of the defined benefit cost. See "— Significant Factors Affecting our Results of Operations — Equity-based Grant and Schemes".

SFRS 40: Investment Property is effective for annual financial periods beginning on or after 1 January 2007. Under this accounting standard, companies are permitted to choose to measure investment properties either at fair value with fair value changes taken to the profit and loss statement, or at cost less depreciation charges and any impairment losses. A lessee may classify and account for an operating lease property as an investment under this standard. However, the lease property must meet the definition of investment property and all investment properties of the company are measured at fair value. We currently do not own a significant amount of investment property. We do not expect the adoption of SFRS 40 to have a significant effect on the value of investment properties leased by us.

SFRS 107: Financial Instruments: Disclosure is effective for annual financial periods beginning on or after 1 January 2007. This accounting standard requires quantitative disclosures of the nature and extent of risks arising from financial instruments in addition to the disclosures currently required under FRS 32. Adoption of this standard will result in additional disclosures in the financial statements.

OVERVIEW OF REVENUE AND EXPENSES

Revenue

Our Group

Revenue comprises revenue from our six business segments: hotel investment, hotel management, spa operations, gallery operations, property sales, and design fees and others. The table below shows our revenues and the principal sources (both by business segment and geographic location of our businesses) of such revenue in Singapore dollars and also expressed as a percentage of total revenue for the periods indicated:

	Year ended 31 December (audited)						Three months ended 31 March (unaudited)			
	2003[1]		2004		2005		2005		2006	
	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue
	S$ million	%	S$ million	%	S$ million	%	S$ million	%	S$ million	%
Revenues										
Business segments										
Hotel investment	82.3	53.4	133.9	61.2	111.6	59.7	20.7	59.3	51.0	63.2
Hotel management	6.8	4.4	9.0	4.1	6.6	3.5	2.2	6.3	1.2	1.5
Spa operations	14.3	9.3	16.8	7.7	17.1	9.1	3.3	9.5	5.2	6.4
Gallery operations	6.3	4.1	7.8	3.6	6.8	3.7	1.4	4.0	2.4	3.0
Property sales	39.3	25.4	44.1	20.1	31.0	16.6	5.0	14.3	16.8	20.8
Design fees and others	5.2	3.4	7.2	3.3	13.8	7.4	2.3	6.6	4.1	5.1
Total revenue	154.2	100.0	218.8	100.0	186.9	100.0	34.9	100.0	80.7	100.0
Other operating income	2.5		5.8		1.7		0.5		0.6	
	156.7		224.6		188.6		35.4		81.3	
Geographic segments										
Southeast Asia[2]	105.4	68.3	180.2	82.4	142.2	76.1	24.8	71.1	64.4	79.8
Indian Oceania[3]	25.7	16.7	33.8	15.4	32.4	17.3	7.7	22.0	13.4	16.6
Northeast Asia[4]	0.3	0.2	1.0	0.5	2.7	1.5	0.2	0.6	0.6	0.7
Rest of the world[5]	22.8	14.8	3.8	1.7	9.6	5.1	2.2	6.3	2.3	2.9
Total revenue	154.2	100.0	218.8	100.0	186.9	100.0	34.9	100.0	80.7	100.0
Other operating income	2.5		5.8		1.7		0.5		0.6	
	156.7		224.6		188.6		35.4		81.3	

Notes:

(1) LRH's revenues have been consolidated from 1 April 2003.

(2) Thailand, Indonesia and Singapore.

(3) The Maldives, Sri Lanka and India.

(4) The PRC, Japan, Hong Kong and Taiwan.

(5) Australia, New Zealand, Guam, Morocco, Ireland, Bahrain, United Arab Emirates, South Africa and Egypt.

The table below shows our pro forma revenues and the principal sources (by business segment only) of such pro forma revenue in Singapore dollars, also expressed as a percentage of total revenue, on a pro forma basis, for the year ended 31 December 2005 and the three months ended 31 March 2006.

	Year ended 31 December 2005 (unaudited)		Three months ended 31 March 2006 (unaudited)	
	Revenue	**Percentage of total revenue**	**Revenue**	**Percentage of total revenue**
	S$ million	**%**	**S$ million**	**%**
Revenues				
Business segments				
Hotel investment	115.9	60.5	51.0	63.2
Hotel management	6.1	3.2	1.2	1.5
Spa operations	17.1	8.9	5.2	6.4
Gallery operations	6.8	3.6	2.4	3.0
Property sales	31.0	16.2	16.8	20.8
Design fees and others	14.6	7.6	4.1	5.1
Total revenue	191.5	100.0	80.7	100.0
Other operating income	11.0		0.6	
	202.5		81.3	

Hotel Investment

Hotel investment revenue consists of income we receive as a result of our majority ownership interests in hotels and resorts. We had majority ownership interests in six resorts in each of 2003 and 2004 (two Banyan Tree resorts, one Angsana resort and three resorts in Laguna Phuket) and 10 hotels and resorts in each of 2005 and as at 31 March 2006 (consisting of an additional two Banyan Tree resorts, one Colours of Angsana hotel and a resort in Maldives). (See "Business — Resorts and Hotels — Description of Resorts and Hotels we Manage and in which we have Ownership Interests" and "Business — Resorts and Hotels — Description of Resorts in which we have an Ownership Interest but do not Manage".) We do not consolidate revenue from Banyan Tree Seychelles, as it is an associated company. Revenue from hotel operations mainly comprises room sales, food and beverage sales and revenue from auxiliary activities such as transportation fees and other offerings of each resort and hotel, and represents the invoiced value (excluding value added tax and service charge) of goods supplied and services rendered. Changes in our revenues from this business segment are primarily due to changes in average room rates, average occupancy levels and/or available room inventories of the resorts and hotels in which we have an ownership interest.

Hotel Management

Our hotel management revenues consist of the fees we receive from the hotels and resorts that we manage and royalties received from licensing the use of the brands to these resorts and hotels. We managed eight hotels and resorts in 2003 (three Banyan Tree resorts, three Angsana resorts, one Laguna Phuket resort and a hotel in the PRC), nine hotels and resorts in 2004 (consisting of an additional hotel in Sri Lanka) and eight hotels and resorts in 2005 and as at 31 March 2006 (two Banyan Tree resorts, three Angsana resorts, one Laguna Phuket resort, one hotel in Sri Lanka and one hotel in Laos). The number of resorts and hotels that we manage decreased from nine hotels and resorts in 2004 to eight hotels and resorts in 2005 as the revenue received from two of our hotels and resorts (namely Banyan Tree Bangkok and Gyalthang Dzong Hotel) which used to be recognised as hotel management revenue in 2004, was recognised as hotel investment revenue in 2005, as we acquired a majority ownership interest in them. In addition, we added a new hotel (Maison Souvannaphoum) to the number of hotels and resorts that we managed in 2005. Hotel management fee revenues for Banyan Tree Bangkok, Banyan Tree Phuket, Banyan Tree Maldives, Angsana Maldives and Velavaru Island Resort are eliminated at consolidation because we own a majority interest in these resorts. (See "Significant Accounting Policies".) Hotel management fee revenues of S$5.8 million, S$6.7 million, S$7.7 million and S$3.4 million were eliminated due to consolidation of the results of the hotels and resorts in which we have a majority interest for the financial years ended 31 December 2003, 2004 and 2005 and the three months ended 31 March 2006, respectively. For the resorts and hotels we currently manage (excluding Laguna Beach Resort for which we do not receive any management fee), we receive a management fee that is typically equal to 3.0 per cent. of total revenue for the resort or hotel. In addition, we receive an incentive fee that is typically equal to 10.0 per cent. of the property's gross operating profit. Average room rates, average occupancy levels and the number of available rooms for guests at the resorts and hotels we manage are the key factors that affect revenues from this business segment, as we collect management and incentive fees based on the results for each resort or hotel.

In addition to management fees and incentive fees, this segment includes reimbursement fees we receive for sales and marketing services that we provide to certain of the resorts and hotels that we manage. We also typically receive reimbursement fees equal to a percentage of the room revenue of each resort and hotel that we manage for our reservation services, plus a US$10.00 booking fee for each reservation that results in an actual occupancy. However, as these fees are estimated to approximately reimburse us for costs we incur to benefit our resorts and hotels, they do not have a significant effect on our results of operations because they are approximately offset by our sales and marketing, and salaries and related expenses.

Spa Operations

Our spa operations revenue consists of either revenues from management fees or revenues for the provision of spa treatments, and royalties received from licensing the use of the brands pursuant to our spa management agreements. For our spa management agreements, we receive a fixed percentage (typically 3.0 to 5.0 per cent.) of each spa's total revenues. We also receive incentive fees equal to a percentage (typically 10.0 to 15.0 per cent.) of each spa's gross operating profit. When we operate a spa through a lease, our rent is a fixed percentage (typically 5.0 to 10.0 per cent.) of the spa's total revenues and we retain the remaining revenues and pay all the operating costs. Spa operations revenues are primarily driven by the total number of spas that we operate, our spas' average rates per treatment, the number of available spa treatment rooms and pavilions and by the number of visitors who purchase spa therapies.

The following table sets forth certain operating data for the spas we managed during the three years ended 31 December 2003, 2004 and 2005 and for the three months ended 31 March 2006:

	For the year ended 31 December (unaudited)			For the three months ended 31 March (unaudited)
	2003	2004	2005	2006
Banyan Tree				
Number of spas	6	7	9	8
Average rates per hour of use per room per day (S$)	83.00	82.30	87.40	88.80
Average hours of use per room per day	4.40	4.70	3.52	3.86
Angsana				
Number of spas	13	18	25	26
Average rates per hour of use per room per day (S$)	64.10	64.50	67.50	68.70
Average hours of use per room per day	2.70	2.40	2.12	2.62
Other spas				
Number of spas	14	15	15	15
Average rates per hour of use per room per day (S$)	58.30	58.30	60.90	64.40
Average hours of use per room per day	1.70	2.70	3.14	3.32

The average occupancy levels of the resorts and hotels where our spas are located are also a key factor affecting the revenues of this business segment.

Gallery Operations

Our gallery operations revenue consists of revenues from sales of branded gifts, spa products, indigenous or cultural handicrafts and artefacts and other souvenirs at our galleries. We operated 32, 44, and 53 and 53 galleries as at 31 December 2003, 2004 and 2005 and as at 31 March 2006, respectively. Revenues from this segment are primarily affected by the total number of gallery outlets that we operate and the average occupancy levels of the resorts, hotels and spas in which our galleries are located.

Property Sales

Property sales revenue consists of revenues we receive, through LRH, from the sale of resort residences in Banyan Tree Phuket, Laguna Phuket, revenues from one-off sales of property in other locations such as New Zealand and revenues from sales of weeks of membership in our vacation ownership product, the Laguna Holiday Club. See "Business — Property Sales" and "Business — Description of Resorts in which we have

Ownership Interests but do not Manage — Laguna Phuket — Property Sales".) The revenues of this segment depend on the state of the economies in the countries where many of our buyers reside, mainly countries in the Asia Pacific and Europe, the state of the property markets around the world, and the state of the property market in Phuket.

Design Fees and Others

Revenue from this segment includes fees we receive for the provision of our design services, fees for operating the golf course in Bintan, Indonesia, income from the operation and ownership of a golf course in Laguna Phuket, rental income for certain office space in Singapore, rental income from the shops at Canal Village in Laguna Phuket and rental income from Thai Wah Plaza Limited ("Thai Wah Plaza" or "TWPL"). The construction of new resorts and hotels involving our design teams has a significant impact on the revenues of this business segment. Recognition of revenue may be affected by delays in completion of construction due to a variety of factors, including shortages of suitable construction services and materials, delays in receiving relevant permits or adequate financing. The design fees that we receive are as provided for within our management agreements and design agreements. As at 31 December 2003, 2004 and 2005 and 31 March 2006, we had three, seven, 18 and 11 management and design contracts respectively, which provided for design fees to be paid to us. On average, we receive design fees of US$1 million to US$1.5 million for each contract (depending primarily on the total construction cost and the location of the projects), payable in instalments over the course of each project. Revenues from this segment is also affected by the conditions of the tourism industry in Thailand and Bintan, Indonesia, which affect the revenues we receive from our management and/or ownership interests in our two golf courses.

Other Operating Income

Other operating income primarily consists of negative goodwill amortisation incurred in 2003 and 2004 in connection with the consolidation of LRH, other management and service fees, and certain non-recurring revenue. There was no negative goodwill amortisation in 2005 due to a change in accounting standards.

Operating Expenses

Operating expenses consist of costs of operating supplies, salaries and related expenses, administrative expenses, sales and marketing expenses, depreciation of property, plant and equipment and other operating expenses. The following table sets forth our operating expenses for the three years ended 31 December 2003, 2004 and 2005 and the three months ended 31 March 2005 and 2006, which are also expressed as a percentage of total operating expenses for the periods indicated.

	Year ended 31 December (audited)						For the three months ended 31 March (unaudited)			
	2003[1]		2004		2005		2005		2006	
	Expenses	Percentage of total operating expenses	Expenses	Percentage of total operating expenses	Expenses	Percentage of total operating expenses	Expenses	Percentage of total operating expenses	Expenses	Percentage of total operating expenses
	S$ million	%	S$ million	%	S$ million	%	S$ million	%	S$ million	%
Operating expenses										
Operating supplies	20.3	17.6	34.1	21.2	28.9	16.4	4.7	12.4	12.8	23.8
Salaries and related expenses	35.6	30.9	48.4	30.1	59.1	33.5	14.0	37.1	17.0	31.6
Administrative expenses	15.2	13.2	22.9	14.2	25.5	14.4	4.7	12.4	4.6	8.6
Sales and marketing expenses	5.6	4.9	8.1	5.0	9.9	5.6	2.4	6.4	3.0	5.6
Depreciation of property, plant and equipment	12.2	10.6	15.5	9.7	19.9	11.2	4.5	11.9	5.4	10.0
Other operating expenses	26.3	22.8	31.8	19.8	33.4	18.9	7.5	19.8	11.0	20.4
Total	115.2	100.0	160.8	100.0	176.7	100.0	37.8	100.0	53.8	100.0

Note:

(1) LRH's expenses have been consolidated from 1 April 2003.

The following table sets forth our pro forma operating expenses for the year ended 31 December 2005 and the three months ended 31 March 2006 which are also expressed as a percentage of total operating expenses, on a pro forma basis, for these periods.

	Year ended 31 December 2005 (unaudited)		Three months ended 31 March 2006 (unaudited)	
	Expenses	**Percentage of total operating expenses**	**Expenses**	**Percentage of total operating expenses**
	S$ million	**%**	**S$ million**	**%**
Operating expenses				
Operating supplies	29.7	16.5	12.8	23.8
Salaries and related expenses	60.0	33.3	17.0	31.6
Administrative expenses	24.4	13.5	4.6	8.6
Sales and marketing expenses	10.2	5.7	3.0	5.6
Depreciation of property, plant and equipment	20.8	11.5	5.4	10.0
Other operating expenses	35.2	19.5	11.0	20.4
Total	180.2	100.0	53.8	100.0

Operating expenses incurred for the year ended 31 December 2005 and the three months ended 31 March 2006 includes expenses incurred for Thai Wah Plaza and the Velavaru Island Resort, which we did not incur for the years ended 31 December 2003 and 2004.

Operating supplies expenses primarily consist of the cost of property sold in our property sales business segment, food and beverage expenses at our resorts and hotels, the cost of spa products used at our spas and the cost of products sold at our galleries. The cost of property sold in our property sales business segment is a significant cost, which we believe will increase to the extent that our property sales revenue continues to grow.

Salaries and related expenses consist of salaries, benefits and bonuses for employees at the resorts, hotels, spas and galleries in which we have an ownership interest, certain spa therapists working at spas which we operate through a lease (notwithstanding the fact that those therapists are employed by the owner of the resort or hotel where the spa is located), employees who work in our property sales division, our head office in Singapore and LRH's offices in Phuket and Bangkok. Directors' remuneration is also included in this expense item. Our salaries and related expenses have increased as a result of increased annual wages and benefits, increased headcounts due to increased levels of activity and expected future projects and new spa openings, as well as the acquisition of Thai Wah Plaza in March 2005.

Administrative expenses primarily consist of land taxes, property taxes, management and incentive fees paid to the operators of Dusit Laguna and Sheraton Grande Laguna Phuket, rental costs for certain spas, expenses related to the amortisation of pre-paid island rental expenses for Banyan Tree Maldives, Angsana Maldives and Velavaru Island Resort, insurance premiums as well as other general and administrative expenses. Foreign exchange losses are included in this expense item as are the royalty payments we used to pay for our brands (prior to their acquisition). Prior to 1 January 2004, we paid an aggregate of S$60,000 per year for the use of the Banyan Tree, Angsana and Allamanda trademarks. Between 1 January 2004 and the date of acquisition of the Trademarks, we paid to the respective Licensor royalty fees equal to 0.25 per cent. of the revenues of each product offering which uses the brands. (See "Business — Intellectual Property".)

Sales and marketing expenses primarily consist of expenses related to our sales and marketing efforts including the costs of printing collateral (such as brochures), travel expenses of our sales and marketing staff and advertising costs. Certain of these expenses are offset by the reimbursement fees we receive under our management agreements.

Depreciation of property, plant and equipment primarily consist of expenses for depreciating the leasehold land and buildings of the resorts, hotels, spas and galleries in which we have an ownership interest, as well as depreciation for furnishings, fittings and equipment.

Other operating expenses primarily consist of replacement of operating equipment, travel expenses other than that incurred by sales and marketing staff, water and electricity charges for the resorts and hotels in which we have an ownership interest, fuel and gas costs, laundry and valet expenses, telephone and fax expenses and cleaning supplies, along with other expenses relating to the operation of resorts and hotels. The excise tax on the revenue received by our spas in Thailand is also included in this expense item.

OPERATING PROFIT

The table below sets forth our operating profit or loss for each of our business segments for the three years ended 31 December 2003, 2004 and 2005 and the three months ended 31 March 2005 and 2006, which is also expressed as a percentage of total operating profit.

	Year ended 31 December (audited)						For the three months ended 31 March (unaudited)			
	2003		2004		2005		2005		2006	
	Operating profit	Percentage of total operating profit	Operating profit	Percentage of total operating profit	Operating profit	Percentage of total operating profit	Operating profit	Percentage of total operating loss	Operating profit	Percentage of total operating profit
	S$ million	%	S$ million	%	S$ million	%	S$ million	%	S$ million	%
Operating profit/(loss)										
Business segments										
Hotel investment	17.0	41.0	35.1	55.0	2.3	19.3	(2.0)	83.3	17.4	63.3
Hotel management	2.1	5.1	3.8	6.0	0.5	4.2	0.6	(25.0)	0.0	0.0
Spa operations	5.1	12.3	6.1	9.6	1.5	12.6	(0.2)	8.3	1.7	6.2
Gallery operations	0.9	2.2	1.8	2.8	0.3	2.5	(0.4)	16.7	0.2	0.7
Property sales	22.5	54.2	18.4	28.8	10.9	91.6	1.2	(50.0)	8.8	32.0
Design fees and others	(8.7)	(21.0)	(7.2)	(11.3)	(5.4)	(44.5)	(2.1)	87.5	(1.2)	(4.4)
	38.9	93.8	58.0	90.9	10.2	85.7	(2.9)	120.8	26.9	97.8
Other operating profit	0.9	2.2	4.1	6.4	1.7	14.3	0.5	(20.8)	0.6	2.2
Amortisation of negative goodwill	1.7	4.0	1.7	2.7	—	—	—	—	—	—
	41.5	100.0	63.8	100.0	11.9	100.0	(2.4)	100.0	27.5	100.0

SHARE OF RESULTS OF ASSOCIATED COMPANIES

Income from share of results of associated companies is derived from our 30 per cent. investment interest in Banyan Tree Seychelles Holdings Limited (which holds Banyan Tree Resorts (Seychelles) Limited).

TAXATION

We are subject to corporate income tax in Singapore at the standard rate, currently 20.0 per cent. for the year ended 31 December 2005 (22.0 per cent. and 20.0 per cent., respectively, for each of the two years ended 31 December 2003 and 2004) and in the countries where our subsidiaries have operations, including Thailand at 30.0 per cent., Australia at 30.0 per cent., and New Zealand at 33.0 per cent.

Our operations in the Maldives are not subject to corporate income tax.

Our subsidiaries in Hong Kong are not subject to Hong Kong profits tax to the extent that they receive management income linked to services performed outside Hong Kong or royalty income in connection with intellectual property or know-how which is developed, contracted and substantially exploited outside Hong Kong.

In addition to the taxes described above, Thailand imposed excise taxes of 11.0 per cent. on the total revenue received from the provision of massage services, beauty salon or healthcare services in Thailand retroactively to 28 January 2003. We have made a full provision of S$1.0 million for this tax in our financial statements for 2003. As of February 2004, we have passed the costs of this tax to our customers.

Through LRH, we have acquired tax-loss companies in order to reduce our income tax liability in Thailand. Group tax relief for tax losses is not available in Thailand. Tax losses can be used to offset taxable income in Thailand for a period of five years, after which the tax losses expire. LRH has acquired tax-loss companies selectively only after evaluating the companies to verify the potential tax losses available for use by LRH as well as to assess whether the companies have any liabilities. LRH has used tax-loss companies to hold its property sales assets as well as its ownership interests in Sheraton Grande Laguna Phuket. As a result, a portion of LRH's income has not been subject to income tax during the three years ended 31 December 2005.

From a group accounting standpoint, under the new Singapore accounting standards on Business Combinations, tax losses of the acquired company or deferred tax assets will form part of the fair value in determining the goodwill in a business combination. When these tax losses are subsequently recognised, an income tax expense will have to be put through against the deferred tax account giving a nil tax impact to the income statement. As a result of this new accounting standard, we believe our income tax expense in Thailand is likely to increase from the year ending 31 December 2006.

We also pay property tax for some of the properties in which we have an ownership interest. For the years ended 31 December 2003, 2004 and 2005, we paid property taxes in Thailand and Singapore. Other taxes include a US$8 bed tax per guest per day in the Maldives, which we charge to our guests.

THREE MONTHS ENDED 31 MARCH 2006 COMPARED TO THREE MONTHS ENDED 31 MARCH 2005

Revenue

Revenue increased by 131.2 per cent. from S$34.9 million for the three months ended 31 March 2005 to S$80.7 million for the three months ended 31 March 2006. This increase was primarily due to higher revenue from our hotel investment segment, property sales segment and spa and gallery segment in the three months ended 31 March 2006 compared to the same period in 2005. In addition, as Thai Wah Plaza was only acquired in early March 2005, revenue for the three months ended 31 March 2005 only included the consolidation of one month's revenue of Thai Wah Plaza, amounting to S$2.8 million, compared to the consolidation of three months' revenue of Thai Wah Plaza, amounting to S$13.0 million, in the three months ended March 2006. These increases in revenue were partially offset by a decrease in revenue from our hotel management segment.

Hotel Investment

Hotel investment revenue increased by 146.4 per cent. from S$20.7 million for the three months ended 31 March 2005 to S$51.0 million for the three months ended 31 March 2006. This increase was due to a recovery from the 2004 tsunami towards the end of 2005. The 2004 tsunami significantly and adversely affected average occupancy and average room rates at our resorts in Phuket and the Maldives for the three months ended 31 March 2005. Hotel investment revenue from our resorts in Phuket and the Maldives increased by S$19.1 million (158.6 per cent.) and S$2.5 million (40.3 per cent.), respectively, for the three months ended 31 March 2006 compared to the same period in 2005. With respect to our resorts in Phuket, Banyan Tree Phuket's REVPAR increased from S$237.20 for the three months ended 31 March 2005, to S$645.40 for the three months ended 31 March 2006, Dusit Laguna's REVPAR increased from S$61.70 for the three months ended 31 March 2005, to S$209.70 for the three months ended 31 March 2006, Laguna Beach Resort's REVPAR increased from S$49.60 for the three months ended 31 March 2005 to S$146.20 for the three months ended 31 March 2006 and Sheraton Grande Laguna Phuket's REVPAR increased from S$69.30 for the three months ended 31 March 2005 to S$187.70 for the three months ended 31 March 2006. With respect to our resorts in Maldives, Banyan Tree Maldives Vabbinfaru's REVPAR increased from S$526.10 for the three months ended 31 March 2005 to S$716.40 for the three months ended 31 March 2006, and Angsana Resort and Spa Maldives Ihuru's REVPAR increased from S$413.80 for the three months ended 31 March 2005 to S$607.50 for the three months ended 31 March 2006. In addition, as we acquired Banyan Tree Bangkok in early March 2005, hotel investment revenue for the three months ended 31 March 2005 only included revenue from Banyan Tree Bangkok for the month of March 2005 amounting to S$2.4 million, compared to three months' revenue amounting to S$8.2 million for the three months ended 31 March 2006. We also received S$2.7 million hotel investment revenue from Velavaru Island Resort for the three months ended 31 March 2006 as a result of its acquisition in July 2005, and S$0.1 million hotel investment revenue from Banyan Tree Ringha, which was launched in September 2005.

Hotel Management

Hotel management revenue decreased by 45.5 per cent. from S$2.2 million for the three months ended 31 March 2005 to S$1.2 million for the three months ended 31 March 2006. S$0.6 million of this decrease was due to the elimination on consolidation of management fees we received from Banyan Tree Bangkok after we acquired the hotel in early March 2005. S$3.4 million of management fees were eliminated as a result of consolidation of resorts in which we have a majority interest for the three months ended 31 March 2006 compared to S$2.1 million for the three months ended 31 March 2005. In addition, for the three months ended 31 March 2006, we received lower management fees from Maison Souvannaphoum due to increased accrual of hotel expenses in 2006, amounting to a decrease of S$0.2 million.

Spa Operations

Spa operations revenue increased by 57.6 per cent. from S$3.3 million for the three months ended 31 March 2005 to S$5.2 million for the three months ended 31 March 2006. S$0.8 million of this increase was from spas located in Phuket and Maldives as a result of improved hotel occupancy. We also received increased revenue of

S$0.7 million from spas in Sydney, Guam, Malaysia, Dubai, South Africa and Shanghai. In addition, increased revenue of S$0.2 million was received from new spas in Egypt and at the Velavaru Island Resort, both of which were only opened towards the end of 2005. The increase in revenue for spa operations can also be attributed to a 2.9 per cent. increase in the average rate for spa services.

Gallery Sales

Gallery sales revenue increased by 71.4 per cent. from S$1.4 million for the three months ended 31 March 2005 to S$2.4 million for the three months ended 31 March 2006. This increase was primarily due to increased revenue from resorts in Phuket and the Maldives which were adversely affected by low average occupancy in 2005 due to the 2004 tsunami.

Property Sales

Property sales revenue increased by 236.0 per cent. from S$5.0 million for the three months ended 31 March 2005 to S$16.8 million for the three months ended 31 March 2006. This increase was mainly due to an increased number of properties sold and recognised pursuant to our revenue recognition policy, for the three months ended 31 March 2006 compared to the same period in 2005. We classify a property as being sold when a reservation form is signed and the deposit is paid. Revenue from the sale of property is only recognised, however, as construction proceeds using the percentage of completion method as described in "— Significant Accounting Policies — Revenue Recognition". For the three months ended 31 March 2006, three fully-constructed Banyan Tree two-bedroom Pool Villas and one fully-constructed Allamanda Condominium unit were sold and revenue from these sales were fully recognised during the period. In addition, two partially-constructed Banyan Tree DoublePool Villas were sold and approximately 55 per cent. of sales from these properties were recognised as revenue for the three months ended 31 March 2006, and 16 partially-constructed Laguna Townhomes were sold and approximately 35 per cent. of sales from these properties were recognised as revenue for the three months ended 31 March 2006. In the three months ended 31 March 2005, we sold three Allamanda units and recognised the construction in progress during this period of 24 townhomes at a percentage equal to approximately 14 per cent. of the respective sales value.

Design Fees and Others

Revenue from design fees and others increased by 78.3 per cent. from S$2.3 million for the three months ended 31 March 2005 to S$4.1 million for the three months ended 31 March 2006. This increase was mainly due to increased design fees of S$0.7 million, due primarily to the commencement of billing of professional fees arising out of the addition of 13 new Beachfront Pool Villas at Banyan Tree Seychelles pursuant to phase three of the expansion project, an increase in office rental income amounting to S$0.6 million following the acquisition of Thai Wah Plaza in early March 2005, and higher revenue of S$0.4 million from golf operations due to higher hotel occupancies.

Other Operating Income

Other operating income increased by 20.0 per cent. from S$0.5 million for the three months ended 31 March 2005 to S$0.6 million for the three months ended 31 March 2006. This increase was primarily due to compensation received from contractors pursuant to the terms of the relevant contracts as a result of delays in construction with respect to our properties in Phuket.

Costs and Expenses

Total costs and expenses increased by 42.3 per cent. from S$37.8 million for the three months ended 31 March 2005 to S$53.8 million for the three months ended 31 March 2006. This increase was due to increases in all principal cost and expense items, primarily an increase in operating supplies expenses, other operating expenses and salaries and related expenses.

Operating Supplies

Operating supplies expenses increased by 172.3 per cent. from S$4.7 million for the three months ended 31 March 2005 to S$12.8 million for the three months ended 31 March 2006. This increase was mainly due to a S$4.2 million increase in cost of properties sold as a result of a corresponding increase in property sales revenue and a S$1.9 million increase in cost of supplies for Banyan Tree Bangkok and Velavaru Island Resort following their acquisition in March 2005 and July 2005 respectively. In addition, there was a S$1.0 million increase in the cost of supplies at the hotels and resorts in which we have an ownership interest as a result of higher average occupancies in our resorts in Phuket and the Maldives, and a S$0.6 million increase in supplies for our galleries as a result of a corresponding increase in gallery sales revenue.

Salaries and Related Expenses

Salaries and related expenses increased by 21.4 per cent. from S$14.0 million for the three months ended 31 March 2005 to S$17.0 million for the three months ended 31 March 2006. This was mainly due to an increase in headcount as a result of the acquisition of Thai Wah Plaza, Banyan Tree Bangkok and Velavaru Island Resort in March 2005, March 2005 and July 2005, respectively, which consequently increased the salary and related benefits costs by S$1.3 million. There was also an increase in headcount for new spa operations in Egypt and new hotel operations in Banyan Tree Ringha, both of which only commenced operations towards the end of 2005. In addition, there was also an increase in headcount at our head office, which was predominantly in the architectural, design and project management division and the property sales division to support the increased level of activity in these segments. Annual wage increases and related benefits were also higher for the three months ended 31 March 2006, compared to the corresponding period in 2005.

Administrative Expenses

Administrative expenses decreased by 2.1 per cent. from S$4.7 million for the three months ended 31 March 2005 to S$4.6 million for the three months ended 31 March 2006. This decrease was due to exchange gains of S$2.9 million for the three months ended 31 March 2006, as compared to an exchange loss of S$0.5 million for the three months ended 31 March 2005. The decrease was partially offset by an increase in rental expenses as a result of rentals paid to Sheraton Island Villa and Banyan Tree Phuket unit owners and an increase in management fees paid to Sheraton Grande Laguna Phuket and Dusit Laguna due to improved performances at these resorts, amounting to an aggregate expense of S$2.1 million, and increased administrative expenses at Thai Wah Plaza, Banyan Tree Bangkok and Velavaru Island Resort following their acquisition in March 2005, March 2005 and July 2005 respectively, amounting to an aggregate expense of S$1.4 million.

Sales and Marketing Expenses

Sales and marketing expenses increased by 25.0 per cent. from S$2.4 million for the three months ended 31 March 2005 to S$3.0 million for the three months ended 31 March 2006. This increase was mainly due to additional sales and marketing expenses at Banyan Tree Bangkok and Velavaru Island Resort which we acquired in March 2005 and July 2005 respectively, and at Banyan Tree Ringha which we started operations in September 2005, and an increase in sales and marketing expenditure at our hotels in Phuket due to a recovery from the 2004 tsunami towards the end of 2005.

Depreciation of Property, Plant and Equipment

Depreciation of property, plant and equipment increased by 20.0 per cent. from S$4.5 million for the three months ended 31 March 2005 to S$5.4 million for the three months ended 31 March 2006 due mainly to the addition of depreciation of Banyan Tree Bangkok and Thai Wah Plaza which amounted to an aggregate of S$0.6 million, and depreciation of Banyan Tree Ringha which amounted to S$0.2 million.

Other Operating Expenses

Other operating expenses increased by 46.7 per cent. from S$7.5 million for the three months ended 31 March 2005 to S$11.0 million for the three months ended 31 March 2006. This increase was primarily due to the inclusion of other operating expenses from Banyan Tree Bangkok, Thai Wah Plaza, Velavaru Island Resort and Banyan Tree Ringha amounting to an aggregate of S$2.0 million and an increase in expenses related to an increase in average occupancies for our hotels in Phuket and the Maldives, such as reservation expenses, laundry, guest supplies expenses, fuel expenses and higher repair and maintenance expenses.

Profit from Continuing Operations

Profit from continuing operations increased significantly from a loss of S$2.4 million for the three months ended 31 March 2005 to a profit of S$27.5 million for the three months ended 31 March 2006. This increase was primarily due to a recovery from the 2004 tsunami towards the end of 2005, which improved operating profit from our core business segments for the three months ended 31 March 2006. The operating profit from our hotel investment segment increased significantly from a loss of S$2.0 million for the three months ended 31 March 2005, to a profit of S$17.4 million for the three months ended 31 March 2006. This increase was due to our Phuket and the Maldives resorts recovering from the effects of the 2004 tsunami, and the addition of revenues from Banyan Tree Bangkok, which was acquired in early March 2005, for the full three months ended 31 March 2006.

Operating profit from our hotel management segment decreased by 100 per cent. from an operating profit of S$0.6 million for the three months ended 31 March 2005 to no operating profit for the three months ended 31 March 2006. This decrease was mainly due to the elimination on consolidation of the management fees received from Banyan Tree Bangkok after we acquired the hotel in early March 2005.

The operating profit from spa operations increased significantly from a loss of S$0.2 million for the three months ended 31 March 2005, to a profit of S$1.7 million for the three months ended 31 March 2006. This increase was primarily due to a recovery from operating losses from our spas in Thailand, as a result of the lower average occupancies at our resorts in the three months ended 31 March 2005. In addition, the newly-opened spas in Malaysia, Dubai, and South Africa, also saw operating losses in the three months ended 31 March 2005. These spas, with the exception of Dubai, have slowly improved their operating performances in their respective markets, resulting in operating profits for the three months ended 31 March of 2006. Operating profit from our gallery operations increased significantly from a loss of S$0.4 million for the three months ended 31 March 2005 to a profit of S$0.2 million for the three months ended 31 March 2006.

The operating profit from property sales increased significantly from S$1.2 million for the three months ended 31 March 2005, to S$8.8 million for the three months ended 31 March 2006. This increase was principally due to the Phuket property market gaining momentum, an increase in the number of properties sold and an increase in sales and construction activity for the three months ended 31 March 2006, following the recovery from the 2004 tsunami.

Finance Income

Finance income increased by 33.3 per cent. from S$0.3 million for the three months ended 31 March 2005 to S$0.4 million for the three months ended 31 March 2006. This increase was mainly due to an increase in interest received by LRH as a result of a higher average balance of interest-bearing assets in the three months ended 31 March 2006 compared to the same period in 2005. This increase in interest received was primarily due to the introduction of interest-free packages for our vacation ownership products which were introduced in the three months ended 31 March 2005 to stimulate demand after the 2004 tsunami, while we did not offer interest-free packages for the three months ended 31 March 2006.

Finance Costs

Finance costs increased by 137.5 per cent. from S$1.6 million for the three months ended 31 March 2005 to S$3.8 million for the three months ended 31 March 2006. This increase was mainly due to an increase in loan balances outstanding as a result of loans taken out to fund the acquisition of Thai Wah Plaza and Velavaru Island Resort, the construction of Banyan Tree Ringha and Banyan Tree Lijiang, and the construction projects in Laguna Phuket. In addition, we also consolidated Thai Wah Plaza's bank loan after we acquired Thai Wah Plaza in March 2005. The average interest rate also increased from 3.8 per cent. for the three months ended 31 March 2005 to 5.2 per cent. for the three months ended 31 March 2006.

Share of Results of Associated Companies

Share of results of associated companies decreased by 25.0 per cent. from S$0.4 million for the three months ended 31 March 2005 to S$0.3 million for the three months ended 31 March 2006 due to lower profits generated from our 30.0 per cent investment interest in Banyan Tree Seychelles Holdings Limited (which holds Banyan Tree Seychelles). Profit from Banyan Tree Seychelles Holdings Limited decreased by 23.1 per cent. from S$1.3 million for the three months ended 31 March 2005 to S$1.0 million for the three months ended 31 March 2006.

Profit from Continuing Operations before Taxation

As a result of the foregoing, profit from continuing operations before taxation improved from a loss of S$3.3 million for the three months ended 31 March 2005 to a profit of S$24.4 million for the three months ended 31 March 2006.

Taxation

Taxation expense increased significantly from a tax credit of S$0.2 million for the three months ended 31 March 2005, to an expense of S$6.9 million for the three months ended 31 March 2006. This change was mainly due to the increase in operating profit for the three months ended 31 March 2006 as compared to the three months ended 31 March 2005.

Profit from Continuing Operations after Taxation

As a result of the foregoing, we incurred a loss from operating activities after taxation of S$3.1 million for the three months ended 31 March 2005, compared to a profit from continuing operations after taxation of S$17.5 million for the three months ended 31 March 2006.

EBITDA

EBITDA increased significantly from S$2.6 million for the three months ended 31 March 2005 to S$33.9 million for the three months ended 31 March 2006.

EBITDA increased significantly from S$2.6 million for the three months ended 31 March 2005 on an actual basis to S$34.0 million for the three months ended 31 March 2006 on a pro forma basis.

YEAR ENDED 31 DECEMBER 2005 COMPARED TO YEAR ENDED 31 DECEMBER 2004

Revenue

Revenue decreased by 14.6 per cent. from S$218.8 million in 2004 to S$186.9 million in 2005. The decrease was largely due to lower revenues from our hotel investment segment, our property sales segment and hotel management segment. These decreases in revenue were partially offset by higher revenue from our design fees and others segment.

Revenue decreased by 12.5 per cent. from S$218.8 million in 2004 on an actual basis, to S$191.5 million in 2005 on a pro forma basis. The decrease was due to the factors mentioned above, partially offset by the consolidation of an additional two months' revenue of Thai Wah Plaza of S$5.3 million.

Hotel Investment

Hotel investment revenue decreased by 16.7 per cent. from S$133.9 million in 2004 to S$111.6 million in 2005. The decrease was due to lower average occupancies and average room rates, as a consequence of the 2004 tsunami, at our resorts in Phuket and the Maldives. Hotel investment revenue from our resorts in Phuket and the Maldives decreased by S$42.2 million (40.1 per cent.) and S$4.5 million (15.7 per cent.), respectively. These resorts experienced a significant number of cancellations immediately after the 2004 tsunami, and average occupancy declined significantly in the first half of 2005. With respect to our resort in Phuket, Banyan Tree Phuket's REVPAR decreased from S$542.60 in 2004 to S$311.20 in 2005, Dusit Laguna's REVPAR decreased from S$126.60 in 2004 to S$74.40 in 2005, Laguna Beach Resorts' REVPAR decreased from S$126.10 in 2004 to S$69.10 in 2005 and Sheraton Grande Laguna Phuket's REVPAR decreased from S$162.50 in 2004 to S$81.90 in 2005. With respect to our resorts in Maldives, Banyan Tree Maldives Vabbinfaru's REVPAR decreased from S$550.80 in 2004 to S$488.50 in 2005 and Angsana Resort and Spa Maldives Ihuru's REVPAR decreased from S$403.20 in 2004 to S$348.80 in 2005. For our resorts in Phuket, average occupancy and average room rates began to improve in the second half of 2005 but did not fully recover to the levels experienced at the end of 2004, with REVPAR recovering slightly in the three months ended 31 December 2005 compared to the three months ended 31 December 2004.

These decreases in hotel investment revenue were partially offset by S$21.3 million in revenue we received from Banyan Tree Bangkok as a result of acquiring the hotel in March 2005, and S$3.0 million in revenue we received as a result of our acquisition of Velavaru Island Resort in August 2005. In addition, Banyan Tree Ringha contributed S$0.4 million in revenue following its launch in September 2005.

Hotel investment revenue decreased by 13.4 per cent. from S$133.9 million in 2004 on an actual basis to S$115.9 million in 2005 on a pro forma basis. The decrease was due to the factors mentioned above, partially offset by the consolidation of an additional two months' revenue of Banyan Tree Bangkok of S$4.4 million.

Hotel Management

Hotel management revenue decreased by 26.7 per cent. from S$9.0 million in 2004 to S$6.6 million in 2005. S$2.3 million of this decrease was due to the elimination on consolidation of management fees received from Banyan Tree Bangkok after we acquired the hotel in March 2005. In addition, we received lower management fees from The Allamanda, due to the negative effects of the 2004 tsunami, and Maison Souvannaphoum, amounting to an aggregate decrease of S$0.6 million. The overall decrease was partially offset by a S$0.6 million increase in total revenue from Banyan Tree Seychelles, Angsana Bangalore and Angsana Great Barrier Reef.

S$6.7 million of hotel management fees were eliminated as a result of consolidation of resorts in which we have a majority interest in 2004, compared to the S$7.7 million that was eliminated in 2005.

Hotel management revenue decreased by 32.2 per cent. from S$9.0 million in 2004 on an actual basis to S$6.1 million in 2005 on a pro forma basis. The decrease was due to the factors mentioned above, and the elimination on consolidation of an additional two months' management fees received from Banyan Tree Bangkok amounting to S$0.5 million.

Spa Operations

Spa operations revenue increased by 1.8 per cent. from S$16.8 million in 2004 to S$17.1 million in 2005. The increase was mainly due to S$2.4 million in revenue we received from new spas in Dubai, Egypt, Malaysia, Japan, South Africa and at the Velavaru Island Resort. In addition, higher revenue of S$1.2 million was received from our existing Angsana Spa in Sydney and Banyan Tree spas in Guam and Shanghai. The increased revenue was, however, significantly offset by a S$3.1 million decrease in revenue from spas in Phuket and the Maldives as a result of lower hotel average occupancies due to the 2004 tsunami and a S$0.3 million decrease in revenue from Banyan Tree Bangkok as a result of a reduction in spa rooms available due to closure of spa rooms for renovations. The increase in revenue from spa operations was attributable to a 4 per cent. increase in the average rates for spa services.

Gallery Sales

Gallery sales revenue decreased by 12.8 per cent. from S$7.8 million in 2004 to S$6.8 million in 2005. This decrease was due to lower average occupancies at our resorts in Phuket and the Maldives. This decrease was partially offset by S$0.3 million we received from six new galleries which opened in 2005.

Property Sales

Property sales revenue decreased by 29.7 per cent. from S$44.1 million in 2004 to S$31.0 million in 2005. 2004 was a particularly strong year for our property sales business. We sold 29 Laguna Townhomes and 12 Laguna Residences in 2004, compared to 16 Laguna Townhomes and two Laguna Residences in 2005. We also sold 11 Banyan Tree two-bedroom Pool Villas and 11 Allamanda Condominiums in 2005. We classify a property as being sold when a reservation form is signed and the deposit is paid. Revenue from the sale of property is only recognised, however, as construction proceeds using the percentage of completion method as described in "— Significant Accounting Policies — Revenue Recognition". Due to our revenue recognition policies, delays in obtaining required permits, and an aggregate of three months of further delays in construction of the 18 Laguna Townhomes and Laguna Residences that we sold in 2005, resulted in us recognising limited revenues for the properties we sold. The main components of our property sales revenue in 2005 came from the recognition of our sale of 10 Banyan Tree two-bedroom Pool Villas, the completion of the remaining 42.0 per cent. of the 24 Laguna Townhomes that were partially completed as at 31 December 2004, and the recognition of our sale of 12 Allamanda Condominiums.

Design Fees and Others

Revenue from design fees and others increased by 91.7 per cent. from S$7.2 million in 2004 to S$13.8 million in 2005. The increase was mainly due to higher design fees of S$6.5 million in 2005 compared to S$3.6 million in 2004, from development projects in Barbados, Bahrain, Thailand, the United Kingdom, Greece, United Arab Emirates and the PRC. In addition, we received higher office rental income amounting to S$3.9 million following the acquisition of Thai Wah Plaza in March 2005.

Other revenue increased by 102.8 per cent. from S$7.2 million in 2004 on an actual basis to S$14.6 million in 2005 on a pro forma basis. The increase was due to the factors mentioned above, and the consolidation of an additional two months' office rental income of Thai Wah Plaza amounting to S$0.7 million.

Other Operating Income

Other operating income decreased by 70.7 per cent. from S$5.8 million in 2004 to S$1.7 million in 2005. The decrease was mainly due to our S$1.7 million amortisation of negative goodwill in 2004. Beginning in 2005, as a result of a change in SFRS, negative goodwill is not allowed to be amortised. In addition, in 2004 we incurred a one-off reversal of provision for losses of investment in Tropical Resorts Limited amounting to S$1.7 million and a write-back of S$0.4 million for the excess provision of excise taxes.

Other operating income increased by 89.7 per cent. from S$5.8 million in 2004 on an actual basis to S$11.0 million in 2005 on a pro forma basis. This increase was due to the factors mentioned above, and the consolidation of an additional two months' other operating income of Thai Wah Plaza amounting to S$9.3 million. This amount comprised mainly a write-back of finance cost and other accruals of S$7.0 million and a write-back of previous land devaluation of S$1.7 million. The write-back of finance cost and other accruals primarily comprised finance costs from Thai Wah Plaza's loans that were waived by the creditors after we acquired Thai Wah Plaza and repaid the relevant loans.

Costs and Expenses

Total costs and expenses increased by 9.9 per cent. from S$160.8 million in 2004 to S$176.7 million in 2005. This increase was mainly due to a S$10.7 million increase in salaries and related expenses, a S$2.6 million increase in administrative expenses, a S$1.8 million increase in sales and marketing expenses and a S$4.4 million increase in depreciation. These increases were partially offset by a S$5.2 million decrease in operating supplies expenses.

Total costs and expenses increased by 12.1 per cent. from S$160.8 million in 2004 on an actual basis to S$180.2 million in 2005 on a pro forma basis. This increase was due to the factors mentioned above, and the consolidation of an additional two months' expenses of Thai Wah Plaza amounting to S$4.6 million partially offset by a write-back of royalty expenses on Banyan Tree, Angsana and Allamanda trademarks of S$0.4 million.

Operating Supplies

Operating supplies expenses decreased by 15.2 per cent. from S$34.1 million in 2004 to S$28.9 million in 2005. This decrease was mainly due to a S$3.9 million decrease in the cost of supplies at the hotels and resorts in which we have an ownership interest as a result of lower average occupancies in Phuket and the Maldives and a S$3.7 million decrease in cost of property sold as a result of a corresponding decrease in property sales revenue. There was also a S$0.7 million decrease in supplies for our galleries as a result of a corresponding decrease in gallery sales revenue and a S$0.6 million decrease in cost of vacation ownership properties as a result of a decrease in revenue from our vacation ownership properties. These decreases were partially offset by a S$3.7 million increase in the cost of supplies for Banyan Tree Bangkok and Velavaru Island Resort following their acquisition in March 2005 and July 2005, respectively.

Operating supplies expenses decreased by 12.9 per cent. from S$34.1 million in 2004 on an actual basis to S$29.7 million in 2005 on a pro forma basis. This decrease was due to the factors mentioned above, and the consolidation of an additional two months' operating supplies expenses of Banyan Tree Bangkok of S$0.7 million.

Salaries and Related Expenses

Salaries and related expenses increased by 22.1 per cent. from S$48.4 million in 2004 to S$59.1 million in 2005. This increase was mainly due to annual wage and related benefits increases at the start of 2005. In addition, we increased the headcount in our head office, our design division and our property sales segment to support an increased level of activity and expected future projects. Headcount in our spa operations division also increased as a result of new spa openings in United Arab Emirates, Egypt, Malaysia, Japan and South Africa. The acquisition of Thai Wah Plaza and Banyan Tree Bangkok also increased salary and related benefits costs by S$4.8 million.

Salaries and related expenses increased by 24.0 per cent. from S$48.4 million in 2004 on an actual basis to S$60.0 million in 2005 on a pro forma basis. This increase was due to the factors mentioned above, and the consolidation of two months' salaries and related expenses of Thai Wah Plaza of S$0.9 million.

Administrative Expenses

Administrative expenses increased by 11.4 per cent. from S$22.9 million in 2004 to S$25.5 million in 2005. This increase was mainly due to S$2.1 million of additional administrative expenses in 2005 relating to the acquisition of Thai Wah Plaza and Banyan Tree Bangkok, and S$2.0 million of expenses relating to the acquisition and operation of Velavaru Island Resort and Banyan Tree Ringha in 2005. We also incurred S$1.2 million of expenses for legal and professional fees in 2005 relating to various matters including the acquisition of Thai Wah Plaza, insurance claims relating to property damage and business interruption caused by the 2004 tsunami and due diligence investigations relating to potential acquisitions of hotels. In addition, we incurred S$1.0 million of administrative expenses in 2005 relating to the opening of several new spas. These increases were partially offset by a S$1.4 million decrease in rental expenses paid to Sheraton Island Villa unit owners due to a weaker performance at the resort, a S$1.4 million decrease in provisions for bad debts and a S$1.3 million decrease in management fees paid to Dusit Laguna and Sheraton Grande Laguna Phuket in connection with a corresponding decrease in resort revenues and gross operating profit.

Administrative expenses increased by 6.6 per cent. from S$22.9 million in 2004 on an actual basis to S$24.4 million in 2005 on a pro forma basis. This increase was due to the factors mentioned above, as well as a write-back of royalty expenses on Banyan Tree, Angsana and The Allamanda trademarks of S$0.4 million and the elimination on consolidation of management fees paid by Thai Wah Plaza of S$0.5 million in 2005.

Sales and Marketing Expenses

Sales and marketing expenses increased by 22.2 per cent. from S$8.1 million in 2004 to S$9.9 million in 2005. This increase was due to an increase of S$1.2 million of sales and marketing expenses for Banyan Tree Bangkok and Thai Wah Plaza, an increase of S$0.3 million of new sales and marketing expenses incurred by Banyan Tree Ringha and Velavaru Island Resort and an increase of S$0.3 million in expenses to stimulate business after the impact of the 2004 tsunami.

Sales and marketing expenses increased by 25.9 per cent. from S$8.1 million in 2004 on an actual basis to S$10.2 million in 2005 on a pro forma basis. This increase was due to the factors mentioned above and the consolidation of an additional two months' sales and marketing expenses of Thai Wah Plaza of S$0.3 million.

Depreciation of Property, Plant and Equipment

Depreciation of property, plant and equipment increased by 28.4 per cent. from S$15.5 million in 2004 to S$19.9 million in 2005, mainly due to S$4.2 million of depreciation of Banyan Tree Bangkok, Thai Wah Plaza and Banyan Tree Ringha.

Depreciation of property, plant and equipment increased by 34.2 per cent. from S$15.5 million in 2004 on an actual basis to S$20.8 million in 2005 on a pro forma basis. This increase was due to the factors mentioned above and the consolidation of an additional two months' depreciation expenses of Thai Wah Plaza of S$0.9 million.

Other Operating Expenses

Other operating expenses increased by 5.0 per cent. from S$31.8 million in 2004 to S$33.4 million in 2005. The increase was mainly due to S$7.0 million of costs to operate Banyan Tree Bangkok, Thai Wah Plaza, Velavaru Island Resort and Banyan Tree Ringha. We also incurred S$1.0 million of expenses operating several new spas in 2005. These increases were primarily offset by decreases in operating costs at our resorts in Laguna Phuket, such as travel agent commissions, guest supplies, laundry and valet and cleaning supplies, due to lower average occupancies at these resorts, as well as various cost-cutting measures put in place by the resorts to reduce fixed and variable costs such as music and entertainment. In addition, in 2004, we made a S$1.7 million provision for the impairment of fixed assets as a result of the 2004 tsunami. However, in 2005, S$1.3 million of this amount was reversed as a result of our assessment of the actual damage to our fixed assets.

Other operating expenses increased by 10.7 per cent. from S$31.8 million in 2004 on an actual basis to S$35.2 million in 2005 on a pro forma basis. This increase was due to the factors mentioned above and the consolidation of an additional two months' other operating expenses of Thai Wah Plaza of S$1.8 million.

Profit from Continuing Operations

Profit from continuing operations decreased by 81.3 per cent. from S$63.8 million in 2004 to S$11.9 million in 2005. This decrease was mainly due to the effects of the 2004 tsunami which negatively impacted most of our core business segments. The operating profit of our hotel investment segment decreased by 93.4 per cent. from S$35.1 million in 2004 to S$2.3 million in 2005. Of this decrease, the operating profit of our resorts in Laguna Phuket decreased significantly from an operating profit of S$24.8 million in 2004 to an operating loss of S$5.1 million in 2005. This operating loss was partially offset by an operating profit of S$1.7 million at Banyan Tree Bangkok. The operating profit of our two resorts in Maldives also decreased by 37.6 per cent. from S$10.9 million in 2004 to S$6.8 million in 2005.

The operating profit of our hotel management segment also decreased by 86.8 per cent. from S$3.8 million in 2004 to S$0.5 million in 2005. This decrease was mainly attributable to the elimination on consolidation of Banyan Tree Bangkok management fees due to our acquisition of the hotel in early March 2005, and lower management fees from The Allamanda as a result of the 2004 tsunami. Operating profit from our spa operations decreased by 75.4 per cent. from S$6.1 million to S$1.5 million. This decrease was mainly due to losses incurred by new spas that were opened during the year, and lower revenue generated from spas in Laguna Phuket as a result of the 2004 tsunami. Operating profit from our property sales segment decreased by 40.8 per cent. from S$18.4 million in 2004 to S$10.9 million in 2005, mainly due to lower revenue. In addition, in 2004, we generated S$1.7 million of income from the amortisation of negative goodwill, which did not recur in 2005 due to a change in accounting standards.

Profit from continuing operations decreased by 65.0 per cent. from S$63.8 million in 2004 on an actual basis to S$22.3 million in 2005 on a pro forma basis. This decrease was mainly due to the factors mentioned above, partially offset by the consolidation of an additional two months' operating profits of Thai Wah Plaza amounting to S$10.1 million.

Finance Income

Finance income decreased from S$1.2 million in 2004 to S$0.8 million in 2005 mainly due to the conversion of certain of our working capital accounts from higher-yielding New Zealand dollar accounts to lower-yielding Singapore dollar accounts.

Finance Costs

Finance costs increased significantly from S$4.5 million in 2004 to S$9.8 million in 2005. This increase was mainly due to new loans we entered into in order to fund the acquisition of Thai Wah Plaza and Velavaru Island Resort, and other hotel expansion projects undertaken in 2005. In addition, we consolidated a bank loan of Thai Wah Plaza of S$43 million in connection with our acquisition of the company. Our average interest rate also increased from 3.7 per cent. in 2004 to 4.3 per cent. in 2005, primarily due to the bank loan we consolidated from Thai Wah Plaza.

Finance costs increased from S$4.5 million in 2004 on an actual basis to S$12.5 million in 2005 on a pro forma basis. This increase was mainly due to the factors mentioned above and the consolidation of an additional two months' finance cost of Thai Wah Plaza of S$2.8 million.

Share of Results of Associated Companies

Share of results of associated company increased by 50.0 per cent. from S$0.4 million in 2004 to S$0.6 million in 2005. This increase was primarily due to higher profits generated from our 30 per cent. investment interest in Banyan Tree Seychelles Holdings Limited (which holds Banyan Tree Seychelles). Profit from Banyan Tree Seychelles Holdings Limited increased from S$1.5 million in 2004 to S$2.0 million in 2005.

Share of Results of Joint Venture Companies

Share of results of joint venture companies decreased significantly from a loss of S$4,000 in 2004 to a loss of S$35,000 in 2005. The decrease was primarily due to our 50.0 per cent. investment interest in Seytropical Resorts Holdings Limited, which made a higher loss due to higher bank charges and administrative expenses it incurred in 2005.

Profit from Continuing Operations before Taxation

As a result of the foregoing, profit from continuing operations before taxation decreased by 94.3 per cent. from S$60.9 million in 2004 to S$3.5 million in 2005.

As a result of the foregoing, on a pro forma basis, profit from continuing operations before taxation decreased by 81.8 per cent. from S$60.9 million in 2004 to S$11.1 million in 2005.

Taxation

Taxation decreased by 69.3 per cent. from S$11.4 million in 2004 to S$3.5 million in 2005. This decrease was mainly due to lower operating profit in 2005. Our effective tax rate was 100.7 per cent. in 2005 compared to 18.8 per cent. in 2004 mainly due to tax losses suffered in 2005 by LRH, Maldives Bay Pvt Ltd (which owns Velavaru Island Resort), Banyan Tree Spa Thailand Ltd and our newly incorporated spa companies. We were unable to use these tax losses to offset profit before taxation of our profitable subsidiaries, which caused an unusually high effective tax rate in 2005.

Profit from Continuing Operations after Taxation

As a result of the foregoing, we incurred a loss from operating activities after taxation of S$23,000 in 2005 as compared to a profit from continuing operations after taxation of S$49.5 million in 2004.

As a result of the foregoing, on a pro forma basis, we achieved a profit from continuing operations after taxation of S$7.6 million in 2005 compared to S$49.5 million in 2004.

EBITDA

EBITDA decreased by 56.5 per cent. from S$79.7 million in 2004 to S$34.7 million in 2005.

EBITDA decreased by 42.3 per cent. from S$79.7 million in 2004 on an actual basis to S$46.0 million in 2005 on a pro forma basis.

YEAR ENDED 31 DECEMBER 2004 COMPARED TO YEAR ENDED 31 DECEMBER 2003

Revenue

Revenue increased significantly from S$154.2 million in 2003 to S$218.8 million in 2004. This increase was mainly due to the consolidation of the LRH results for the full year in 2004 as compared to only nine months in 2003. The three months revenue of LRH in 2003 which was not consolidated amounted to S$36.8 million. Apart from this, revenue from hotel investment, hotel management, spa operations and property sales also increased by an aggregate amount of S$26.1 million from 2003 to 2004.

Hotel Investment

Hotel investment revenue increased significantly by 62.7 per cent. from S$82.3 million in 2003 to S$133.9 million in 2004. This increase was mainly due to the consolidation of the LRH results for the full year in 2004 as compared to only nine months in 2003. The hotel investment revenue of LRH for the three months ended March 31, 2003, which was not consolidated, amounted to S$31.0 million. In addition, in 2004, hotel investment revenue increased by S$13.8 million from the four resorts we owned through LRH (namely Banyan Tree Phuket, Dusit Laguna Resort Hotel, Laguna Beach Resort and Sheraton Grande Laguna Phuket) and S$6.8 million from our ownership interests in Banyan Tree Maldives and Angsana Maldives. In 2003, the uncertainty surrounding the Iraq war caused a reduction in travel during the traditional high season for European travellers, which resulted in a lower than expected performance during the three months ended 31 March 2003. In addition, the impact of the SARS virus on the second quarter performance of 2003 was significant as travel to and within South East Asia was severely affected.

Hotel Management

Hotel management revenue increased by 32.4 per cent. from S$6.8 million in 2003 to S$9.0 million in 2004. The increase was due to higher management and incentive fees received from Banyan Tree Bintan and Angsana Bintan, Banyan Tree Bangkok and The Allamanda compared to 2003, which was affected by the negative effects of SARS. In addition, we received higher revenue from Banyan Tree Seychelles due to an increase in the number of villas from 37 in 2003 to 47 in 2004.

Spa Operations

Spa operations revenue increased by 17.5 per cent. from S$14.3 million in 2003 to S$16.8 million in 2004. With the exception of Banyan Tree Spa in Phuket, overall revenue from our spas in Thailand was higher because of higher hotel occupancies. Revenue from our Banyan Tree Spa in Phuket was lower due to the initial resistance to higher prices following the implementation of excise taxes which resulted in customers switching to the lower rates at Angsana Spas. We also received higher revenue from our spas in Indonesia, Maldives and Seychelles because of higher hotel occupancies. Higher revenue was also recorded by Banyan Tree Spa Shanghai, Angsana Spa Double Bay Sydney and Angsana Spa Guam, all of which were in their second year of operations. In addition, the opening of three new spas, Angsana Spa Mawan in Hong Kong, Banyan Tree Spa Seagaia in Japan and Angsana Deer Park in Sri Lanka also contributed to the increase in revenue.

Gallery Sales

Gallery sales revenue increased by 23.8 per cent. from S$6.3 million in 2003 to S$7.8 million in 2004. This increase was mainly due to the consolidation of the LRH results for the full year in 2004 as compared to only nine months in 2003. LRH's revenue from gallery sales for the three months ended March 31, 2003, which was not consolidated, was S$1.8 million. In 2003, our Thailand operations were adversely affected by the Iraq war and SARS, which we recovered from in 2004. The increase was partially offset by intercompany sales which were eliminated on consolidation in 2004, but were included in 2003.

Property Sales

Property sales revenue increased by 12.2 per cent. from S$39.3 million in 2003 to S$44.1 million in 2004. This was mainly due to the consolidation of the LRH results for the full year in 2004 as compared to only nine months in 2003.

The revenue from the property sales division increased by S$21.7 million due to an increased number of houses sold and built in 2004 as a result of Phuket's strong property market, and favorable responses to our "Residence" and "Townhome" products. 19 Laguna Residences were sold and substantially constructed during the year and 24 Laguna Townhomes were sold and 58.0 per cent. completed by 31 December 2004. The remainder of the revenue primarily related to the completion of Laguna Residences and Laguna Townhomes which were partially constructed as at 31 December 2003 and completed in the first half of 2004.

In 2004, other than the property sales division, revenue from the Laguna Holiday Club increased by S$3.5 million from 2003. The increase was largely due to Laguna Holiday Club's Phuket sales office having strong sales which were 21.2 per cent. higher than in 2003, in line with the improved performance of the resorts. The Bangkok office continued to perform well with a 5.4 per cent. increase over what was a strong performance in 2003.

However, the increase was partially offset by the sale of two properties in New Zealand in 2003 which accounted for S$20.4 million which did not recur in 2004.

Design Fees and Others

Other revenue increased by 38.5 per cent. from S$5.2 million in 2003 to S$7.2 million in 2004. The increase was mainly due to higher design fees of S$3.6 million in 2004 compared to S$1.7 million in 2003, and from our development projects in Hua Hin, Thailand and Punta Diamante, Mexico.

Other Operating Income

Other operating income increased by 132.0 per cent. from S$2.5 million in 2003 to S$5.8 million in 2004. The increase was mainly due to the reversal of provision for loss on investment of S$1.7 million, dividends of S$0.5 million received from TRL Investments Ltd. and income of S$0.4 million received from sale of spa products to new projects in Laos, Ireland and Japan and reversal of overprovision of excise tax of S$0.4 million.

Cost and Expenses

Total costs and expenses increased by 39.6 per cent. from S$115.2 million in 2003 to S$160.8 million in 2004. This increase was mainly due to a S$13.8 million increase in operating supplies expenses, a S$12.8 million increase in salaries and related expenses, a S$7.7 million increase in administrative expenses, a S$5.5 million increase in other operating expenses, a S$3.3 million increase in depreciation of property, plant and equipment and a S$2.5 million increase in sales and marketing expenses.

Operating Supplies

Operating supplies expenses increased by 68.0 per cent. from S$20.3 million in 2003 to S$34.1 million in 2004. This increase was mainly due to a S$10.8 million increase in cost of property sold by LRH, and the consolidation of the LRH results for the full year in 2004 as compared to only nine months in 2003. LRH's operating supplies expenses for the three months ended March 31, 2003 which were not consolidated in 2003 was S$4.6 million. In addition, we had an increase in cost of supplies of S$0.8 million from the two resorts in the Maldives and S$1.6 million from the resorts in Laguna Phuket due to an increase in hotel revenue. The above increases, however, were partially offset by the S$4.3 million cost of properties sold in New Zealand in 2003, which were non-recurring in 2004.

Salaries and Related Expenses

Salaries and related expenses increased by 36.0 per cent. from S$35.6 million in 2003 to S$48.4 million in 2004. This was partly due to the consolidation of the LRH results for the full year in 2004 as compared to only nine months in 2003. LRH's salaries and related expenses for the three months ended March 31, 2003 which were not consolidated in 2003 was S$6.1 million. In addition, we also increased the headcount in our head office, spa operations segment, design division and property sales segment to support increased activity. Headcount in our hotel investment segment also increased as there was a hiring freeze in 2003 to preserve profitability. Overall headcount increased by 3.6 per cent. from 3,246 in 2003 to 3,362 in 2004. Bonus and incentive payments and staff benefits also increased as a result of the increase in headcount and better performance from all business segments.

Administrative Expenses

Administrative expenses increased by 50.7 per cent. from S$15.2 million in 2003 to S$22.9 million in 2004. This increase was partly due to the consolidation of the LRH results for the full year in 2004 as compared to only nine months in 2003. LRH's administrative expenses for the three months ended March 31, 2003 which were not consolidated in 2003 amounted to S$3.6 million. In addition, in 2004, we made provision for bad debts of S$2.5 million for our technical fees receivable on projects in Hua Hin, Thailand and Morocco and management fees receivable from our spa operations in Taichung. This provision was made in view of the aborted project in Hua Hin and delayed payments from our project in Morocco and from our spa operations in Taichung. We also incurred higher royalty expenses of S$0.4 million in 2004 for the use of the Banyan Tree, Angsana and The Allamanda trademarks due to higher royalty fees taking effect in 2004, as provided in our trademark licence agreements. We also paid higher management fees in 2004 of S$0.5 million to Dusit Laguna and Sheraton Grande Laguna Phuket in connection with a corresponding increase in resort revenues and gross operating profit and higher rental of S$0.6 million to Sheraton Island unit owners due to improved performance at the resorts.

Sales and Marketing Expenses

Sales and marketing expenses increased by 44.6 per cent. from S$5.6 million in 2003 to S$8.1 million in 2004. This increase was partly due to the consolidation of the LRH results for the full year in 2004 as compared to only nine months in 2003. LRH's sales and marketing expenses for the three months ended March 31, 2003 which were not consolidated in 2003 amounted to S$1.2 million. In addition, LRH and the two resorts in Maldives also incurred higher sales and marketing expenses of S$1.4 million due to increased sales and marketing activities, such as printing of promotional materials, travelling and higher fees paid to overseas sales agents.

Depreciation of Property, Plant and Equipment

Depreciation of property, plant and equipment increased by 27.0 per cent. from S$12.2 million in 2003 to S$15.5 million in 2004. This increase was mainly due to the consolidation of the LRH results for the full year in 2004 as compared to only nine months in 2003. LRH's depreciation of property, plant and equipment expenses for the three months ended March 31, 2003 which were not consolidated in 2003 amounted to S$2.9 million. The remaining S$0.3 million increase resulted from higher depreciation incurred by our two resorts in Maldives as a result of upgrading works carried out, full year depreciation incurred by our subsidiary, Beruwela Walk Inn Ltd, which was acquired in October 2003, and depreciation of our new spas in Sri Lanka, United Arab Emirates, Egypt and Malaysia.

Other Operating Expenses

Other operating expenses increased by 20.9 per cent. from S$26.3 million in 2003 to S$31.8 million in 2004. This increase was mainly due to the consolidation of the LRH results for the full year in 2004 as compared to only nine months in 2003. LRH's other operating expenses for the three months ended March 31, 2003 which were not consolidated in 2003 amounted to S$5.4 million. In addition, there was an increase of S$2.1 million in average occupancy-related expenses, such as reservation expenses, laundry, guest supplies expenses, fuel expenses and higher repair and maintenance as a result of the higher average occupancy levels achieved at our resorts. The increase however was partially offset by the S$1.0 million provision of excise tax in 2003 which was non-recurring in 2004 and a S$1.4 million reversal in provisions for impairment of fixed assets.

Profit from Continuing Operations

Profit from continuing operations increased by 53.7 per cent. from S$41.5 million in 2003 to S$63.8 million in 2004. This increase was mainly due to the consolidation of the LRH results for the full year in 2004 as compared to only nine months in 2003 which impacted all of our business segments with the exception of hotel management and spa operation. LRH's operating profit for the three months ended March 31, 2003 which was not consolidated in 2003 amounted to S$12.9 million.

Excluding the impact of LRH's three months unconsolidated operating profit in 2003, operating profit from the hotel investment increased by 24.9 per cent. from S$28.1 million to S$35.1 million due to higher operating profit of S$4.3 million generated by the two Maldives resorts and S$3.4 million generated by the hotels in Laguna Phuket as a result of higher hotel average occupancy. Operating profit from spa operations increased by 19.6 per cent. from S$5.1 million to S$6.1 million and the operating profit from hotel management increased by 81.0 per cent. from S$2.1 million to S$3.8 million. Both segments benefited from higher revenue due to higher hotel occupancies. In addition, operating profit from our design fees and others business segment and other operating income increased by S$4.7 million due to reversal of provisions, lower provisions for the impairment of fixed assets and dividends received. Operating profit from our property sales segment decreased from S$22.5 million in 2003 to S$18.4 million in 2004, due to a non-recurring amount of S$15.9 million arising from the sale of land in New Zealand, which was partially offset by higher profit of S$11.0 million from the sale of properties in Phuket in 2004.

Finance Income

Finance income increased from S$0.7 million in 2003 to S$1.2 million in 2004 mainly due to higher cash balances resulting from proceeds from the sale of two New Zealand properties in 2003 and advance instalment payments from LRH's property sales. The increase, however, was partially offset by lower finance income from a related party, Debenham Ltd, which was disposed of in 2004.

Finance Costs

Finance costs decreased by 36.6 per cent. from S$7.1 million in 2003 to S$4.5 million in 2004. The reduction was mainly due to lower dividends of S$2.4 million declared to the holders of our preference shares in 2004 compared to $4.8 million in 2003. Dividends to preference shareholders are accounted for as a finance cost as the preference shares are treated as debt in our financial statements. In addition, LRH also recorded lower finance cost of S$0.7 million as a result of loan repayments during the year and lower average loan rates. The lower finance cost in 2004 was partially offset by the finance cost of S$0.6 million from LRH for the three months ended 31 March 2003, which was not consolidated in 2003.

Share of Results of Associated Companies

Our share of results of associated companies decreased significantly from S$6.3 million in 2003 to S$0.4 million in 2004. The decrease was mainly due to the consolidation of the LRH results with effect from 1 April 2003. Our share of results of associated company in 2004 relates mainly to our 30 per cent. investment interest in Banyan Tree Seychelles Holdings Limited (which owns Banyan Tree Seychelles). Banyan Tree Seychelles Holdings Limited made a profit of S$1.5 million in 2004 as compared to S$1.0 million in 2003.

Share of Results of Joint Venture Companies

Share of results of joint venture companies decreased from a gain of S$0.02 million in 2003 to a loss of S$4,000 in 2004. In 2003, Seytropical Resorts Limited, in which we have a 50.0 per cent. investment interest, made a profit due to the refund of professional fees in 2003 which was non-recurring in 2004.

Profit from Continuing Operations before Taxation

As a result of the foregoing, profit from continuing operations before taxation increased by 47.1 per cent. from S$41.4 million in 2003 to S$60.9 million in 2004.

Taxation

Taxation increased by 28.1 per cent. from S$8.9 million in 2003 to S$11.4 million in 2004. This was partly due to the consolidation of the LRH results for the full year in 2004 as compared to only nine months in 2003. LRH's taxation for the three months ended March 31, 2003 which was not consolidated in 2003, amounted to S$1.0 million. In addition, higher taxable income from spa operations, hotel management and LRH also increased the taxation by S$1.5 million. LRH's taxation expense would have been higher in 2004 if not for the utilisation of tax losses to offset against profit from property sales.

Profit from Continuing Operations after Taxation

As a result of the foregoing, profit from continuing operations after taxation increased by 52.3 per cent. from S$32.5 million in 2003 to S$49.5 million in 2004.

EBITDA

EBITDA increased by 49.8 per cent. from S$53.2 million in 2003 to S$79.7 million in 2004.

LIQUIDITY AND CAPITAL RESOURCES

Our business has been financed primarily through funds generated by operations, borrowings from shareholders and bank borrowings. Our cash flows are used primarily to pay salaries of our employees and to pay other operating expenses such as sales and marketing expenses, as well as pay for capital expenditure and investments related to the development of new resorts and hotels and expansion of existing resorts and hotels.

We were in a net current liability position as at 31 December 2005. This was mainly due to new loans we entered into in order to fund the acquisition of Thai Wah Plaza and Velavaru Island Resort and other resort and hotel expansion projects undertaken in 2005 as well as lower revenues as a result of the 2004 tsunami. We were in a net current liability position on a pro forma basis as at 31 March 2006 due to our acquisition of the Trademarks.

Cash Flow

As at the Latest Practicable Date, our cash and cash equivalents amounted to approximately S$43.1 million and our material unused sources of liquidity available to us for working capital needs amounted to approximately S$123.0 million.

The following table sets forth certain information about our cash flows during the three years ended 31 December 2003, 2004 and 2005 and for the three months ended 31 March 2005 and 2006:

	Year ended 31 December (audited)			Three months ended 31 March (unaudited)	
	2003	2004	2005	2005	2006
	S$ million	S$ million	S$ million	S$ million	S$ million
Profit before tax	41.4	60.9	3.5	(3.3)	24.4
Net (increase)/decrease from changes in working capital	(0.1)	5.2	(3.6)	(9.3)	(8.0)
Net interest paid/received and tax paid	(14.7)	(12.6)	(13.5)	(1.0)	(2.3)
Other adjustments for non-cash items	(0.4)	19.6	31.1	6.8	8.3
Net cash flow from operating activities and continuing operations	26.2	73.1	17.5	(6.8)	22.4
Net cash flows from/(used in) investing activities	4.6	(12.8)	(89.8)	(5.2)	(17.5)
Net cash flows (used in)/from financing activities	(6.8)	(42.4)	60.9	12.9	2.9
Net increase/(decrease) in cash and cash equivalents	24.0	17.9	(11.4)	0.9	7.8
Net foreign exchange difference	0.0	(0.2)	(1.2)	0.1	0.5
Cash and cash equivalents at beginning of year/period	8.2	32.2	49.9	49.9	37.3
Cash and cash equivalents at end of year/period	32.2	49.9	37.3	50.9	45.6

Three Months Ended 31 March 2006

As at 31 March 2006, we had cash and cash equivalents of S$45.6 million.

We had positive operating cash flow for the three months ended 31 March 2006, amounting to S$22.4 million, mainly due to profit before tax of S$24.4 million adjusted for non-cash items of S$8.3 million, which was comprised mainly of depreciation and amortisation of island rental of S$6.4 million. This amount was partially offset by a decrease in cash generated from working capital changes of S$8.0 million and interest paid of S$2.3 million. The net decrease in cash generated from working capital changes was mainly due to an increase in trade and other receivables amounting to S$6.6 million and an increase in amounts due from related parties amounting to S$2.8 million.

During the three months ended 31 March 2006, net cash flows used in investing activities amounted to S$17.5 million. This amount was mainly due to S$15.0 million spent on construction and renovation of hotels and resorts which included Banyan Tree Lijiang (S$6.7 million), Banyan Tree Phuket (S$4.2 million), and Sheraton Grande Laguna Phuket (S$2.9 million). There was also an aggregate of S$2.4 million in expenditures for renovations for Banyan Tree Maldives and Angsana Maldives, renovations of new spas, and on the purchase of furnishings, fixtures and equipment.

Net cash flows provided by financing activities amounted to S$2.9 million for the three months ended 31 March 2006. This was mainly due to proceeds from long-term loans to fund part of the capital projects mentioned above amounting to S$9.2 million, largely offset by scheduled repayment of long-term loans amounting to S$6.4 million.

Year ended 31 December 2005

As at 31 December 2005, we had cash and cash equivalents of S$37.3 million.

We had positive operating cash flow for the year, mainly due to profit before tax of S$3.5 million adjusted for non-cash items of S$31.1 million, which was comprised mainly of depreciation of S$19.9 million, accrual of finance expenses of S$9.7 million and amortisation of island rental of S$2.9 million. This was partially offset by income tax payments of S$6.9 million, interest payments of S$7.3 million and a net decrease in cash generated from working capital changes of S$3.6 million. The net decrease in cash generated from working capital changes resulted primarily from an increase in trade and other receivables amounting to S$9.6 million, which was partially offset by an increase in trade and other payables of S$6.4 million.

During the year, net cash flows used in investing activities amounted to S$89.8 million. This was due to S$47.9 million used in construction and renovation of hotels and resorts which included Banyan Tree Lijiang (S$13.1 million), Banyan Tree Phuket (S$15.1 million), Banyan Tree Ringha (S$9.3 million), Sheraton Grande Laguna Phuket (S$4.5 million) and Banyan Tree Bangkok (S$3.8 million). There were also S$35.4 million in payments for island rentals for three islands in Maldives. There was also a S$1.4 million expenditure on renovations for Banyan Tree Maldives and Angsana Maldives, S$0.8 million spent on renovations of new spas, and S$1.7 million spent on the purchase of office space at Wayfoong Building in Singapore. In addition, S$4.2 million went to the purchase of furniture, fittings and equipment. The cash used was offset by S$1.2 million of cash inflow after the acquisition of Banyantravel.com Pte Ltd and Thai Wah Plaza.

Net cash flows from financing activities amounted to S$60.9 million. This was mainly due to S$211.0 million funding from banks during the year. This included a drawdown of S$182.0 million of long-term loans, mainly for construction and renovation of hotels, of which S$82.0 million relates to refinancing of existing long-term loans. There was also a drawdown of S$23.0 million of loans used to finance the purchase of Velavaru Island. Cash flows from financing activities were partially set off by repayments S$148.0 million of loans during the year.

Year ended 31 December 2004

As at 31 December 2004, we had cash and cash equivalents of S$49.9 million.

We had a positive operating cash flow for the year due to profit before taxes of S$60.9 million adjusted for the non-cash items of S$19.6 million, primarily relating to depreciation of property, plant and equipment, amortisation of prepaid island rental amounting to S$17.6 million, accrual of finance expenses of S$4.5 million, and a net increase in cash generated from working capital changes of S$5.2 million. The net increase in cash generated from working capital changes resulted primarily from an increase in trade and other payables of S$7.4 million, which was partially offset by an increase in inventories of S$1.0 million.

Our positive operating cash flow was partially offset by income tax payments of S$10.4 million and interest payments of S$3.5 million.

During the year, we had net cash flows of $12.8 million used in investing activities. This was mainly due to capital expenditure of S$18.6 million, comprised primarily of S$3.5 million of small capital payments, S$3.9 million for the refurbishment of the Swanee Hotel, S$2.0 million for the upgrading of Banyan Tree Maldives, S$1.9 million for the building of Banyan Tree DoublePool Villas, S$1.7 million for the purchase of land and the construction of a hotel at Banyan Tree Lijiang, S$1.4 million for the conversion of Banyan Tree Jacuzzi Villas into Banyan Tree Spa Villas and S$1.1 million for the fitting out of the spa at Angsana Spa Kuala

Lumpur, which was offset by the disposal of a subsidiary, Debenham Ltd, for S$7.4 million. There was also a S$1.9 million payment for island rentals for two islands in the Maldives.

The net cash flows used in financing activities amounted to S$42.4 million for the year ended 31 December 2004. It was mainly attributed to the repayment of long term loans amounting to S$22.9 million, of which S$19.7 million was repayment by LRH. In addition, S$19.5 million of cash outflow relates to dividend payments by LRH to its minority shareholders and to shareholders of our Company.

Year ended 31 December 2003

As at 31 December 2003, we had cash and cash equivalents of S$32.2 million.

The increase compared to 31 December 2002 was principally due to the consolidation of LRH with effect from 1 April 2003, which contributed cash and cash equivalents of S$17.7 million at the year end. We had positive operating cash flow for 2003 of S$26.2 million primarily due to profit before taxes of S$41.4 million. Non-cash items had little effect on net cash as depreciation of S$12.2 million, accrual of finance expenses of S$7.1 million and impairment of property, plant and equipment of S$3.1 million were offset by a gain on disposal of property, plant and equipment of S$15.6 million from the sale of our properties in New Zealand and share of results of associated companies of S$6.3 million.

Our positive operating cash flow was partially offset by income tax payments of S$12.6 million, interest payments of S$2.8 million and a net decrease in cash generated from working capital changes of S$0.1 million. The net decrease in cash generated from working capital changes resulted primarily from an increase in trade and other receivables of S$11.2 million, which was largely offset by an increase in trade and other payables of S$10.3 million.

For 2003, we had net cash flows from investing activities of S$4.6 million. This inflow was mainly due to net cash acquired as a result of the consolidation of LRH, amounting to S$15.9 million in cash balances, and our disposal of a parcel of land in New Zealand amounting to S$3.8 million. These inflows were partially offset by S$9.7 million of capital expenditure primarily for purchases of furniture, fittings and equipment and construction and upgrading of offices and staff quarters. In addition, we paid S$2.0 million for island rental relating to our two resorts in the Maldives and S$0.7 million to acquire Beruwela Walk Inn Limited, a hotel in Sri Lanka. We also advanced S$2.7 million to our associated company, Banyan Tree Seychelles Holdings Ltd for the construction of their resort.

For the year ended 31 December 2003, net cash flows used in financing activities amounted to S$6.8 million of which LRH had a S$6.3 million cash outflow as a result of dividend payments to its minority shareholders.

Borrowings

As at 31 December 2005 and 31 March 2006, our total bank borrowings amounted to S$197.1 million and S$202.5 million respectively. (See ''Description of Material Indebtedness''.) With respect to our outstanding bank borrowings as at 31 December 2005, approximately 79.9 per cent. of our bank borrowings were subject to floating interest rates and approximately 20.1 per cent. are subject to fixed interest rates. Our bank borrowings are also typically secured by property or equity securities (see Notes 33 and 44(a) to our audited financial statements for the years ended 31 December 2003, 2004 and 2005). LRH's bank borrowings are usually denominated in Baht and the rest of our indebtedness is denominated in several different currencies, including US dollars, Singapore dollars and Baht. In March 2004 and September 2005, LRH and one of its wholly-owned subsidiaries entered into certain foreign exchange hedging contracts. (See ''— Market Risk — Foreign Exchange Risk'' and Note 44(b) to our audited financial statements for the years ended 31 December 2003, 2004 and 2005). Most of our bank borrowings mature within five years, with 34.9 per cent. of these borrowings being due or repayable within 12 months as at 31 December 2005.

Our Directors are of the opinion that, after taking into account the banking facilities and debt financing expected to be available to us and cash flows from our operations, we will have sufficient working capital available for our present requirements as at the date of lodgement of this Prospectus. (See ''Capitalisation and Indebtedness''.)

Due to losses suffered as a result of the 2004 tsunami, one of LRH's wholly-owned subsidiaries could not meet its debt service coverage ratio obligations under its loan agreements. The relevant bank has waived compliance with the debt service coverage ratio for 2005, and has confirmed that such non-compliance will not be considered an event of default under the relevant loan agreements.

CAPITAL EXPENDITURE

Historical Capital Expenditure

We invested in aggregate S$9.7 million, S$18.6 million and S$56.6 million on capital expenditure in 2003, 2004 and 2005, respectively.

	Year ended 31 December (unaudited)		
	2003	2004	2005
	S$ million	S$ million	S$ million
Capital Expenditure[1]			
Renovations at Banyan Tree Maldives, Angsana Maldives	2.5[2]	2.6	1.4
Construction and renovation costs of spas	3.2[3]	1.5	0.8
Purchase of property and furnishings, fittings and equipment	3.3	3.3	4.2
Purchase and renovation costs of office space	—	0.2	1.7[4]
Other capital expenditure	0.7	0.4	0.6
Construction and renovation of hotels	—	10.6	47.9[3]
Total	9.7	18.6	56.6

Notes:

(1) All capital expenditure was funded by cash from operations unless otherwise specified.

(2) This amount was funded by bank financing.

(3) This amount was funded partially by cash from operations and partially by bank financing.

(4) This amount was partially funded by bank financing of S$1.0 million and the balance by cash from operations.

Our capital expenditure with respect to the construction and renovation of hotels in 2004 consisted primarily of investments in the purchases of property, furnishings, fittings and equipment (S$3.5 million), construction of DoublePool Villas at Banyan Tree Phuket (S$1.9 million), and the conversion of Jacuzzi Villas into Spa Villas and various other renovations projects at Banyan Tree Phuket (S$1.4 million). Our capital expenditure with respect to the construction of renovation of hotels in 2005 consisted primarily of investments in the construction of Banyan Tree Lijiang (S$13.1 million), construction of DoublePool Villas at Banyan Tree Phuket (S$11.6 million), renovation works at the Sheraton Grande Laguna Phuket (S$4.5 million), renovation works at the restaurants and rooms of Banyan Tree Bangkok (S$3.8 million), and the conversion of Jacuzzi Villas into Spa Villas and various other renovations projects at Banyan Tree Phuket (S$3.4 million).

With respect to the period from 1 January 2006 until the Latest Practicable Date, we invested S$22.5 million in capital expenditure in the form of construction and renovation works for resorts and hotels, including Banyan Tree Lijiang (S$7.1 million), Banyan Tree Phuket (S$6.6 million) and Sheraton Grande Laguna Phuket (S$3.5 million).

Planned Capital Expenditure

Our plans depend on numerous factors, including changes in economic, political or other conditions in the locations where we propose to make investments, or events which have a material adverse effect on the tourism and the hospitality and leisure industry in these locations, among other factors. No assurance can be given that any of these projects will be completed in the expected timeframe or within the estimated budget. (See ''Risk Factors — Risks Relating to Our Business and Operations — We may not be able to successfully develop new resorts, hotels, spas or resort residences''.)

Our planned capital expenditure and proposed investments in new resort and hotel developments are set forth in the table below and we expect to fund them through cash from operations, debt financing and approximately S$70.0 million of proceeds from the Offering.

	Location	Estimated opening date	Estimated project cost	Estimated BTH equity investment[15]	Estimated investment per annum		
					2006	2007	2008
			S$ million	S$ million	S$ million	S$ million	S$ million
Capital expenditure							
Angsana Swanee Hotel[1],[16]	Sri Lanka	First quarter 2008	16.7	6.7	0.0	3.2	3.5
Angsana Phuket[2],[16]	Thailand	2008	48.0	24.0	8.0	16.0	0.0
Angsana Velavaru[3]	Maldives	2007	24.3	12.2	9.8	2.4	0.0
Banyan Tree Chiang Mai[4],[16]	Thailand	2009	20.0	10.0	0.0	3.3	6.7
Banyan Tree Ubud[5],[16]	Indonesia	First quarter 2008	25.0	12.5	0.0	6.3	6.2
Banyan Tree Aloofushi[6],[16]	Maldives	2009	30.0	15.0	0.0	9.8	5.2
Banyan Tree Bangkok[7] . . .	Thailand	Fourth quarter 2007 and first quarter 2008	16.8	4.2	3.2	1.0	0.0
Banyan Tree Phuket							
Phase 1 of DoublePool villas[8]	Thailand	Third quarter 2006	31.2	7.8	7.8	0.0	0.0
Phase 2 of DoublePool villas[9]	Thailand	Fourth quarter 2007	30.0	7.5	0.0	7.5	0.0
Sheraton Grande Laguna Phuket[10]	Thailand	Fourth quarter 2006	11.6	0.0	0.0	0.0	0.0
Furnishings, Fittings, equipment and small capital projects		Not applicable	29.0	Not applicable	10.7	9.2	9.1
			282.6	99.9	39.5	58.7	30.7
Investments							
Banyan Tree Lijiang (Phase 1)[11],[16]	PRC	Second quarter 2006	48.3	18.3	18.3	0.0	0.0
Banyan Tree Mayakoba[12],[16]	Mexico	2008	176.5	10.0	2.5	5.0	2.5
Banyan Tree Punta Diamante[13],[16]	Mexico	First quarter 2008	50.0	5.0	0.0	5.0	0.0
Banyan Tree Ras Al Khaimah[14],[16]	UAE	2009	50.0	5.0	0.0	5.0	0.0
			324.8	38.3	20.8	15.0	2.5

Notes:

(1) This project is to be approximately 40 per cent. equity financed and 60 per cent. debt financed.

(2) This project is to be approximately 50 per cent. equity financed and 50 per cent. debt financed.

(3) This project involves the renovation and rebranding of the hotel and is to be approximately 50 per cent. equity financed and 50 per cent. debt financed.

(4) We are currently designing Banyan Tree Chiang Mai, which we expect to open in 2009. This project is to be approximately 50 per cent. equity financed and 50 per cent. debt financed.

(5) This project is to be approximately 50 per cent. equity financed and 50 per cent. debt financed.

(6) This project is to be approximately 50 per cent. equity financed and 50 per cent. debt financed.

(7) This project will include the conversion of the low yielding office floors in Thai Wah Tower II to provide higher yielding hotel inventory and to provide better banqueting and meeting facilities and will be approximately 25 per cent. equity financed and 75 per cent. debt financed.

(8) The phase 1 of 22 DoublePool Villas is under construction and will be completed by the third quarter of 2006. It is approximately 25 per cent. equity financed and 75 per cent. debt financed.

(9) The phase 2 of 30 DoublePool Villas will be commenced in the second half of 2006 and will be completed by the end of 2007. It will be approximately 25 per cent. equity financed and 75 per cent. debt financed.

(10) The 45 room extension was completed in early 2006 and the room renovations will be completed by the end of 2006. This project is 100 per cent. debt financed.

(11) This project is to be approximately 65 per cent. equity financed and 35 per cent. debt financed.

(12) We have an equity stake of 20.0 per cent. in this project. Our equity contribution is capped at the lower of US$6 million or a 20.0 per cent. stake. We have the option to increase our equity contributions to maintain our share at 20.0 per cent.

(13) We have an equity stake of 15.0 per cent. in this project which will be approximately 50 per cent. equity financed and 50 per cent. debt financed. Our initial equity contribution is capped at US$3.0 million.

(14) We have an equity stake of 15.0 per cent. in this project.

(15) Ignoring minority interests.
(16) This project involves the construction of a new resort/hotel.

CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES

As at 31 March 2006 and 31 December 2005, we had total contractual obligations in the amount of S$82.5 million and S$92.0 million, respectively.

The following table sets forth our contingent liabilities and contractual cash obligations for the periods indicated.

	Year ended 31 December (audited)			Three months ended 31 March (unaudited)
	2003	2004	2005	2006
	S$ million	S$ million	S$ million	S$ million
Capital expenditure commitments				
Contracted but not provided for	2.4	51.2	67.2	58.6
Authorised but not contracted for	1.4	—	—	—
Sub-total	3.8	51.2	67.2	58.6
Operating lease commitments				
Payable within one year	0.8	2.2	2.3	2.4
Payable after one year but within five years	3.2	8.3	9.1	8.8
Payable after five years	7.2	15.2	13.4	12.7
Sub-total	11.2	25.7	24.8	23.9
Total	15.0	76.9	92.0	82.5

As at the date of this Prospectus, there are three classes of shares in the capital of our Company, being ordinary shares, ‘‘A’’ Preference Shares and ‘‘B1’’ Preference Shares. Under the terms of issue of the respective Preference Shares, the Company is bound to redeem the ‘‘A’’ Preference Shares on the date falling three years after the Listing Date, or earlier. The Company may elect to redeem the ‘‘A’’ Preference Shares in cash or by allotting and issuing new Shares (see ‘‘Description of our Shares — Redemption of Preference Shares — Redemption of ‘‘A’’ Preference Shares’’).

The total premium of ‘‘A’’ Preference Shares of S$3 million is charged as an expense to the profit and loss account over a period of six years from the date of issue using the effective interest rate method. Should the ‘‘A’’ Preference Shares be redeemed before the end of the six-year period, the balance of the premium will be charged as an expense to the profit and loss account in the financial year in which redemption occurs. The balance of the premium of the ‘‘A’’ Preference Shares as at 31 March 2006 is valued at S$2.7 million.

As at the date of this Prospectus, we have acquired the right to long-term lease interests in up to 36 Banyan Tree Bintan Villas for a total consideration of S$12.1 million and up to 24 units at the Angsana Resort and Spa Bintan for a total consideration of S$0.98 million (together, the ‘‘Bintan Units’’) subject to the lessor’s right to elect to lease fewer than 60 Bintan Units. The leases on the Bintan Units will commence on a date no later than 28 February 2007. We have also acquired the long-term lease interests to a further 10 Banyan Tree Bintan Villas for a total consideration of S$2.2 million (together with the Bintan Units, the ‘‘Units’’). We intend to lease the Units for the purpose of earning a share of the room revenues (See ‘‘Appendix B — Interested Person Transactions — Present and Ongoing Transactions — (A)(f) Lease of Banyan Tree Bintan Villas and Units at Angsana Resort and Spa Bintan from the TRL Group’’.)

MARKET RISK

We are, in the normal course of business, exposed to interest rate, exchange rate and credit risks. Our risk management strategy aims to minimise the adverse effects of financial risk on our financial performance.

Interest Rate Risk

We are subject to interest rate risk through our various credit and financing facilities, many of which bear interest at variable rates. In order to manage our exposure to fluctuations in interest rates, we intend to reduce the impact of any increase in interest rates by monitoring closely our borrowings and the interest rate environment. We do not currently use interest rate swaps to hedge our interest rate risk.

(See "— Liquidity and Capital Resources — Borrowings" and Notes 33 and 44(a) to our audited financial statements for the years ended 31 December 2003, 2004 and 2005.)

Foreign Exchange Risk

Because of the geographic diversity of our business, we receive revenue and incur expenses in a variety of currencies. Although our rates are most often quoted in US dollars, a substantial portion of our revenue, including payments from resort, hotel, spa or gallery guests and fees we earn under our management agreements (which are translated into US dollar payments on a monthly basis), as well as portions of our expenses are denominated in local currency, such as Baht, Singapore dollars and Indonesian Rupiah. Most of our contracts with our wholesale distributors are denominated in US dollars, although certain contracts are denominated in Euros. As a result, we are exposed to depreciation of the US dollar or the Euro against local currencies. In addition, our financial statements are presented in Singapore dollars. Changes in the value of local currencies, especially Baht, against the Singapore dollar or the US dollar can cause fluctuations in our results of operations and could have a material adverse effect on our reported financial results.

Our financial statements are impacted by foreign exchange fluctuations through both:

- translation risk, which is the risk that our financial statements for a particular period or as of a certain date depend on the prevailing exchange rates of the currencies discussed above against the Singapore dollar; and

- transaction risk, which is the risk that the currencies of our costs and liabilities fluctuate in relation to the currencies of our revenue and assets.

With respect to translation risk, even though the fluctuations of currencies against the Singapore dollar can be substantial and therefore significantly impact comparisons with prior periods, the translation impact is a reporting consideration and does not affect the underlying results of operations, as transaction risk does. While LRH's financial statements are presented in Thai Baht, a substantial portion of its revenues are denominated in US dollars. As a result, LRH attempts to hedge its exposure to movements in the Thai Baht: US dollar exchange rate with respect to between 80.0 per cent. and 100.0 per cent. of its US dollar denominated room revenues. Specifically, LRH has entered into several loan agreements, the aggregate outstanding amount of which approximates 80.0 per cent. to 100.0 per cent. of LRH's budgeted US dollar denominated room revenues for any given period. Although the loans are denominated in Thai Baht, LRH has effectively converted the loans into US dollar denominated loans by entering into forward contracts. Under these contracts, LRH agrees to deliver US dollars on specified dates, in exchange for agreed amounts of Thai Baht, at exchange rates of Baht 39.32 to US$1.00, Baht 41.57 to US$1.00 and Baht 39.35 to US$1.00, each applicable at the respective delivery date. See Note 44(b) to our audited financial statements for the years ended 31 December 2003, 2004 and 2005.

Credit Risk

We have a credit policy in place and our exposure to credit risk, which largely stems from receivables due to us from our wholesalers and travel agents, is monitored on an ongoing basis. We derive a majority of our total room revenues from a diversified portfolio of over 1,000 wholesalers. Our wholesalers and travel agents must pay their debts to us within 60 days of a guest's visit to one of our resorts or hotels. We believe we have no significant concentrations of credit risk. See Note 44(c) to our audited financial statements for the years ended 31 December 2003, 2004 and 2005.

INFLATION

In the periods discussed, inflation has not had a material impact on our performance. According to figures released by the Singapore Department of Statistics* and Thailand's Ministry of Commerce*, the consumer price index in Singapore increased by 0.5 per cent. in 2003, increased by 1.7 per cent. in 2004 and increased by 0.5 per cent. in 2005 and the consumer price index in Thailand increased by 1.8 per cent. in 2003, increased by 2.9 per cent. in 2004 and increased by 5.8 per cent. in 2005.

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* The above information is extracted from the respective websites of the Singapore Department of Statistics at http://www.singstat.gov.sg and Thailand's Ministry of Commerce at http://www.indexpv.moc.go.th and is included in its proper form and context in this Prospectus. The information has not been verified by our Company. Both the Singapore Department of Statistics and Thailand's Ministry of Commerce have not consented to the inclusion of the information for the purposes of section 249 of the Securities and Futures Act, and are not liable under Sections 253 and 254 of the Securities and Futures Act.

PROSPECTS

The following discussion about our prospects includes forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those projected in these forward-looking statements. (See ''Notice to Investors — Forward-looking Statements''.)

We expect that our financial results for the year ending 31 December 2006 will be influenced by the following principal considerations:

- the performance of Asian and European economies and our key customer markets in 2006;
- our expectation that the global hospitality and leisure industry will continue to see strong performance as demonstrated in 2004 and 2005;
- our expectation that the tourism industry and performance of our resorts in locations affected by the 2004 tsunami, particularly in Phuket, will continue to recover (in the three months ended 31 December 2005, we achieved average occupancies of 64.1 per cent. and average daily rates of S$242.35 for our Phuket resorts while in the three months ended 31 March 2006, we achieved average occupancies of 67.7 per cent. and average daily rates of S$315.27 for those resorts);
- our ability to increase the average occupancy levels and average room rates for our resorts and hotels (which would improve our results of operations), provided there are no significant external events that adversely affect the tourism industry;
- the opening of our new resorts in Lijiang and Bahrain as scheduled, and the operating performance of our new resorts in Ringha, the PRC and Velavaru, Maldives;
- our ability to continue to manage our costs, which will affect our operating margins;
- our ability to continue developing and selling resort residences in Laguna Phuket at higher prices and in greater numbers than we achieved over 2003 to 2005;
- ability to grow our customer base through new customer acquisition and new hotel and resort openings;
- the prevalence of Avian flu or other epidemics in the regions where we operate or acts of terrorism or threats of wars that would adversely affect international and regional travel; and
- our ability to secure new management agreements and attractive investment opportunities.

In addition, there will be certain expenses relating to equity-based grants and schemes to be recognised when the Management Shares are granted, amounting to an aggregate of S$8.6 million (see ''Significant Factors Affecting Our Results of Operations — Equity-based Grants, and Schemes'') based on the Maximum Offering Price. Save for the Share Option Scheme, we will not be receiving any consideration for grants made under these equity-based grants and schemes. The accounting treatment is not expected to have an impact on our cash flows in the financial year ending 31 December 2006 but will produce a significant non-cash charge against our income in such year.

Save as disclosed, we are not currently aware of any change or prospective change to the trends discussed above based on the three months ended 31 March 2006 which is reasonably likely to have a material adverse effect on our results of operations for the full financial year.

ORDER BOOK

As at the Latest Practicable Date, we had an order book of approximately S$45.2 million in relation to room reservations up to July 2006 and approximately S$77.4 million in relation to property sales. However, the state of our order book as of any particular date may not be indicative of our revenue for the succeeding period or our full year's performance as our resorts and hotels business as well as property sales business are subject to seasonality, cancellations and construction progress. See also ''Management's Discussion and Analysis of Financial Condition and Results of Operations — Seasonality''.

Industry

We commissioned Jones Lang LaSalle Property Consultants Pte Ltd and Jones Lang LaSalle (Thailand) Limited to prepare a valuation report on our portfolio of properties, including a market overview of locations at which properties from which we derive a substantial amount of our revenues, are situated. The following is a summary of the industry overview section of the Valuation Report which is available for inspection at our registered office (See "General and Statutory Information — Documents Available for Inspection"). The information has not been independently verified by us, the Vendors or the Joint Global Co-ordinators or any other person. Much of the available information is based on best estimates and should therefore be regarded as indicative only and treated with the appropriate caution.

During the three years ended 31 December 2005, the hotel and resort industry experienced several external factors which affected its operating environment, including SARS, the general global economic slowdown in 2003 and the 2004 tsunami in Asia.

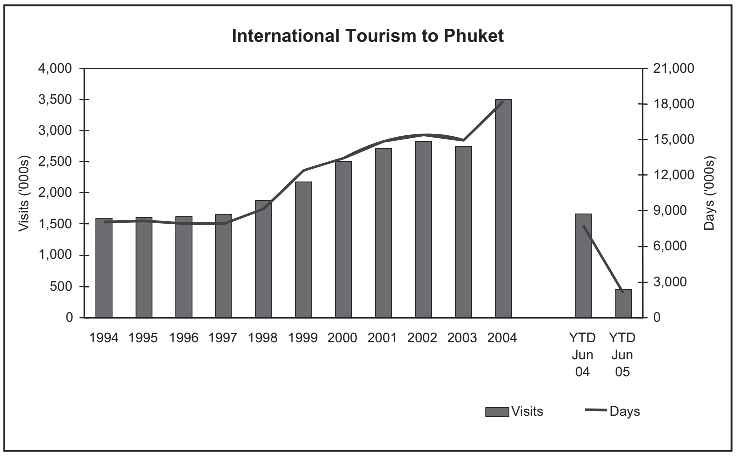
Despite these external factors, in 2003, the hotel and resort industry saw a strong rebound in 2004 due to a recovery in global tourism and travel. Following the 2004 tsunami, the operational and financial performance of the hotel and resort industry in locations impacted by the 2004 tsunami, was affected. The hotel and resort industry in these locations generally recovered by the first quarter of 2006.

Demand in the hotel and resort industry is determined by several factors, including the economic conditions in key customer markets that affect disposable income of those customers, and seasonal factors. External events such as terrorist attacks, epidemics and natural disasters also affect demand for resorts and hotels, although the degree of impact of such events depends on the location of the particular hotel or resort, as well as its target customer markets. Supply in the hotel and resort industry is determined by the amount of hotel and resort construction and expansion conducted within a particular market which in turn is affected by factors such as demand for potential resort and hotel sites.

PHUKET, THAILAND

Overview of Tourism Market

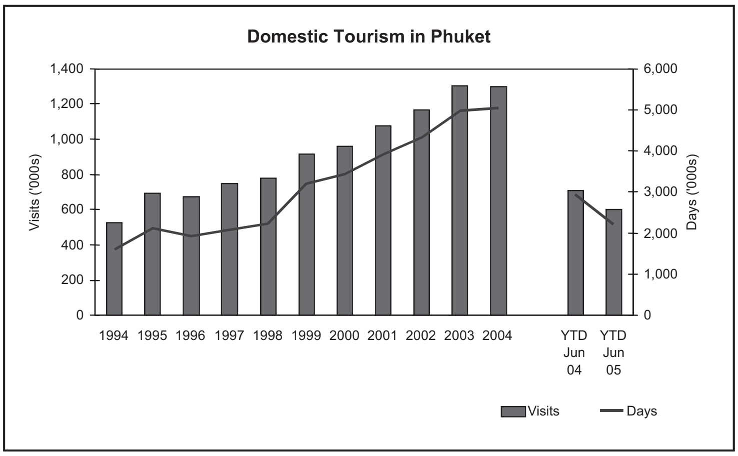
Phuket is one of the top tourist destinations in South-east Asia. Phuket received a total of 3.5 million international visitors in 2004, up 27.3 per cent. from 2003, driven by a strong rebound in travel following the containment of SARS, improving regional economies, lower travel costs arising from the growth of the budget airline industry and increased regional short-haul traffic. The 2004 tsunami resulted in a 72.7 per cent. drop in international arrivals to 0.45 million for the first six months of 2005, compared to 1.66 million arrivals for the corresponding period in 2004.



For the first half of 2005, international visitors spent an average of 4.58 days on the island, slightly shorter than the 4.65 days for the same period in 2004. European visitors accounted for 41.1 per cent. of total international visitors in 2005, while visitors from Asia accounted for 29.5 per cent. in 2005, followed by arrivals from the United States at 4.5 per cent. and Australia at 11.1 per cent.. The top source markets for European visitors were the United Kingdom, Germany and Sweden, representing 8.6 per cent., 6.7 per cent. and 6.0 per cent. of international arrivals respectively in 2005. Major source markets outside Europe include South Korea, PRC and Japan with 9.0 per cent., 4.5 per cent. and 3.9 per cent. respectively in 2005. Due to the 2004 tsunami, all major source markets registered declines in 2005, with the exception of Norway.

For the first half of 2005, a total of 0.6 million domestic arrivals visited Phuket, a 15 per cent. decline from the previous year. The decline in domestic arrivals is due mainly to the 2004 tsunami.

There were signs of a recovery in Phuket's tourism trade towards the end of 2005 and there was an increase in the scheduled weekly seat capacity to and from international destinations and origins in November and December 2005, compared to earlier months.



Phuket's tourism industry faces several key challenges, including the persistent troubles in Thailand's southern provinces, the persistent risk of terrorism and Avian flu in Asia, the after-effects of the 2004 tsunami and the increasing competition from other resort destinations in Thailand.

In February 2005, Thai Airways International discontinued its direct flights to Phuket from Sydney and Melbourne, due to poor passenger traffic. Dragonair also terminated direct flights from Hong Kong to Phuket which led to a fall in percentage of visitors from Hong Kong from approximately 8.0 per cent. in 2004 to approximately 6.0 per cent. in 2005. However, Phuket continues to be perceived as one of Asia's top resort destinations. In addition, there has been strong commitment for the tourism trade from the Thai tourism authority, airlines and hotels to revive Phuket's tourism industry. In particular, there has been an increase in the Corporate Meeting and Global Promotions segments mainly due to the continued effort to promote MICE (meetings, incentives, conventions and exhibitions) in Phuket. Various airlines have resumed flights to Phuket, and in October 2005, budget airline Jetstar Asia commenced flights to Phuket. Major infrastructure development plans are also currently underway, including plans to upgrade the Phuket International Airport, a light rail project linking Phuket International Airport and Phuket town, a new sports complex that can host international events and a development project in Phuket Bay.

Hotel Market Overview

Phuket had a total of 457 accommodation establishments with 29,150 rooms as at end June 2005. This represents a 25.8 per cent. drop in accommodation establishments and a 5.9 per cent. decline in total room inventory when compared to the end of 2004. It should be noted that the decrease in inventory resulted from the closure (permanent and temporary) of several properties during the year for repairs and renovation as a result of the 2004 tsunami.

The five star hotel market reported an improvement in trading performance in 2004 over 2003, fuelled by the return of international travellers to Asia and growth in regional short-haul travellers as a result of cheaper air travel. Compared to 2004, the average occupancy rate in 2005 declined by 5.2 percentage points to 51.5 per cent. Likewise, the average daily rate for 2005 recorded a 0.4 per cent. increase to Baht 4,791 over the same period. As a result, REVPAR fell 30.7 per cent. to Baht 3,564.

Overall, the Phuket hotel market remained active on the development/renovation front in 2005. In the immediate aftermath of the 2004 tsunami, most of the affected hotels focused on refurbishment works. By the second half of 2005, most of these hotels completed their refurbishment works and reopened for business. Hotel owners and operators have moved ahead with new developments in 2005 although some projects are expected to complete or open at a later date.

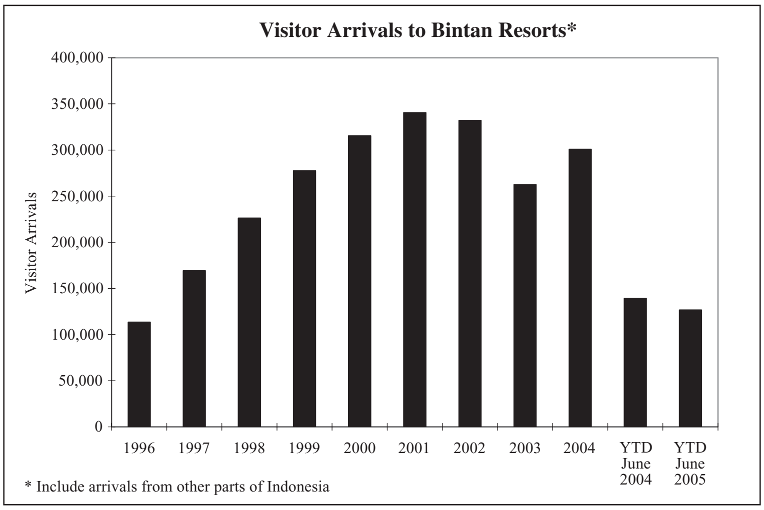
Major developments on the supply front during 2005 included the reopening of the Amari Coral Beach Resort in July 2005, the opening of the Crowne Plaza Karon Beach Phuket in August 2005 as the first Crowne Plaza in Phuket with 166 villas and 166 sea-facing rooms, the reopening of the Le Meridien Phuket Beach Resort in August 2005, the unveiling of 36 two-storey Lagoon Villas by Sheraton Grande Laguna Phuket in August 2005, the addition of 18 Ocean View Pool Suites by Trisara in November 2005, the opening of the Phulin Resort in August 2005 by the Briza Resort Group with 79 rooms, the opening of the Chandara Resort and Spa in October 2005 with 53 villas, the opening of the Phuket Graceland Resort and Spa in November 2005 (following a 'soft' opening in February 2005) and the reopening of Holiday Inn Phuket Resort in November 2005.

Planned openings include an expansion programme by the JW Marriott Phuket Resort and Spa for an additional 84 luxurious two-bedroom villas scheduled for completion by 15 March 2006, two new hotels by Accor with 245 and 300 rooms each scheduled for opening in 2007, refurbishment of the Pearl Village Hotel Phuket to be reopened in 2006, and a further nine 3-bedroom pool Villas by Phuket Pavilions expected to be completed in February 2006.

BINTAN

Overview of Tourism Market

Bintan Resorts is the tourism development area on the island of Bintan that was opened in 1996. Bintan Resorts has enjoyed five consecutive years of strong growth in visitor arrivals since its opening in 1996. Visitor arrivals increased almost threefold from 113,494 in 1996 to 340,465 in 2001. Bintan was however affected by the Bali bomb blasts in October 2002 and subsequent travel advisories resulting in a decline in visitor arrivals by 2.5 per cent. to 332,108. The Indonesian tourism market was further hit by the SARS epidemic and the Iraq war in 2003, resulting in a decline in visitor arrivals of 21.0 per cent. year-on-year to 0.3 million. In 2004 however, in line with an overall rebound in visitor arrivals to Asia, the number of visitors to Bintan Resorts rose to 300,827, up 14.0 per cent. from 2003. Following the 2004 tsunami and continued terror threats and unrest in the region, the number of visitors to Bintan declined to 126,665 in the first half of 2005, compared with 139,293 in the corresponding period in 2004.



Asia is the top source market for Bintan. In year-to-date June 2005, visitor arrivals from Asia represented an overwhelming 68.6 per cent. of total international visitor arrivals, followed by arrivals from Europe (11.0 per cent.) and Oceania (5.2 per cent.).

Within Asia, Singapore is the largest source market with a market share of 35.3 per cent. of total visitor arrivals in the first half of 2005, followed by Korea and Japan with market shares of 11.8 per cent. and 10.6 per cent. respectively in the similar period. Other major source markets for Bintan Resorts in the same period include the United Kingdom (6.2 per cent.), Indonesia (4.8 per cent.) and Australia (5.2 per cent.).

Overview of Bintan Hotel Market

Hotel demand at Bintan Resorts is mainly generated by the Singapore market as evidenced by the resorts' peak periods during the weekends and Singapore school holidays.

Overall, the resorts have enjoyed a steady growth in average occupancy rates since its opening in 1996 from 40.0 per cent. to a peak of 62.4 per cent. in 2002. Due to the impact of SARS and the Iraq war in 2003, average occupancy fell to 45.5 per cent. in 2003. Average occupancy rates for 2004 rose to 48.4 per cent., as a result of recovering tourism in the region. Average occupancy rates declined to 43.4 per cent. in the first half of 2005, affected indirectly by the aftermath of the 2004 tsunami.

While there is still room for existing hotels to expand their developments, no immediate plans are known.

A ''Tourist City'' is planned for Lagoi Bay between the existing Banyan Tree Bintan and Angsana Resort & Spa Bintan and Club Med Ria Bintan, covering 15 square kilometers of coastal strip in the northern part of Bintan Island. The Tourist City will include retirement villages, a new six-star beach resort with 120 private villas and 300-room hotel, night clubs, restaurants and shopping malls. There is currently no indication of completion date for the project.

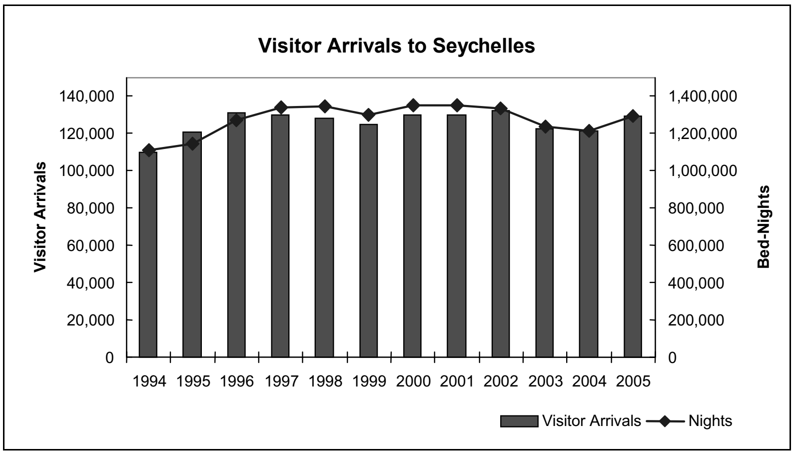
Although arrival figures to Bintan in 2005 were affected by the 2004 tsunami, Bintan is likely to benefit from expected sustained economic growth in Singapore and anticipated increase in international visitor arrivals to Singapore in 2005. Bintan has also recently benefited from the recent Bali bombings in October 2005, whereby more tourists have re-directed their holidays to Bintan from Bali. In a bid to tap into new source markets, Bintan Resorts is also transforming itself into a spa destination.

The limited new supply of hotels over the next few years should allow hotel trading performance to improve in the short term if visitor arrivals to Bintan stay at healthy levels. In the medium to longer-term, plans to develop the ''Tourist City'' as well as positioning of Bintan as a spa destination will further support the growth of the tourism industry in Bintan.

SEYCHELLES ISLAND

Overview of Tourism Market

Seychelles is an archipelago located in the south western part of the Indian Ocean between Africa, India and Madagascar. The archipelago of Seychelles consists of 116 islands with Mahé as the principal island accommodating almost 90.0 per cent. of the total population. Since the opening of the Seychelles International Airport in 1971, tourism has become the foundation of the country's economy. International tourist arrivals to Seychelles have been steady over the period from 1995 to 2005 with 129,333 arrivals in 2005. Seychelles suffered relatively minor damage from the 2004 tsunami. As a result, in 2005, Seychelles continued to register strong visitor arrivals with a total of 129,333 tourist arrivals in 2005, up 6.3 per cent. from the 121,169 arrivals recorded over the corresponding period in 2004.



The European market accounts for almost 73.0 per cent. of tourist arrivals travelling by air to Seychelles. Western European countries constituted the largest source market for Seychelles, with 21.4 per cent. market share by France in 2005, followed by Italy (14.4 per cent.), Germany (13.2 per cent.) and the UK (13.1 per cent.). Other major source markets outside of Europe include South Africa and the Commonwealth of Independent States (Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Uzbekistan and Ukraine) with 4.2 per cent. and 3.3 per cent. of market share respectively.

Overview of Seychelles Hotel Market

Accommodation in the Seychelles is supplied by establishments ranging from small, free standing bungalows to large full service hotels. There were 161 hotel establishments with 2,869 rooms in Seychelles as at 2005. During 2005, hotel average occupancy in Seychelles fluctuated between 40.0 per cent. and 60.0 per cent.

There was limited new hotel supply to Seychelles in 2004 and 2005. Recent developments include Denis Island, with 25 cottages, which was taken over by Taj Hotels Resorts and Palaces in November 2005, the re-opening of the Northolme Resort and Spa (previously known as Northolme Hotel) in December 2005 with 40 villas following refurbishment, and the reopening of Le Meridien Barbarons in May 2005 following refurbishment with 124 guest rooms.

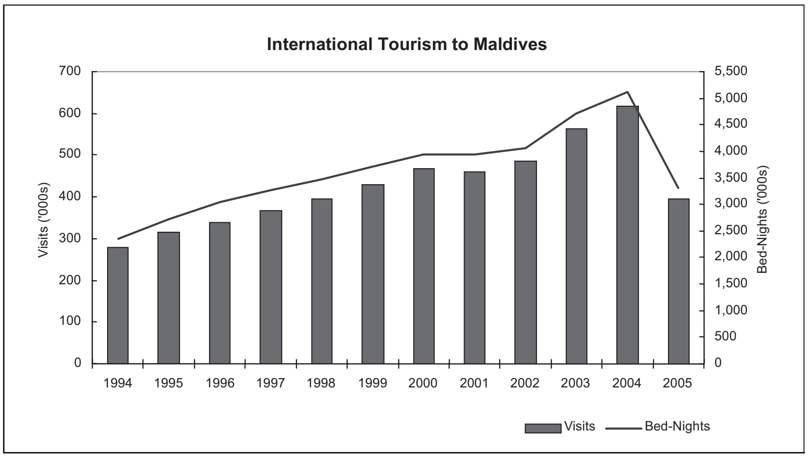
The Government of Seychelles has determined that approximately 6,000 to 7,000 hotel beds should be the maximum level of supply, in order to avoid strain on infrastructure and maintain its position as a niche market in the high-end luxury hotel segment.

Planned developments include an additional 13 new Beachfront Villas by Banyan Tree resort by 31 December 2006, a Four Seasons five star deluxe resort with 55 suites and 19 villas due to open in late 2006 and the development on Eden Island of a five star 150-bed hotel with an upmarket retail shopping centre, and 450 luxury villas and luxury apartments.

MALDIVES ISLAND

Overview of Tourism Market

The Maldives has experienced strong growth in tourist arrivals over the last 10 years to 2004, growing at a compounded average annual growth rate (“CAGR”) of 8.2 per cent.. Even when global tourism suffered from a downturn caused by SARS and the war in Iraq in 2003, the Maldives enjoyed a record high growth in visitor arrivals of 16.3 per cent., with 0.6 million tourists visiting the Maldives during 2003. In 2004, total tourist arrivals to the Maldives grew by 9.4 percentage points in 2004 compared to the preceding year, to 0.6 million visitors. The 2004 tsunami had a significant impact on December 2005 arrivals, with 2005 arrivals declining to 0.4 million.



European tourists dominate arrivals to the Maldives, accounting for 66.7 per cent. of total tourist arrivals during 2005. The United Kingdom, Italy and Germany were the top source markets representing 22.1 per cent., 17.7 per cent. and 14.1 per cent. of tourist arrivals respectively during 2005. Asia and the United States generated less demand in the Maldives, one of the reasons being limited direct flights from these locations and competition from other closer destinations, although tourist arrivals from Singapore registered a positive growth of 7.4 per cent. during 2005 compared to the previous year.

Overview of Maldives Hotel Market

Prior to the 2004 tsunami, there were 87 resort islands in the Maldives. As at 31 December 2005, only three out of the 87 resorts were closed following the 2004 tsunami. The most notable feature of the Maldivian resort market is that each resort is self-contained and only one resort occupies each island. Room types include individual or semi-detached villas built around the island and over water in the shallow lagoon that surrounds the island.

There are a number of internationally branded resorts in the Maldives including Four Seasons, Six Senses, Banyan Tree Resorts, Taj Resorts, Hilton, Club Med and One&Only Resorts/Kerzner International. The majority of resorts are located in the North and South Male Atolls, which are the nearest Atolls to Malé international airport.

Over the past 10 years, average occupancy in the Maldives has generally remained between the mid-60s and mid-70s per cent. range. During this period, a dip in average occupancy rates was recorded in 2001, when global tourism was severely affected by the 11 September 2001 terrorist attacks in the US. Since 2001, average occupancy levels have picked up strongly at an average growth rate of 6.7 percentage points annually. The Maldives was unaffected by the regional slowdown in the tourism industry in 2003 and recorded a healthy average occupancy growth of 8.3 percentage points in 2003 over 2002. In 2004, a record level of 83.9 per cent. average occupancy was registered, which is an increase of 6.7 percentage points from 2003. The higher average occupancy rate of the hotels and the resorts demonstrated the strong resilience of the tourism industry in the Maldives despite the 2004 tsunami. Whilst 2004 ended with an average occupancy rate of 83.9 per cent. as stated above, there was an impressive recovery in occupancies in January, February and March 2005 with occupancy rates of 32.6 per cent., 64.9 per cent. and 70.9 per cent. respectively.

The occupancy for the five star hotel market in Maldives in 2005 declined 10.3 percentage points to record 60.3 per cent. when compared to 70.6 per cent. recorded a year earlier.

Recent developments in the hotel market include One&Only's 130-villa Reethi Rah resort which opened in May 2005, the re-opening and introduction of the first tree houses in the Maldives at the Soneva Gili Resort & Six Senses Spa in February 2005, and the reopening of the Hilton Maldives and Spa following a US$35.0 million renovation with 79 new beach villas and 21 over-water spa villas.

Planned developments in the Maldives include a joint venture between Starwood Hotels & Resorts Worldwide and Universal Enterprise Ltd to develop the W Maldives-Fesdhu Resort with 50 over-water villas and 30 beachfront villas scheduled for opening in July 2006, a second resort by Four Seasons in 2006 with 75 villas/suites, and a spa resort managed by Shangri-La Hotels and Resorts with 184 villas in three distinct village concepts scheduled to be opened in 2007 and the 110-room Anantara Resort Maldives is scheduled to open in June 2006.

Despite the impact of the 2004 tsunami which damaged some parts of the Maldives, the country is coordinating extensive efforts to recover from the disaster with the help of international institutions such as the World Bank and The Asian Development Bank. By November 2005, most resorts that were closed due to the varying degree of damage were back to their normal operating conditions.

The Maldives has recovered from the 2004 tsunami and is continuing to attract a growing number of visitors and investment interest. The supply of four and five star hotels is limited and as such, there is limited price sensitivity in this tier.

BANGKOK

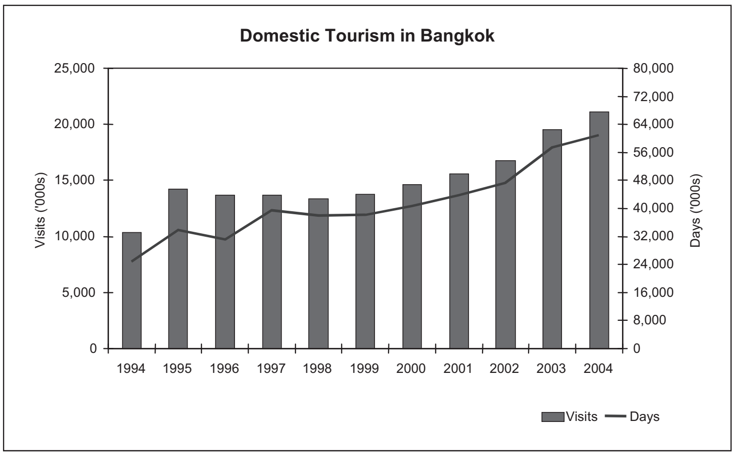
Overview of Tourism Market

Bangkok received a total of 11.7 million foreign visitors during 2004, representing a 19.6 per cent. increase from a total of 9.8 million foreign visitors in 2003. Accommodation establishments reported a 6.2 per cent. year-on-year growth in guest arrivals, indicating an increase in international visitation to Bangkok during 2005.

The strong growth in arrivals to Bangkok are due to a pick up in the global and regional economies, higher MICE traffic and the growth of the budget airline industry.

Japan and the PRC were Bangkok's top source markets in 2005, with market shares of 14.3 per cent. and 9.3 per cent. respectively. Notably, the number of Mainland Chinese visitors registered a 17.1 per cent. increase over the one year period, in line with the growing outbound Mainland China market. The third major source market for Bangkok is Singapore with market share of 8.1 per cent in 2005.

Bangkok's tourism industry is also supported by the domestic tourist market. Domestic arrivals into Bangkok reached a 10-year high of 20.0 million in 2003, as the SARS outbreak in Asia and the Iraq war led more Thais to travel within their country. In 2004, 21.1 million Thais visited Bangkok in 2004, up 8.0 per cent. year-on-year from 2003.



Overview of Bangkok Hotel Market

There were 313 accommodation establishments with 60,924 rooms in Bangkok as at the end of 2004.

Supported by the growth of the tourism sector and the MICE segment, the five star hotel segment in Bangkok registered an improvement in trading performance over 2004, with occupancies increasing by 2.2 percentage points for 2005.

Five star hotels performance in Bangkok continued to strengthen for 2005 despite the troubles in Southern Thailand. Room demand remained strong, with occupancy averaging at 74.9 per cent. over the period. Compared to the same period in 2004, the average occupancy rate has improved by 2.2 percentage points. Likewise, average daily rates strengthened by 10.1 per cent. year-on-year to Baht 4,857. This helped to raise REVPAR to Baht 3,639 for 2005 or 13.5 per cent. higher than that of the corresponding period in 2004.

Major developments in the hotel market during 2005 include the opening of the 251-room Majestic Grande hotel at Sukhumvit Soi 2, the rebranding of the Le Meridien President Bangkok at Ploenchit Road as the 379-room Holiday Inn Bangkok as well as the official rebranding of Fortune Hotel Bangkok as the 406-room Grand Mercure Fortune Bangkok. In November 2005, Accor also announced the opening of its 221-room Grand Mercure Park Avenue.

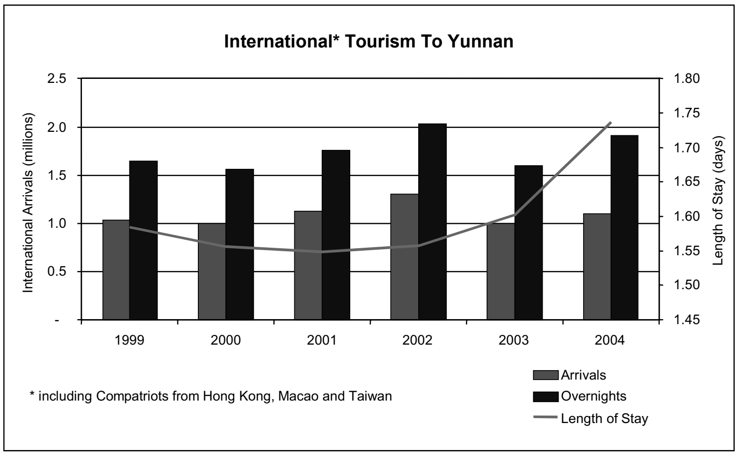
Hotel owners and investors continue to be active in the Bangkok hotel market. Data compiled by Jones Lang LaSalle Property Consultants Pte Ltd show a total of about 5,000 rooms in the pipeline for the period 2006 to 2008.

Bangkok's tourism industry is supported by marketing campaigns in 2006 by the Tourism Authority of Thailand and the Thai Hotels Association to position Thailand as the 'Tourism Capital of Asia', an agreement between the Thai government and the Chinese government to encourage tourism between the two countries which is expected to boost the number of Chinese tourists to Thailand this year, continued availability of cheap air travel arising from the growth of the budget airline industry, improvement in tourism infrastructure with the construction of the new Suvarnabhumi International Airport expected to open by the first half of 2006, and growth in the MICE segment to be supported by the opening of new conference facilities.

YUNNAN, LIJIANG AND DIQING

Overview of Yunnan Tourism Market

Over the five years from 1999 to 2004, international visitor arrivals to Yunnan generally exhibited limited growth, peaking at 1.30 million in 2002.



Yunnan attracted 1.5 million foreign tourists and 67 million domestic tourists in 2005.

Arrivals from Taiwan (17.0 per cent.), Hong Kong (14.0 per cent.) and Macao (3.0 per cent.) accounted for about a third of total international arrivals to Yunnan in 2004. Excluding Hong Kong, Macao and Taiwan, the top five feeder markets in 2004 are Japan (10.6 per cent.), Malaysia (10.3 per cent.), Singapore (6.9 per cent.), U.S.A. (6.9 per cent.) and Korea (6.4 per cent.). International arrivals from France, Germany and Canada have recorded significant increases of 33.1 per cent., 20.7 per cent. and 16.4 per cent. respectively in 2004 compared to their pre-SARS level in 2002.

Accessibility to Yunnan may be limited due to an inadequate number of airlines servicing the area, or insufficient seating capacities on planes that service the area.

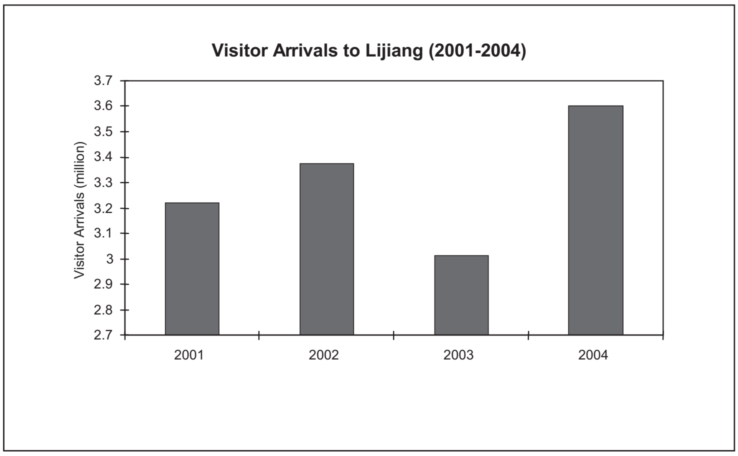
Overview of Lijiang Tourism Market

Lijiang is situated in the Northwest of Yunnan Province. By air, Lijiang is connected to Kunming and to Xishuangbanna, with daily flights to both destinations. Lijiang Airport is located about 28 kilometers from Lijiang's city centre.

Lijiang's main tourism appeal lies in the area's natural and cultural resources including the ancient city of Lijiang which is listed on the World Cultural Heritage List, culture of the Dongba minority and the Tiger Leaping Gorge.

With only 4.0 per cent. of visitor arrivals to Lijiang stemming from the international markets in 2004, Lijiang's tourism industry remains primarily driven by domestic travellers. Over the period 2001 to 2004, total tourism arrivals to Lijiang increased at a CAGR rate of 3.8 per cent. from 3.22 million visitors in 2001 to 3.60 million visitors in 2004.

Accessibility to Lijiang may be limited due to an inadequate number of airlines servicing the area, or insufficient seating capacities on planes that service the area.



Lijiang Hotel Market Overview

There are 157 star-rated hotels in Lijiang as at June 2005, comprising 61 one-star hotels, 56 two-star hotels, 32 three-star hotels, seven four-star hotels and one five-star hotel. The Banyan Tree Lijiang is currently under construction and is scheduled to open on a progressive basis in 2006 with a total of 55 villas.

Overview of Diqing Tourism Market

Diqing is Yunnan's only Tibetan autonomous region and is Yunnan's highest district at 3,380 metres above sea level. Diqing's Zhongdian Airport features daily flights to Kunming and connections to both Lhasa and Chengdu. Diqing's key tourist attractions include various nature reserves, mountains and lakes.

Diqing Hotel Market Overview

Most of the hotels in Diqing are hostels. The key upmarket hotels in Diqing are of three-star standard. The newest addition to the market is the Banyan Tree Ringha which opened in September 2005 with 21 suites, and another 11 suites in December 2005. A total of 32 Tibetan themed suites and lodges are provided. Resort facilities include a bar, two restaurants, a tea house, meeting room, tour office, as well as a Banyan Tree Spa and Gallery.

Business

OVERVIEW

Introduction

We are a leading manager and developer of premium resorts, hotels and spas in the Asia Pacific. We manage and/or have ownership interests in niche resorts and hotels. Our resorts each typically has between 50 and 100 rooms and command room rates at the high end of each property's particular market. We offer our customers a multi-faceted travel and leisure experience which we deliver through our 18 resorts and hotels, 49 spas, 53 galleries (where our Banyan Tree and Angsana branded products are sold) and two golf courses. We have increased the aggregate number of rooms at our resorts and hotels from 1,816 rooms as at 1 January 2003 to 1,986 rooms as at 31 March 2006.

We have six operating business segments: hotel investment, hotel management, spa operations, gallery operations, property sales, and design fees and others (design and project management, golf course operations and other businesses). (See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview of Revenue and Expenses — Revenue".)

Through our subsidiary, LRH, we also operate the leading integrated resort in Thailand, Laguna Phuket. We currently own 51.8 per cent. of the outstanding shares of LRH. Within Laguna Phuket, we have five resorts, five spas, 14 galleries, an 18-hole golf course and three resort residence developments currently available for sale. Because of its positioning as an integrated resort, we market Laguna Phuket as a travel destination within Phuket. Primarily as a result of our ownership interest in LRH, hotel investment is our largest business segment. Hotel investment accounted for 53.4 per cent., 61.2 per cent., 59.7 per cent. and 63.2 per cent. of our revenue for the three years ended 31 December 2003, 2004 and 2005 and for the three months ended 31 March 2006, respectively. As at 31 March 2006, we managed and/or had ownership interests in 1,095 rooms in the five resorts at Laguna Phuket, which includes 127 rooms at the Banyan Tree Phuket.

Within Laguna Phuket, we also offer resort residences for sale, including 10 recently released DoublePool Villas at Banyan Tree Phuket (which we will lease back from purchasers and receive income from guests as part of the resort's room inventory). We only undertake the development and sale of properties where these developments are closely integrated with our resorts and hotels.

Through the Banyan Tree brand, its sister brand Angsana, and our Colours of Angsana product line, we target three distinct customer segments, allowing us to expand our customer base while minimising brand dilution and cannibalisation. Our Banyan Tree and Angsana resorts and hotels had average room rates of approximately S$482.10 and S$253.10, respectively, for the year ended 31 December 2005 and S$601.60 and S$277.00 respectively, for the three months ended 31 March 2006. We have pioneered concepts that have become the signature features for many of our resorts and hotels, such as the tropical garden spa and pool villa. To date, we have received over 250 awards and accolades for the resorts, hotels and spas that we manage since the first Banyan Tree resort, Banyan Tree Phuket was launched, in 1994. We have also received recognition for our commitment to environmental protection and our emphasis on corporate social responsibility.

Being a leading operator of spas in the Asia Pacific, our spas are often considered by our guests to be one of the key features of our resorts and hotels. We also operate the Banyan Tree Spa Academy, accredited by Thailand's Ministry of Education, where our spa therapists receive theoretical and practical training. In addition, our galleries, which complement our resorts, hotels and spas, provide us with opportunities to extend the reach and scope of our brands.

Our integrated business model comprises a hotel management division, an in-house design and project management division, as well as a centralised global marketing team. These in-house capabilities enable us to preserve brand integrity, create innovative product offerings with quicker time to market and maintain the quality of the resorts, hotels, spas and galleries that we manage and the services we offer. We believe that these capabilities and the geographic diversity of our customer markets and our product offerings increase the resilience of our business model.

Our revenues for the three years ended 31 December 2003, 2004 and 2005 and for the three months ended 31 March 2006 were S$154.2 million, S$218.8 million, S$186.9 million and S$80.7 million, respectively. Average occupancy levels for our resorts and hotels for the three years ended 31 December 2003, 2004 and 2005 and for the three months ended 31 March 2006 were approximately 62.9 per cent., 69.4 per cent., 53.3 per cent. and 67.5 per cent., respectively. REVPAR for the three years ended 31 December 2003, 2004 and 2005 and for the three months ended 31 March 2006 was S$163.50, S$189.70, S$144.70 and S$229.80 respectively. Average room rates for the three years ended 31 December 2003, 2004 and 2005 and for the three months ended 31 March 2006 was S$259.90, S$273.50, S$271.60 and S$340.40 respectively.

Our revenues for the three months ended 31 December 2005 and 31 March 2006 were S$71.9 million and S$80.7 million respectively. Our average occupancy levels for the three months ended 31 December 2005 and 31 March 2006 were 64.4 per cent. and 67.5 per cent. respectively and our average room rates for the three months ended 31 December 2005 and 31 March 2006 were S$293.20 and S$340.40 respectively. Our REVPAR in the three months ended 31 December 2005 was S$188.70 while our REVPAR in the three months ended 31 March 2006 was S$229.80.

History

We were incorporated in Singapore under the Singapore Companies Act on 11 April 2000 with the name Banyan Tree Holdings Pte Ltd as a private limited company. Upon incorporation, we acquired Banyan Tree Hotels & Resorts Pte. Ltd. and 31.2 per cent. of the issued share capital of LRH. We changed our name to Banyan Tree Holdings Limited on 17 May 2006 in connection with our conversion to a public company limited by shares.

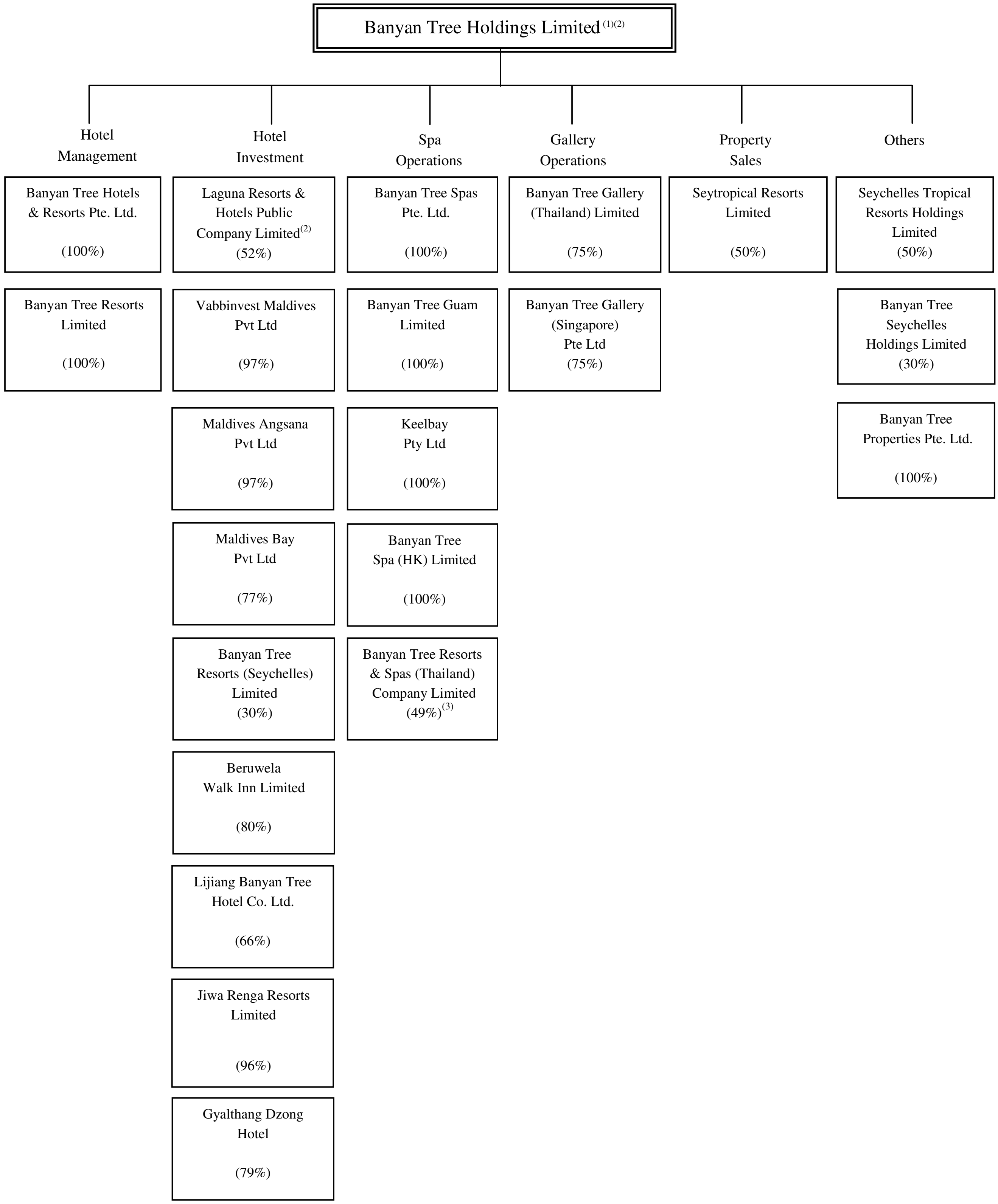
The following list summarises several significant events in our corporate history.

1984	LRH acquires over 550 acres of land on the site of an abandoned tin mine at Bang Tao Bay, Phuket, Thailand.
1987-1992	After extensive rehabilitation of the site, LRH launches Dusit Laguna Resort Hotel and Laguna Beach Resort. LRH begins to market Laguna Phuket as a destination within Phuket. LRH launches our residences/property sales business with the sale of Sheraton Island Villas in Laguna Phuket.
1993	LRH lists its shares on the Stock Exchange of Thailand. Banyan Tree Hotels & Resorts Pte. Ltd., a resort and hotel management company, is established, as well as companies to operate spas and galleries. Sheraton Grande Laguna Phuket and The Allamanda are launched. LRH begins to sell units at The Allamanda.
1994	Banyan Tree Phuket is launched as the first Banyan Tree resort. The resort includes the first Banyan Tree Spa and Banyan Tree Gallery.
1995-1999	Banyan Tree Maldives and Banyan Tree Bintan are launched.
2000	Banyan Tree Holdings Pte Ltd is established and we acquire Banyan Tree Hotels & Resorts Pte. Ltd. and several of our existing subsidiaries to operate spas and galleries. We also acquire a 31.2 per cent. ownership interest in LRH. The Angsana brand is launched with the opening of Angsana Bintan and Angsana Great Barrier Reef.
2001	We open the Banyan Tree Spa Academy. Angsana Maldives and Angsana Oasis are launched.
2002	We enter into a strategic alliance with the Oberoi Group of India to manage spas. Banyan Tree Seychelles is launched. Laguna Residences, Phuket, Thailand is launched. An additional 450 acres of land is purchased in Bang Tao Bay, Phuket, Thailand for resort and property sales development. Westin Banyan Tree is rebranded to Banyan Tree Bangkok.
2003	We establish the Colours of Angsana product line and launch Gyalthang Dzong Hotel in Shangri-la, Yunnan, PRC. We also launch Banyan Tree Spa Shanghai. We begin to consolidate the financial results of LRH. We begin to sell Laguna Townhomes.
2004	The second Colours of Angsana hotel, Deer Park Hotel, is launched in Sri Lanka.
2005	The third Colours of Angsana hotel, Maison Souvannaphoum, is launched in Laos. We also establish our first resort in the PRC, Banyan Tree Ringha, Shangri-La and acquire Thai Wah Plaza, which includes Banyan Tree Bangkok.

2006	We launch our first villa-style Banyan Tree resort in the PRC, Banyan Tree Lijiang, and our first resort in the Middle East, Banyan Tree Bahrain. We purchase the ''BANYAN TREE'' and ''ANGSANA'' trademarks together with the logos and devices and all copyright matters relating to the marks from TRMC, and the ''THE ALLAMANDA'' trademark, together with the logos and devices and all copyright matters relating to the marks from TARSL. We change our name to ''Banyan Tree Holdings Limited'' upon our conversion to a public company limited by shares.

Business Structure

Our principal subsidiaries and associated companies are involved in the business segments set forth below:



Notes:

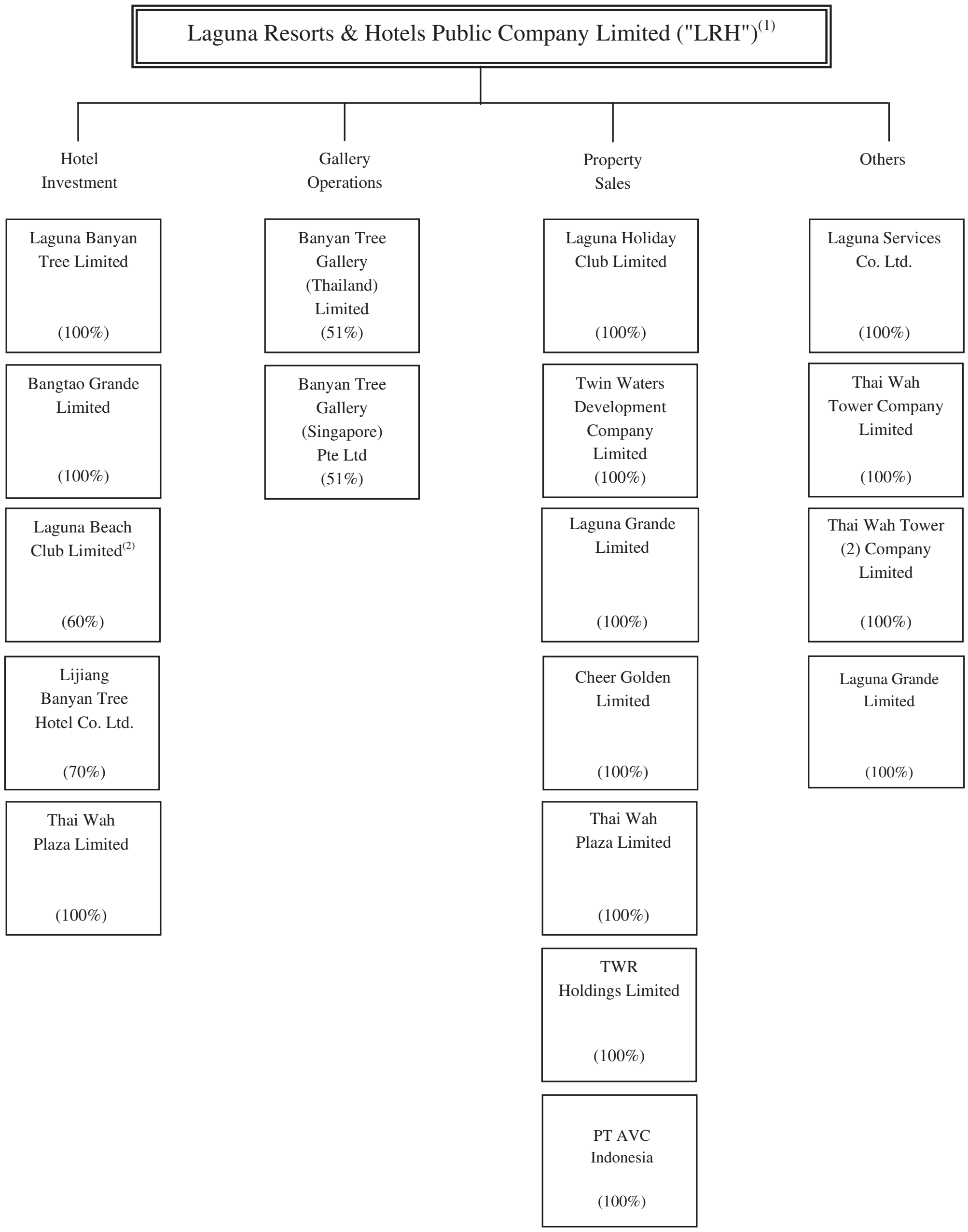
(1) All percentages have been rounded to the nearest per cent. and reflect our Company's effective interest in each company.

(2) We also have a 51.8 per cent. ownership interest in LRH. Our ownership interest in Banyan Tree Gallery (Thailand) Limited, Banyan Tree Gallery (Singapore) Pte Ltd and Lijiang Banyan Tree Hotel Co. Ltd., as shown above, is the aggregate of our proportionate share of 51.8 per cent. of the interest of LRH in these companies and our Company's direct interest. Information on LRH's principal subsidiaries is shown in the structure below.

(3) Banyan Tree Resorts & Spas (Thailand) Company Limited is 49.0 per cent. owned by our Company. Pursuant to the Articles of Association of Banyan Tree Resorts & Spas (Thailand) Company Limited, our Company holds 90.6 per cent. of its voting power and is entitled to the dividends declared by Banyan Tree Resorts & Spas (Thailand) Company Limited after deducting the amount of Thai Baht 104,030 to be paid to preference shareholders (being 10.0 per cent. of the par value of the total preference shares).

(See "General and Statutory Information — Subsidiaries and Associated Companies" for details of all our subsidiaries and associated companies.)

LRH's principal subsidiaries are involved in the business segments set forth below:



Notes:

(1) All percentages have been rounded to the nearest per cent. and reflect LRH's effective interest in each company.

(2) Laguna Beach Club Limited is 60.0 per cent.-owned by LRH and TWR-Holdings Limited, which in aggregate, hold 60.0 per cent. of the voting power in, and are entitled to 50.0 per cent. of the dividends declared by, Laguna Beach Club Limited, pursuant to its Articles of Association.

(See "General and Statutory Information — Subsidiaries and Associated Companies" for details of the subsidiaries of LRH.)

Competitive Strengths

We believe that we can capitalise on our following competitive strengths:

- ***We are a leading manager and developer of niche resorts, hotels and spas in the Asia Pacific***

  We are a leading operator of premium resorts, hotels and spas in the Asia Pacific, with 18 resorts and hotels and 49 spas that we manage and/or in which we have ownership interests. In the preceding 12 months, we have grown our business geographically by entering into management agreements in new locations outside Asia-Pacific, such as Abu Dhabi and Barbados. We have also entered into management agreements in London, Mexico and Morocco (see "— Resorts and Hotel Expansion"). Our leadership is demonstrated by the fact that the resorts, hotels and spas that we manage have won more than 250 awards and accolades since the first Banyan Tree resort, Banyan Tree Phuket, was launched in 1994. Laguna Phuket, our integrated resort complex in Phuket, Thailand, has a leading presence in one of the top resort destinations in Asia. We have pioneered concepts that have become the signature features of many of our resorts and hotels, such as the tropical garden spa and the pool villa. We believe that our strength as a manager and developer is principally derived from our integrated business model, including an in-house design and project management division as well as a centralised global marketing team. Our integrated capabilities enable us to preserve brand integrity, create innovative product offerings with quicker time to market, preserve our premium positioning in the niche markets in which we operate and the quality of our resorts, hotels, spas and galleries and the services we offer.

- ***We own award-winning brands which drive our growth strategy***

  The two key brands that we own, Banyan Tree and Angsana, have received many awards and accolades. The Banyan Tree brand was named as "Singapore's Strongest Brand" by International Enterprise Singapore, 2003. Our strong brand recognition allows us to command prices at the high end of the market for the resorts, hotels and spas that we manage. In the three months ended 31 March 2006, our average room rate was S$601.60 and S$277.00 for Banyan Tree and Angsana respectively. Further, Laguna Phuket is marketed as a travel destination because of its unique position as an integrated resort complex. Through the strength of our brands, we are also able to expand our product offerings more quickly. Our differentiated brands strategy allows us to target distinct customer market segments and drive growth in our hotel investment and hotel management business segments while avoiding brand dilution and cannibalisation. We have been able to attract respected business associates such as the Oberoi Group of India, with whom we have entered into spa management agreements, due to the leading position of our brands. The strength of the Banyan Tree and Angsana brands also improves our negotiating position with potential business associates.

- ***Our complementary product offerings and integrated business model enhance our resilience***

  The resilience of our business model is sustained by our strong brands: Banyan Tree, Angsana (including the Colours of Angsana product line), and Laguna Phuket (our destination brand). Each brand and product line targets distinct market segments and consequently expands our overall customer base. Our complementary product offerings, ranging from resorts, hotels, spas, galleries and resort residences to golf courses, enable us to offer a multi-faceted travel and leisure experience and give rise to cross-selling opportunities. We believe that we were able to reduce the adverse impact of external events such as SARS, the Bali bombings and the September 11, 2001 terrorist attack because our resorts, hotels and spas are located across different countries and have a geographically diverse customer base. Although our operations in Maldives were impacted by the 2004 tsunami, we saw a recovery in our operations by the third quarter of 2005 and by the fourth quarter of 2005, our REVPAR for the quarter was higher than in the fourth quarter of 2004. Our integrated capabilities (including in-house design and project management and centralised marketing) enable us to create innovative product offerings, reduce the time needed to launch new product offerings and manage our costs effectively. When events affect one or more of our markets, we utilise multiple sales channels through our centralised global marketing approach to target unaffected and/or less affected customer markets. For example, following the 2004 tsunami, we were able to mitigate our losses and speed up recovery by redirecting our marketing efforts to unaffected customer markets/locations.

- ***We have achieved strong operating performance for the resorts and hotels we manage***

  We have a strong operating track record evidenced by the fact that we were able to maintain high average room rates and REVPAR for all the Banyan Tree and Angsana resorts and hotels we managed during the three years ended 31 December 2003, 2004 and 2005 (with the exception of our hotels and resorts which were affected by the 2004 tsunami). Average room rates for the Banyan Tree and Angsana resorts and hotels we managed were S$301.20 for the year ended 31 December 2003, S$308.00 for the year ended 31 December 2004 and S$309.60 for the year ended 31 December 2005 and average occupancy levels were 59.6 per cent., 66.8 per cent. and 54.5 per cent., respectively. REVPAR at these resorts and hotels was S$179.70 for the year ended 31 December 2003, S$205.70 for the year ended 31 December 2004 and S$168.60 for the year ended 31 December 2005. We maintained REVPARs through 2003 and 2004 for most of our resorts and hotels despite several external events such as the Bali bombings and SARS, which severely affected the hospitality and leisure industry during this period. In the three months ended 31 December 2005, we saw a recovery from the 2004 tsunami with average room rates of S$326.10, average occupancy of 64.5 per cent. and REVPAR of S$210.30, further improving to average room rates of S$363.10, average occupancy of 66.5 per cent. and REVPAR of S$241.40 for the three months ended 31 March 2006.

Average room rates and REVPAR at our Banyan Tree resorts and hotels alone were higher, with average room rates of S$474.50 for the year ended 31 December 2003, S$503.60 for the year ended 31 December 2004 and S$482.10 for the year ended 31 December 2005 and REVPAR of S$312.80 for the year ended 31 December 2003, S$373.00 for the year ended 31 December 2004 and S$317.00 for the year ended 31 December 2005. In the three months ended 31 December 2005, we saw a recovery from the 2004 tsunami with average room rates of S$537.10, average occupancy of 71.1 per cent. and REVPAR of S$381.70, further improving to average room rates of S$601.60, average occupancy of 70.7 per cent. and REVPAR of S$425.20 for the three months ended 31 March 2006 for our Banyan Tree resorts and hotels.

We have also been successful at making most of the Banyan Tree and Angsana resorts and hotels we manage profitable (at an operating level) during their first full year of operation.

- ***We have a strong financial track record***

  Our financial position, in terms of our strong balance sheet, profitability and operating margins, as well as the strong cash flows of LRH, our subsidiary, enables us to develop and expand our product offerings, to introduce new product lines, such as Colours of Angsana, and to capitalise on future opportunities when they arise. We generally operate in low cost environments while concurrently being able to charge room and spa treatment rates at the high end of our market, enabling us to achieve strong operating margins, especially for our resorts in Laguna Phuket and our Banyan Tree resorts. Our revenues grew 41.9 per cent. from 2003 to 2004 during difficult industry conditions. Operating profits also grew 53.7 per cent. over the same period. Revenues for the three months ended 31 March 2005 decreased to 38.0 per cent. from the three months ended 31 March 2004 and revenues for the three months ended 31 March 2006 grew 131.2 per cent. from the three months ended 31 March 2005. Operating profits grew 44.0 per cent. in the three months ended 31 March 2006 from the three months ended 31 December 2005, showing strong recovery from the 2004 tsunami. Our operating profit margin, as a percentage of our total revenues, was 26.6 per cent. for the three months ended 31 December 2005, supported by 34.1 per cent. for the three months ended 31 March 2006.

- ***We have a proven and experienced management team***

  We have an experienced and qualified management team with a successful track record in managing our businesses. Most of the core members of our senior management team have been instrumental in our development since the inception of the Banyan Tree brand in 1992. The team has successfully grown our business through brand building initiatives, strategic alliances and effective crisis management through difficult operating conditions for the industry over the last few years. We are led by our founder, Executive Chairman, Mr Ho KwonPing, who has more than 20 years of experience in the hospitality and leisure industry and has won awards including the Innovation Award from Hotel Investment Conference Asia Pacific in 2003, the 2005 Entrepreneurship Award from the London Business School and the Ernst & Young Singapore, Lifestyle, Hospitality and Retail Entrepreneur Award 2005. Mr Ho is supported by an experienced management team (see ''Management''). We believe our senior management team possesses the appropriate mix of multi-disciplinary skills and experience, particularly in areas of product innovation, branding, resort and hotel design and construction, as well as hotel operations.

Strategy

Our principal strategic objective is to build upon the Banyan Tree and Angsana brands, to create a diversified group of niche resorts and hotels in strategic locations throughout the world, complemented by our resort/hotel residence and property sales and our spa and gallery operations, while achieving strong profitability and operating margins and maintaining our strong balance sheet position.

In particular, we seek to:

- ***Focus on growing our business through new management agreements and selective resort and hotel investment***

  We intend to grow our business by increasing the number of resorts and hotels that we manage. In the next four years, we plan to open 21 resorts and hotels, 12 of which we will manage but not have any ownership interest in. We believe that our strong operating track record in managing our resorts and hotels, the strength of our brands, in-house design and innovation and our centralised sales and marketing and distribution networks help attract owners of resorts and hotels. For a Banyan Tree resort/hotel in a location where we are familiar with the market conditions and operating environment, we would typically expect to acquire, at a minimum, a minority ownership interest in order to strengthen our position as the manager of that resort or hotel as well as to enhance returns. For Angsana and Colours of Angsana resorts and hotels, we intend to focus on management agreements, which we believe would enhance our management fee income, increase awareness of our brands at a faster pace and expand our revenue base without incurring significant incremental capital expenditure. We expect to increase our revenues from spa operations by expanding into new locations through leases, management agreements and strategic alliances.

- ***Increase our geographical presence by expanding our resort and hotel operations into new strategic locations***

  We intend to develop our international presence to grow our resorts and hotels business and diversify our revenue base. Through strategic expansion into low-cost locations close to our key customer markets, we intend to increase accessibility to our existing customers as well as reach out to affluent customer segments within these operating countries. Our ability to command premium rates will be a key consideration in our geographic expansion. We believe that strategic geographical expansion will reduce our exposure to seasonal and cyclical fluctuations in our business by having more diversified geographic and customer bases and will also permit us to take advantage of cross-marketing opportunities. We typically target an internal rate of return in excess of 20.0 per cent. on our equity investment in resort and hotel projects. We have entered into management agreements to open new resorts and hotels in various locations including Morocco (Marrakech), Sri Lanka (Beruwela), Thailand (Chiang Mai and Koh Samui), Indonesia (Ungasan, Bali), Mexico (Acapulco and Cancun), Greece (Pilos), Barbados, PRC (Hainan) and United Arab Emirates (Abu Dhabi, Dubai, Ras Al Khaimah). By venturing outside the Asia Pacific, we aim to further tap into the customer markets of Europe, the United States and the Middle East. (See ''Business — Resort and Hotel Expansion'' and ''Management's Discussion and Analysis of Financial Condition and Results of Operations — Capital Expenditure'').

- ***Continue to target niche markets through our differentiated brand strategy***

  We will continue to capitalise on the strong recognition of our award-winning brands, Banyan Tree and Angsana, to capture the premium segment of different customer markets. We believe Banyan Tree's product offerings are associated with prestige and luxury. Rack rates for Banyan Tree resorts and hotels typically range between US$300 (S$486) to US$2,200 (S$3,564) per room night. Angsana offers a refreshing and contemporary ambience and targets a younger customer market than Banyan Tree. Rack rates for Angsana hotels typically range between US$200 (S$324) and US$900 (S$1,458) per room night. Our latest product line, Colours of Angsana, is targeted at a distinct niche customer segment of travellers looking for cultural tourism and soft adventure. We believe we have the first-mover advantage in providing premium rooms to this market segment. Rack rates for Colours of Angsana hotels typically range between US$100 (S$162) and US$200 (S$324) per room night. We also believe we will be able to cross-sell our existing product offerings to customers of our new product lines and encourage our existing customers to experience our new product offerings.

- ***Continue residential development and sales to reduce resort and hotel investment outlay***

  We intend to continue our strategy of developing and managing resort/hotel residences selectively in locations where we have existing resorts or hotels, as we have previously done in Laguna Phuket.

Locations where we intend to implement this strategy include Seychelles, Chiang Mai, Lijiang, Acapulco and Cancun. Our resort residences will only be constructed in conjunction with one of our existing resort developments and we do not intend to engage in stand-alone property development. The cash flows generated from the sale of our resort/hotel residence developments will reduce our investment outlay for resort/hotel developments and expansion of existing resorts and hotels. We also intend to lease back and/or manage the resort residences that we sell, in order to obtain recurring revenues from these resort residences, in addition to sale proceeds received. In addition, in select locations such as Mayakoba (Mexico), Punta Diamante (Mexico) and Tepi Kahyangan (Bali), we receive royalty fees on sales of branded properties (typically 4 per cent. to 7 per cent. of revenues). We also believe that the value of land surrounding our resorts and hotels typically appreciates as the resort or hotel matures. The sale of resort residences will enable us to capitalise any appreciation in land values.

We also intend to selectively enter into management contracts to manage premium serviced residences (apartments) in selected locations. These premium serviced residences will operate under one of our brands.

- ***Expand and upgrade our existing resorts to achieve increasing returns to scale***

  Expanding and upgrading our existing resorts is a cost-efficient way to increase our revenue base and enhance profitability. Building new rooms or villas at our existing resorts allows us to provide our guests with new product offerings while expanding our revenue base, generally without incurring significant incremental construction or operating costs. Several of our resorts, including Banyan Tree Phuket, Banyan Tree Seychelles, Dusit Laguna, Sheraton Grande Laguna Phuket and Banyan Tree Lijiang have additional land on which we can build new rooms or villas. In early 2006, we added 45 rooms at Sheraton Grande Laguna Phuket and by the end of 2006, we intend to add 22 DoublePool Villas at Banyan Tree Phuket and 13 Beachfront Pool Villas at Banyan Tree Seychelles.

Awards and Accolades

Since Banyan Tree Phuket was launched in 1994, our resorts, hotels and spas have been voted as being among the best in the world by readers of leading travel consumer and trade publications in the United Kingdom, the United States and the Asia Pacific. We have also won a broad spectrum of awards and claimed prestigious top spots for our brands, galleries, website designs and environmental programmes. The list includes:

Corporate

- *Singapore 1000: "Highest Net Profit"* from Singapore 1000/SME 500 Awards 2006
- *"Singapore Top 100 International Company"* from Singapore International 100 2006
- *"Industry Turnover Growth Award"* from Singapore 1000/SME 500 Awards 2005
- "*50 Fastest Growing Companies"* from DP Information Group (2004)
- *"Asia's Best Hotel Chains for Vacation"* (Rank 5th) from Asiamoney Business Travel Poll 2004

Resorts and Hotels

- *Gold List: "World's Best Places to Stay"* from Condé Nast Traveler US 2006 (Banyan Tree Phuket)
- *"World's Best Hotels:* Top 25 Asia Rank" from Travel + Leisure World's Best Awards 2005 (Banyan Tree Phuket — Rank 11th)
- *"Best Resort Hotel in Asia-Pacific"* from Business Traveller Asia-Pacific Readers' Poll 2005, 2003 and 2002 (Banyan Tree Phuket)
- *"Asia's Best Vacation Resort"* from Asiamoney's Travel Poll 2004 (Banyan Tree Phuket)
- *"Top 50 Resorts"* from Zagat Survey Top International Hotels, Resorts & Spas (Banyan Tree Phuket — Rank 11th) 2004

Spas

- *"World's Top 25*" from Condé Nast Traveller UK: Readers' Spa 2006 (Banyan Tree Spa Bangkok Rank 7th)
- *"Gold Award, Marketing (Spa)*" from Pacific Asia Travel Association Gold Award 2006 (Angsana Spa Kuala Lumpur)

- *"Best Spa China"* from SpaFinder's 2005 Readers' Choice Crystal Award Winners — Best Spa by Country or Region (Banyan Tree Spa Shanghai)
- *"Top Overseas Hotel Spa — Africa, Indian Ocean & Middle East"* from Condé Nast Traveller UK: Readers' Spa Awards 2004 (Banyan Tree Seychelles)
- *"Top Ten Urban Day Spas — Overseas"* from Condé Nast Traveller UK: Readers' Spa Awards 2004 (Banyan Tree Bangkok)

Ecotourism and Heritage

- *"Grand Award — Heritage"* from Pacific Asia Travel Association Gold Awards 2004 (Museum Shop by Banyan Tree)
- *"Best Responsible Tourism Website"* from TravelMole.com Travel & Tourism Web Awards 2004 (Corporate — Green Imperative Fund)
- *"President of Maldives Green Resort Award 2004"* from President of Maldives Green Resort Award 2004 (Banyan Tree Maldives)
- *"World's Leading Responsible Tourism Internet Site"* from World Travel Awards 2004 (http://www.banyantree.com)

Marketing and Brand

- *"Grand Award, Marketing Industry — Spa"* from Pacific Asia Travel Association Gold Awards 2005 (Banyan Tree Spa Bintan)
- *"Gold Award, Marketing Industry — Hotel"* from Pacific Asia Travel Association Gold Awards 2005 (Banyan Tree Bintan)
- *"Gold Award, Marketing Industry — Spa"* from Pacific Asia Travel Association Gold Awards 2005 (Angsana Spa Double Bay)
- *"PATA Gold Award — Industry Spa (Marketing)"* from Pacific Asia Travel Association Gold Awards 2004 (Banyan Tree Spa Shanghai)
- *"PATA Gold Award — International Marketing Programme Under US$5 Million"* from Pacific Asia Travel Association Gold Awards 2002 (Banyan Tree Spa)

Quality and Innovation

- *"Commitment to Quality Award (Middle East/Africa)"* from The Leading Hotels of the World, Ltd 2003 (Banyan Tree Seychelles)
- *"Top Hotel Group Innovator Award"* from Travel Weekly East Innovator Awards 2001 (Banyan Tree Hotels and Resorts)

BRANDS

Our business is centred around our two award-winning brands: Banyan Tree and Angsana. In addition, our Colours of Angsana product line operates under the Angsana brand. Each of our brands is targeted at distinct customer segments. This enables us to expand our customer base without brand dilution and cannibalisation. Prior to acquiring our brands in 2006, we had the exclusive and perpetual right to use the Banyan Tree and Angsana trademarks with respect to the operation and management of resorts, hotels, spas, golf courses and the merchandising of any products of the resorts, hotels, spas and golf courses. For each product offering that used the Banyan Tree or Angsana trademarks, we paid to the respective licensor an amount equal to 0.25 per cent. of such product offering's revenues as a royalty fee. On 8 May, 2006, we entered into an agreement to acquire the "BANYAN TREE" and "ANGSANA" trademarks together with the logos and devices and all copyright matters relating to the marks from TRMC, and the "THE ALLAMANDA" trademark, together with the logos and devices and all copyright matters relating to the marks from TARSL. (See "— Intellectual Property".)

The strength of our brands also enables us to attract quality business associates, such as American Express, Citibank, Visa International, MasterCard International and the Oberoi Group of India (see "— Resorts and Hotels — Global Marketing — Brand Management"). These partnerships help expand awareness of our brands and increase our customer reach through our partners' customer data bases.

Our brands are capable of being extended to new market segments as evidenced by our Colours of Angsana product line which uses its decor and interior designs to reflect modern adaptations of the indigenous culture and heritage of each particular location in which the product line is located. We believe that our commitment to protecting the environment and our emphasis on corporate social responsibility also enhances the image and reputation of our brands. (See ''— Intellectual Property'' and ''— Corporate Social Responsibility and Environmental Conservation''.)

Banyan Tree

In 2003, the Banyan Tree brand was named as ''Singapore's Strongest Brand'' by International Enterprise Singapore. The Banyan Tree brand is targeted primarily at highly affluent travellers seeking a luxury retreat with a focus on romance, intimacy and rejuvenation. Rack rates for Banyan Tree resorts and hotels typically range between US$300 (S$486) to US$2,200 (S$3,564) per room night.

Positioned in the niche resort, hotel and spa market segments, we believe the Banyan Tree brand is associated with prestige and luxury, and is able to command rates that are at the high end of the market for resorts and hotels within each resort or hotel's particular market. We pioneered the tropical garden spa and pool villa concepts that are now often associated with the Banyan Tree brand. All six resorts and hotels, eight spas and 19 galleries under the Banyan Tree brand reflect the natural environment, culture and heritage of their locations.

Since the first Banyan Tree resort opened in 1994, Banyan Tree resorts have garnered numerous awards and accolades including ''Best Resort Hotel in Asia Pacific'' from Business Traveller Awards 2005 (Banyan Tree Phuket) and ''Asia's Best Vacation Resort'' from Asiamoney Business Travel Poll Awards 2004 — 2005 (Banyan Tree Phuket). (See ''Overview — Awards and Accolades''.)

Angsana

Launched in 2000 as the sister brand of Banyan Tree, there are four resorts and hotels, 26 spas and 34 galleries under the award-winning Angsana brand. We position Angsana as offering a refreshing and contemporary experience, manifested in its interior designs and spa treatments. A brand that we believe is associated with youth and revitalisation, Angsana targets a younger customer segment than Banyan Tree. Angsana's rack rates are at the high end of the market for resorts and hotels within each resort or hotel's particular market and typically range between US$200 (S$324) and US$900 (S$1,458) per room night. Angsana resorts, hotels and spas have won several awards and accolades, including the *''Top 10 Spa Resorts''* in the Asia Pacific by C.E.I. Magazine, the *''Best Hotel Health/Day Spa''* from HM Awards (Angsana Great Barrier Reef), *''President of Maldives Green Resort Award 2002''* (Angsana Maldives) and the ''Best Australia Spa'' in the Luxury Gold List (ranked 3rd) 2006.

Colours of Angsana

As an extension of the Angsana brand, we position Colours of Angsana as offering an experience that is centred on cultural tourism and soft adventure. Colours of Angsana is intended to consist of a range of boutique resorts and hotels, each of which is an existing property that is refurbished with input from our design and global marketing divisions. The interior design of these resorts and hotels is intended to incorporate modern adaptations of the indigenous culture and heritage of their respective locations. Colours of Angsana made its debut in August 2003 in Shangri-la, Yunnan, PRC with the Gyalthang Dzong Hotel. The Deer Park Hotel in Beruwela, Sri Lanka was added to the Colours of Angsana product line in March 2004. The Maison Souvannaphoum Hotel in Luang Prabang, Laos was added in February 2005. Rack rates for Colours of Angsana hotels typically range between US$100 (S$162) and US$200 (S$324) per room night.

RESORTS AND HOTELS

Our primary business is the management, development and ownership of resorts and hotels. As at 31 March 2006, we:

- manage and have ownership interests in nine resorts and hotels (Banyan Tree Phuket, Banyan Tree Maldives Vabbinfaru, Banyan Tree Bangkok, Banyan Tree Seychelles, Banyan Tree Ringha, Angsana Resort & Spa Maldives Ihuru, Laguna Beach Resort, Gyalthang Dzong Hotel and Velavaru Island Resort). (See ''— Description of Resorts and Hotels we Manage and in which we have Ownership Interests'');
- manage seven resorts and hotels (Banyan Tree Bintan, Angsana Resort & Spa Bintan, Angsana Resort & Spa Great Barrier Reef, Angsana Oasis Spa & Resort, The Deer Park Hotel, Maison Souvannaphoum,

and The Allamanda) in which we have no ownership interest. (See "— Description of Resorts and Hotels we Manage but in which we have no Ownership Interest"); and

- have ownership interests but no management arrangement in two resorts (Dusit Laguna Resort Hotel and Sheraton Grande Laguna Phuket). (See "— Description of Resorts and Hotels in which we have Ownership Interests but do not Manage".) In addition, we have a 79.8 per cent. ownership interest in the Swanee Hotel which we closed for renovation in 2005 and intend to rebrand and manage as an Angsana hotel in 2008.

These resorts and hotels are located in nine countries, and have 1,986 rooms available for use by guests as at 31 March 2006. A brief description of the resorts and hotels we manage and/or in which we have ownership interests is set forth below:

Name of Resort	Location	Number of available rooms	Owner	Ownership interest(5)	Form of management arrangement	Year opened/ rebranded
Banyan Tree Phuket	Phuket, Thailand	127	LRH(1)	51.8%(6)	Technical assistance	1994
Banyan Tree Maldives Vabbinfaru	Maldives	48	Vabbinvest Maldives Pvt Ltd	96.7%(6)	Management agreement	1995
Banyan Tree Seychelles	Seychelles	47	Banyan Tree Resorts (Seychelles) Limited	30.0%(6)	Management agreement	2002
Banyan Tree Ringha	Yunnan, PRC	32	Jiwa Renga Resorts Limited	96.0%	Management agreement	2005
Banyan Tree Bangkok	Bangkok, Thailand	197	Thai Wah Plaza	51.8%(6)	Management agreement	2002
Banyan Tree Bintan	Bintan, Indonesia	70	PT. Bintan Hotels	—(8)	Management agreement	1995
Angsana Resort & Spa Great Barrier Reef	Cairns, Australia	64	Manwin Properties Limited(2)	—(7)	Management agreement	2000
Angsana Resort & Spa Bintan	Bintan, Indonesia	113	PT. Bintan Hotels	—(8)	Management agreement	2000
Angsana Oasis Spa & Resort	Bangalore, India	43	Prestige Leisure Resorts Private Limited	—	Management agreement	2001
Angsana Resort & Spa Maldives Ihuru	Maldives	45	Maldives Angsana Pvt Ltd	96.7%(6)	Management agreement	2001
Colours of Angsana — Gyalthang Dzong Hotel ..	Yunnan, PRC	47	Gyalthang Dzong Hotel	79.2%	Management agreement	2003
Colours of Angsana — The Deer Park Hotel	Beruwela, Sri Lanka	77	The Deer Park Hotel (Pvt) Ltd	—	Management agreement	2004
Colours of Angsana — Maison Souvannaphoum	Luang Prabang, Laos	24	Souvannaphoum Pvt Ltd	—	Management agreement	2005
Dusit Laguna Resort Hotel	Phuket, Thailand	224	LRH	51.8%(6)	Managed externally by Dusit Thani Corporation Limited	1987
Velavaru Island Resort	Maldives	84	Maldives Bay Pvt Ltd	77.4%	Management agreement	2005
Laguna Beach Resort	Phuket, Thailand	252	LRH(3)	25.8%(6)	Jointly managed by LRH and InterPacific Investment Limited(9)	1991

Name of Resort	Location	Number of available rooms	Owner	Ownership interest[5]	Form of management arrangement	Year opened/ rebranded
Sheraton Grande Laguna Phuket	Phuket, Thailand	289	LRH[4]	51.8%[6]	Managed externally by Sheraton Overseas Management Corporation	1992
The Allamanda	Phuket, Thailand	203	Phuket Hotel Limited	—	Technical assistance agreement	1993

Notes:

(1) Banyan Tree Phuket is owned by Laguna Banyan Tree Limited, which is 51.0 per cent. owned by TWR-Holdings Limited and 49.0 per cent. owned by LRH.

(2) Reef Services Pty Ltd has leased the resort from Manwin Properties Limited and unitholders for 10 years commencing on 1 November 2001 and expiring on 31 October 2011.

(3) Laguna Beach Resort is owned by Laguna Beach Club Limited. Please refer to ''General and Statutory Information — Subsidiaries and Associated Companies'' for ownership details of Laguna Beach Club.

(4) Sheraton Grande Laguna Phuket is owned by Bangtao Grande Limited, which is 100 per cent. owned by Laguna Grande Limited, a 100 per cent. owned subsidiary of LRH.

(5) This column reflects our effective ownership interests in the companies which own the various resorts.

(6) For details of our ownership interest in this company, see ''General and Statutory Information — Subsidiaries and Associated Companies''.

(7) LRH, through TWR-Holdings Limited and Laguna Banyan Tree Limited, has a 19.8 per cent. interest in Tropical Resorts Limited, which in turn has a direct interest in 100 per cent. of the shares of Manwin Properties Limited.

(8) LRH, through TWR-Holdings Limited and Laguna Banyan Tree Limited, has a 19.8 per cent. interest in Tropical Resorts Limited. Tropical Resorts Limited has an effective interest in 49.5 per cent. of the shares of PT. Bintan Hotels.

(9) Laguna Beach Resort is co-managed by LRH and InterPacific Investment Limited (''InterPacific''), an unrelated party. A four-person executive committee which consists of two representatives from LRH and two representatives from InterPacific meets quarterly to manage this resort. We receive no management fees for co-managing this resort.

Generally, our guests for the resorts and hotels we manage and/or in which we have ownership interests come from Europe, America and Asia. Our customer mix for the three years ended 31 December 2003, 2004, and 2005, and for the three months ended 31 March 2006 was as follows:

	For the year ended 31 December (unaudited)			For the three months ended (unaudited)
	2003	2004	2005	2006
As a percentage of total room nights				
Europe[1]	25.5%	32.3%	31.2%	46.6%
Americas[2]	4.3%	4.8%	6.3%	6.7%
North Asia[3]	42.0%	38.3%	26.9%	24.5%
South Asia[4]	21.1%	15.1%	22.2%	14.6%
Oceania[5]	5.3%	6.8%	10.1%	5.8%
Others[6]	1.7%	2.6%	2.9%	1.8%

Notes:

(1) Europe includes United Kingdom, Germany, France, Switzerland, Russia and Italy.

(2) Americas includes the United States, Canada and South America.

(3) North Asia includes Japan, Korea, Hong Kong, the PRC and Taiwan.

(4) South Asia includes Singapore, Malaysia, India and Thailand.

(5) Oceania includes Australia, New Zealand and other Pacific nations.

(6) Others includes the UAE, the Middle East and Saudi Arabia.

(7) The information above is based on information provided by our customers as to their country of residence.

	For the year ended 31 December (unaudited)			For the three months ended (unaudited)
	2003	2004	2005	2006
As a percentage of total room revenues				
Europe(1)	37.4%	41.4%	43.9%	57.8%
Americas(2)	5.8%	5.8%	6.6%	5.9%
North Asia(3)	34.1%	32.0%	23.2%	19.2%
South Asia(4)	15.3%	11.5%	14.6%	9.8%
Oceania(5)	4.7%	5.8%	7.7%	4.7%
Others(6)	2.7%	3.5%	4.0%	2.7%

Notes:

(1) Europe includes United Kingdom, Germany, France, Switzerland, Russia and Italy.

(2) Americas includes the United States, Canada and South America.

(3) North Asia includes Japan, Korea, Hong Kong, the PRC and Taiwan.

(4) South Asia includes Singapore, Malaysia, India and Thailand.

(5) Oceania includes Australia, New Zealand and other Pacific nations.

(6) Others includes the UAE, the Middle East and Saudi Arabia.

(7) The information above is based on information provided by our customers as to their country of residence.

Description of Resorts and Hotels we manage and in which we have Ownership Interests

Banyan Tree Resorts and Hotels

Banyan Tree Phuket

Launched in 1994, Banyan Tree Phuket is our flagship resort and was the first resort opened under the Banyan Tree brand. We position Banyan Tree Phuket as a premier resort and spa destination in the Asia Pacific. Banyan Tree Phuket is located within Laguna Phuket, an integrated resort complex, consisting of five resorts and hotels. (See ''— Laguna Phuket''.) Banyan Tree Phuket's awards include *Best Overseas Spa* from Luxury Travel Gold List, ranked second, 2006, *Best Spa in Asia* from SpaFinder 2005 and *Asia's Best Vacation Resort* from Asiamoney's Travel Poll, 2004.

The resort is located approximately 31 km from Phuket International Airport, and 34 km from Phuket Town. As at the Latest Practicable Date, it has 127 villas, all of which are designed in distinctive Thai architectural style. Banyan Tree Phuket offers an award-winning Banyan Tree Spa with 12 outdoor spa pavilions, eight Royal Spa Villas, one meditation and yoga pavilion and five indoor spa treatment rooms, seven food and beverage outlets, three tennis courts, two swimming pools, a fitness centre, two meeting rooms, a library offering business services and three outlets of the Banyan Tree Gallery. It is also located next to an 18-hole par 71 golf course owned by Laguna Grande Limited (a subsidiary of LRH) and operated by Banyan Tree Hotels & Resorts Pte. Ltd. (our wholly-owned subsidiary). (See ''— Golf Clubs''.) We expect to add 22 new DoublePool Villas to Banyan Tree Phuket by the third quarter of 2006. (See ''— Resort and Hotel Expansion — Expansion of Existing Resorts and Hotels''.)

A summary of Banyan Tree Phuket's average number of available rooms, average occupancy, average room rates, REVPAR and percentage of food and beverage revenues as compared to total revenues for the three years ended 31 December 2003, 2004 and 2005 and for the three months ended 31 March 2006 is set out below:

	For the year ended 31 December (unaudited)			For the three months ended 31 March (unaudited)
	2003	2004	2005	2006
Average number of available rooms	121	121	118(2)	127
Average occupancy (%)	66.7	70.5	53.4	68.1
Average room rate (S$)	742.00	770.10	583.10	947.70
REVPAR (S$)	495.00	542.60(3)	311.20(4)	645.40
Percentage of food and beverage revenues as compared to total revenues (%)(1)	22.9	24.2	28.5	23.9

Notes:

(1) These food and beverage revenues include revenues generated by food and beverage outlets located at The Allamanda, all of which are operated by Banyan Tree Phuket.

(2) This reduction is the result of six Jacuzzi Villas being taken out of inventory and being converted into Spa Villas. In the latter half of 2005, 12 new two-bedroom Pool Villas were completed and added to our inventory.

(3) In 2004, REVPAR was S$684.30 for the three months ended 31 March, S$431.30 for the three months ended 30 June, S$412.80 for the three months ended 30 September, and S$645.20 for the three months ended 31 December.

(4) In 2005, REVPAR was S$237.20 for the three months ended 31 March, S$204.40 for the three months ended 30 June, S$267.20 for the three months ended 30 September, and S$519.00 for the three months ended 31 December.

In 2003, despite SARS and the Iraq war, we were able to sustain both average occupancy and average room rates due to a quick recovery in average occupancy beginning in June 2003 ending the year with a REVPAR of S$494.90. (See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Significant Factors Affecting Our Results of Operations — SARS, Avian Flu and Other Epidemics".)

The increase of brand awareness and sales and marketing efforts targeted at Europe resulted in an increase in average occupancy from 66.7 per cent. in 2003 to 70.5 per cent. in 2004. The average room rate also increased from S$742.00 in 2003 to S$770.10 in 2004 but declined to S$583.10 in 2005, due to the effects of the 2004 tsunami.

The impact of the 2004 tsunami resulted in a general shift of leisure travel away from Phuket, especially from long-haul markets, such as Europe. Our recovery efforts were targeted at short-haul regional markets in the Asia Pacific such as Singapore, the PRC, Thailand and India. As a result, Banyan Tree Phuket achieved an average occupancy of 53.4 per cent. for 2005. In the three months ended 31 March 2006, average occupancy, average room rate and REVPAR were 68.1 per cent., S$947.70 and S$645.40, respectively as a result of further recovery from the 2004 tsunami. Whilst quarterly REVPAR for each of the three months ended 31 March 2005, 30 June 2005 and 30 September 2005, was lower than REVPAR for each of the corresponding periods in 2004 primarily as a result of the 2004 tsunami, REVPAR for the three months ended 31 December 2005 increased substantially over REVPAR for the three months ended 30 September 2005, as the resort started to recover from the impact of the 2004 tsunami and its peak season commenced. The REVPAR for the three months ended 31 March 2006 was 5.7 per cent. below that achieved for the three months ended 31 March 2004, providing strong indication that the recovery from the 2004 tsunami is almost complete.

In 2005, Banyan Tree Phuket's guests (by room nights) mainly visited from Japan, the United Kingdom, Hong Kong and Germany. High season for the resort is between the months of November to April. Phuket is an international resort destination and its hospitality and leisure industry is very competitive. However, we believe we have established our own place in the niche market of resorts and spas, by offering a multi-faceted, premium holiday experience. In Phuket, we consider Amanpuri, Trisara and the Sheraton Island Villas to be our direct competitors. As a resort destination, we believe that Phuket competes primarily with Bali.

Banyan Tree Maldives Vabbinfaru

Banyan Tree Maldives Vabbinfaru ("Banyan Tree Maldives") is located on the private island of Vabbinfaru in the North Malé Atoll of the Maldives. It is the only facility on the island. The resort is approximately 20 minutes by speedboat from the Maldives International Airport located close to the capital, Malé. Banyan Tree Maldives seeks to distinguish itself as a premier resort offering exclusivity, rejuvenation and seclusion amidst an ecologically rich marine environment.

Banyan Tree Maldives has 48 villas and a Banyan Tree Spa with five outdoor spa pavilions that provide a wide range of massage, body and beauty treatments. The resort also offers three food and beverage outlets, a fitness centre, a dive centre, a meeting room and a Banyan Tree Gallery. In addition, there is an onsite marine biology laboratory with a team that conducts lessons for guests on local marine life and the marine environment.

Banyan Tree Maldives opened in April 1995 and was the second Banyan Tree resort. In 2002, the resort went through extensive renovation, including the upgrading of 25 villas, its main restaurant, its reception lounge and other public areas. The remaining villas went through minor upgrading works in 2003 and 2004. Banyan Tree Maldives' awards include *The World's Very Best Hotels* (Maldives) from World Travel Awards 2003 and *Asia's Best Resorts* from www.asia-hotel.com's Customer Hotel Awards & Travel Habits Survey in 2002.

A summary of Banyan Tree Maldives' average number of available rooms, average occupancy, average room rates, REVPAR and percentage of food and beverage revenues as compared to total revenues for the three years ended 31 December 2003, 2004 and 2005 and for the three months ended 31 March 2006 is set out below:

	For the year ended 31 December (unaudited)			For the three months ended 31 March (unaudited)
	2003	**2004**	**2005**	**2006**
Average number of available rooms	48	48	48	48
Average occupancy (%)	68.9	83.2	69.5	94.4
Average room rate (S$)	594.40	661.70	702.70	759.30
REVPAR (S$)	409.80	550.80[(1)]	488.50[(2)]	716.40
Percentage of food and beverage revenues as compared to total revenues (%)	29.6	29.6	28.9	28.9

Notes:

(1) In 2004, REVPAR was S$663.00 for the three months ended 31 March, S$462.30 for the three months ended 30 June, S$467.10 for the three months ended 30 September, and S$611.00 for the three months ended 31 December.

(2) In 2005, REVPAR was S$526.10 for the three months ended 31 March, S$342.40 for the three months ended 30 June, S$461.30 for the three months ended 30 September, and S$623.50 for the three months ended 31 December.

In 2003, despite the impact of SARS and the Iraq war, we recorded 68.9 per cent. average occupancy and average room rate of S$594.40 as we were able to attract guests from Japan, Singapore and Korea in place of customers from Europe who stayed away because of SARS between April and October 2003. (See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Significant Factors Affecting Our Results of Operations — SARS, Avian Flu and Other Epidemics".) In 2004, aggressive strategies targeted at key markets resulted in an increase in guests from Europe, namely the United Kingdom, France and Switzerland, as well as the PRC and Japan. As a result of these initiatives, average occupancy increased from 68.9 per cent. in 2003 to 83.2 per cent. in 2004 and the average room rate increased from S$594.40 to S$661.70 (an 11.0 per cent. increase) over the same period.

The 2004 tsunami impacted the number of arrivals to the resort for the first half of 2005, with a drop of over 2,000 room nights from January to June. This resulted in a decrease in REVPAR from S$550.80 in 2004 to S$488.50 in 2005. The decline in average occupancy in 2005 was mitigated by an increase in average room rates, thus mitigating the decrease in REVPAR. Whilst quarterly REVPAR for each of the three months ended 31 March 2005, 30 June 2005 and 30 September 2005, was lower than REVPAR for each of the corresponding periods in 2004, REVPAR for the three months ended 31 December 2005 increased substantially over REVPAR for the three months ended 30 September 2005, and was comparable to levels achieved in 2004, a strong indication of recovery from the 2004 tsunami. In the three months ended 31 March 2006, average occupancy, average room rate and REVPAR were 94.4 per cent., S$759.30 and S$716.40 respectively, as a result of recovery from the effects of the 2004 tsunami.

Due to its location in the Indian Ocean, in 2005, a significantly higher proportion of Banyan Tree Maldives' guests (by room nights) came from European countries such as the United Kingdom, France and Germany. However, it also attracts a significant portion of guests from Japan, Switzerland and Korea. High season for the resort is between the months of November to April.

There are approximately 80 resorts and hotels operating in the Maldives. Resorts are differentiated by locality (by reference to distance from the capital, Malé) and the market segment each resort targets.

The 2004 tsunami caused two of our direct competitors, Taj Exotica and Four Seasons, to cease operations in 2005. Subsequently Taj Exotica was renovated and reopened in December 2005. Four Seasons is currently being renovated and is scheduled to reopen later in 2006. In addition, our other competitors are Soneva Gili, Soneva Fushi, Huvafen Fushi, Hilton and the One&Only Reethi Rah.

Banyan Tree Seychelles

Banyan Tree Seychelles is located along Intendance Bay on Mahé island and is only 30 minutes by car from the Mahé International Airport and 45 minutes by car from the capital of Seychelles, Victoria. Banyan Tree Seychelles opened in February 2002 and offers all Pool Villa accommodation. It was also the first to introduce a spa into the country. Banyan Tree Seychelles is positioned as a premium resort and spa, offering exclusivity and luxury amidst natural beauty. Guests can explore the surrounding islands or visit UNESCO World Heritage sites like the Vallée de Mai nature reserve. Banyan Tree Seychelles has 47 Pool Villas which range from the Hillside

Pool Villas to the Presidential Villa. The resort offers eight outdoor spa pavilions, a swimming pool, four food and beverage outlets, a health club, a Banyan Tree Gallery and other amenities.

Banyan Tree Seychelles' awards include the Hot List 2003 from Condé Nast Traveler US and Condé Nast Traveller UK, *Seychelles' Leading Spa Resort* from World Travel Award 2005 and *Top Overseas Hotel Spa* from Condé Nast Traveller UK.

We expect to add 13 new Beachfront Villas to Banyan Tree Seychelles by the end of 2006 (see "— Resort and Hotel Expansion — Expansion of Existing Resorts and Hotels".) All of the construction will occur away from the main resort complex and should not have a material adverse effect on the resort's operations.

A summary of Banyan Tree Seychelles' average number of available rooms, average occupancy, average room rates, REVPAR and percentage of food and beverage revenues as compared to total revenues for the years ended 31 December 2003, 2004 and 2005 and for the three months ended 31 March 2006 is set out below:

	For the year ended 31 December (unaudited)			For the three months ended 31 March (unaudited)
	2003	**2004**	**2005**	**2006**
Average number of available rooms	37	47	47	47
Average occupancy (%)	66.5	67.3	68.7	52.6
Average room rate (S$)	1,215.00	1,270.90	1,388.10	1,864.60
REVPAR (S$)	807.50	855.40	953.10	979.90
Percentage of food and beverage revenues as compared to total revenues (%)	36.9	35.6	32.9	27.3

Through our efforts in promoting the Banyan Tree brand in the European market, and by utilising our strong distribution network, the resort increased its REVPAR from S$807.50 in 2003 to S$953.10 in 2005. This was a result of an increase in average room rate from S$1,215.00 in 2003 to S$1,388.10 in 2005 and an increase in average occupancy from 66.5 per cent. in 2003 to 68.7 per cent. in 2005. Banyan Tree Seychelles' results were not impacted by the 2004 tsunami.

Due to its location in the Indian Ocean, in 2005, a significantly higher proportion of the Banyan Tree Seychelles' guests (by room nights) came from European countries, such as the United Kingdom, Germany and France. High season for the resort is between the months of January to April, and August, as the resort is popular with the European leisure market. We consider our closest competitors to be Fregate Island Private and Le Northolme Hotel and Spa. There are several new hotel projects opening in the next few years where the Maia Hotel and Four Seasons will be added into our range of competitors.

With additional flights by Emirates Airlines from Dubai and by Qatar Airways from Doha in 2006, we believe that there is potential to increase the resort's share of guests from the Middle East and Europe. For the European market, direct flights from the United Kingdom are available via Air Seychelles.

Banyan Tree Ringha

Banyan Tree Ringha was opened in September 2005 and is located in Yunnan province, the PRC, in a location that has been officially renamed "Shangri-La" by the PRC government. It is 40 minutes drive from Diqing Airport, and three hours' drive from the UNESCO World Heritage Site of Lijiang. Opened in September 2005, it is the only luxury resort of its kind in Yunnan.

Constructed from original Tibetan farmhouses, the resort retains authentic architecture and exotic interiors with original wood carvings and fireplaces.

Banyan Tree Ringha has 32 suites, ranging from Tibetan suites to lodges. There is also a Banyan Tree Spa offering six treatment rooms, three food and beverage outlets, Banyan Tree Gallery, a library, a meeting room and a selection of nature and cultural adventure treks guided by local specialists.

A summary of Banyan Tree Ringha's average number of available rooms, average occupancy, average room rates, REVPAR and percentage of food and beverage revenues as compared to total revenues for the four months ended 31 December 2005 and the three months ended 31 March 2006 is set out below:

	For the four months ended 31 December (unaudited)	For the three months ended 31 March (unaudited)
	2005	2006
Average number of available rooms	32	32
Average occupancy(%)	20.2	5.8
Average room rate (S$)	238.90	288.50
REVPAR (S$)	48.20	16.60
Percentage of food and beverage revenues as compared to total revenues(%)	29.9	24.1

There is currently no direct competitor to Banyan Tree Ringha in the Yunnan province. The high season for the Banyan Tree Ringha is the summer period of May to August. The winter months of November to February typically see very few visitors due to harsh weather conditions. Although we presently do not have any competition in Yunnan, we compete for guests with other destinations such as Tibet and Bhutan. In addition, the destination's popularity may be affected due to the limited number of airlines servicing Yunnan province, or insufficient seating capacities on planes that service the area.

In 2005, the resort enjoyed business mainly from the domestic and regional markets, including Hong Kong and Singapore. We expect an increase in business from Europe and the United States through more targeted marketing activities.

Banyan Tree Bangkok

Banyan Tree Bangkok is situated in the centre of the business and commercial districts of Bangkok. Previously branded as the Westin Banyan Tree and managed by Westin Hotel Company, the owners of the hotel subsequently entered into a management agreement with Banyan Tree Hotels & Resorts Pte. Ltd. pursuant to which the hotel was rebranded as Banyan Tree Bangkok in January 2002.

Banyan Tree Bangkok is marketed as a premium hotel with spa facilities, which is ideal for business travellers. All 216 suite rooms (of which 206 were available for sale at 31 December 2005) offer a bedroom with an attached living room. The interiors are decorated with Thai silks and teakwood furniture. Banyan Tree Bangkok features a Banyan Tree Spa including 17 indoor spa treatment rooms, a swimming pool, fitness centre, 12 meeting rooms, a business centre and two Banyan Tree Galleries. The hotel offers nine food and beverage outlets including the award-winning restaurants Vertigo, (an open-air rooftop restaurant on the 61st floor) and Bai Yun. The hotel also features a Saffron restaurant, a signature feature of all our Banyan Tree resorts and hotels. Banyan Tree Bangkok was awarded the *World's Best Places to Stay in the Gold List* from Condé Nast Traveler US 2005 and *Overseas Urban Day Spa* from Condé Nast Traveller UK 2005.

In June 2005, refurbishment of the Banyan Tree Club Suites in Banyan Tree Bangkok commenced. This refurbishment was completed in November 2005. The completion of the project produced new restaurants on the top floors with spectacular views of the city.

A summary of Banyan Tree Bangkok's average number of available rooms, average occupancy, average room rates, REVPAR and percentage of food and beverage revenues as compared to total revenues for the three years ended 31 December 2003, 2004 and 2005 and for the three months ended 31 March 2006 is set out below:

	For the year ended 31 December (unaudited)			For the three months ended 31 March (unaudited)
	2003	2004	2005	2006
Average number of available rooms	216	216	216	196[(1)]
Average occupancy(%)	66.7	76.3	72.9	81.9
Average room rate (S$)	172.10	187.50	198.10	219.70
REVPAR (S$)	114.90	143.00	144.40	179.90
Percentage of food and beverage revenues as compared to total revenues(%)	43.6	49.5	51.1	56.1

Note:

(1) There has been a reduction in the average number of available rooms because two floors of the hotel, with 19 rooms, are being renovated and will become part of the room inventory again in October 2006.

Average occupancy improved in 2004 compared to 2003, when SARS had significantly affected Bangkok city hotels (see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Significant Factors Affecting Our Results of Operations — SARS, Avian Flu and Other Epidemics"). Our average room rate increased from S$172.10 in 2003 to S$198.10 in 2005. The hotel renovation in 2005 removed 70 rooms from sellable inventory which caused a slight drop in average occupancy from 76.3 per cent. in 2004 to 72.9 per cent. in 2005. Food and beverage revenues increased from 43.6 per cent. of total revenues in 2003 to 51.1 per cent. in 2005. In the three months ended 31 March 2006 average occupancy, average room rate and REVPAR were 81.9 per cent., S$219.70 and S$179.90 respectively. The REVPAR for the three months ended 31 March 2006 was 16.2 per cent. higher than that achieved for the three months ended 31 March 2005, indicating the renovations at this hotel are generating the expected returns.

In 2005, guests (by room nights) primarily visited from Hong Kong, Japan, Singapore and the United States. The hospitality and leisure industry in Bangkok is very competitive, with most major international hotel chains having a presence. Banyan Tree Bangkok's most significant competitors are Sukhothai, The Metropolitan, The Peninsula and The Oriental. The hotel enjoys business from various market segments including business travellers, the wholesale business, independent tourists and the corporate meetings market. This mix of leisure and business visitors enables us to balance demand between weekdays and weekends. The hotel has no distinctive seasonality but average occupancy is generally higher between June and November when there are more corporate meetings and events.

Angsana Resorts and Hotels

Angsana Resort & Spa Maldives Ihuru

Angsana Resort & Spa Maldives Ihuru ("Angsana Maldives") is located on the island of Ihuru in the North Malé Atoll. The resort was launched in 2001 and is 20 minutes by speedboat from the airport at Malé, the Maldives' capital city. Angsana Maldives has 45 villas available for guests, eight outdoor spa pavilions at its Angsana Spa, two restaurants and an Angsana Gallery. There are many activities for guests to choose from, such as scuba diving, windsurfing, canoeing and other water sports. In addition, guests may receive cooking lessons from the resort's Maldivian chef.

Through its use of bold colours and contemporary Asian designs, Angsana Maldives is positioned as a refreshing getaway experience in the Maldives. Angsana Maldives' awards include the prestigious *President of Maldives Green Resort Award 2002*, and the *Grand Award for Corporate Environment Programme* from Pacific Asia Travel Association Grand Award 2002.

A summary of Angsana Maldives' average number of available rooms, average occupancy, average room rates, REVPAR and percentage of food and beverage revenues as compared to total revenues for the three years ended 31 December 2003, 2004 and 2005 and for the three months ended 31 March 2006 is set out below:

	For the year ended 31 December (unaudited)			**For the three months ended 31 March (unaudited)**
	2003	**2004**	**2005**	**2006**
Average number of available rooms	45	45	45	45
Average occupancy (%)	66.1	86.4	70.6	94.9
Average room rate (S$)	450.20	466.70	494.00	640.40
REVPAR (S$)	297.60	403.20	348.80	607.50
Percentage of food and beverage revenues as compared to total revenues (%)	29.9	30.4	28.3	26.5

The resort significantly increased its REVPAR from S$297.60 in 2003 to S$403.20 in 2004. This increase was primarily attributable to the increasing awareness of the Angsana brand in the European market. The effect of the 2004 tsunami on the Maldives resulted in a drop in arrivals for the first half of 2005. The resort showed a drop of over 2,000 room nights from January to June and REVPAR fell from S$403.20 in 2004 to S$348.80 in 2005. However, our strong position in the market allowed us to increase our average room rate by 29.6 per cent. from S$494.00 in 2005 to S$640.40 in the three months ended 31 March 2006 (compared with S$466.70 in 2004). Overall, we maintained average occupancy at 70.6 per cent. for 2005 as the resort had strong average occupancy levels during the second half of the year. In the three months ended 31 March 2006, average occupancy, average room rate and REVPAR were 94.9 per cent., S$640.40 and S$607.50 respectively, as a result of recovery from the effects of the 2004 tsunami.

In 2005, Angsana Maldives' guests (by room nights) primarily visited from Japan, the United Kingdom, Singapore and Switzerland. High season for the resort is between the months of November to April, as well as from August to September for the Japanese market.

There are approximately 80 resorts and hotels operating in the Maldives. Resorts are differentiated by locality (by reference to distance from the capital, Malé) and the market segments each resort targets. Based on these factors, we consider the closest competitors of Angsana Maldives to be Taj Coral, The One&Only Kanuhura and the Hilton. The W Retreat and Spa-Maldives opening in June 2006 will also be considered one of our competitors.

Velavaru Island Resort

Velavaru Island Resort was acquired in July 2005. This is the third property that we acquired in the Maldives, after Banyan Tree Maldives and Angsana Maldives.

Velavaru Island Resort is located in the South Nilanhe Atoll, 40 minutes by seaplane from the Malé International Airport. The island resort opened in 1998 and has two restaurants, one bar, water sports and dive centre and a spa. There are a total of 84 bungalows of which 68 have direct access to the beach. With its pristine reef and sparkling coasts, there are many marine activities for guests to choose from, including snorkelling, scuba diving, canoeing, and other water sports. In addition, there is a variety of dining experiences to choose from including dinner on a private island.

We refurbished the resort upon acquisition, by giving its bungalows a contemporary Asian look.

A summary of Velavaru Island Resort's average number of available rooms, average occupancy, average room rates, REVPAR and percentage of food and beverage revenues as compared to total revenues for the five months ended 31 December 2005 and for the three months ended 31 March 2006 is set out below:

	For the five months ended 31 December (unaudited)	For the three months ended 31 March (unaudited)
	2005	2006
Average number of available rooms	84	84
Average occupancy (%)	76.3	96.7
Average room rate (S$)	95.70	180.10
REVPAR (S$)	73.10	174.10
Percentage of food and beverage revenues as compared to total revenues (%)	53.9	40.0

Due to its positioning in the mid-range market, the resort enjoys 80.0 per cent. to 90.0 per cent. average occupancy levels during the months of October to February. The resort's pre-existing contracts which included all meals and beverages were honoured which resulted in a low average room rate. This was due to the internal allocation of the revenue to food and beverage departments. We plan to re-brand this resort as an Angsana resort (Angsana Velavaru) in 2007. We also intend to add Banyan Tree branded Water Villas (Banyan Tree Aloofushi) off Velavaru Island by 2009.

Colours of Angsana

Gyalthang Dzong Hotel

Our Colours of Angsana product line was launched in August 2003 in Shangri-la, Yunnan, the PRC with the Gyalthang Dzong Hotel ("Gyalthang Dzong"). Before its launch in August 2003, the hotel was extensively renovated. The renovation included a complete refurbishment of the rooms as well as the restaurant, bar and lobby. The hotel has 47 rooms, an Angsana Spa with four indoor spa treatment rooms and an Angsana Gallery. Gyalthang Dzong offers tours and other activities for guests to explore the surrounding areas, such as the Lijiang Valley, a UNESCO World Heritage site. We market Gyalthang Dzong to special interest travellers and groups, cultural enthusiasts and travellers looking for soft adventure.

A summary of Gyalthang Dzong's average number of available rooms, average occupancy, average room rates, REVPAR and percentage of food and beverage revenues as compared to total revenues for the five months ended 31 December 2003, and the years ended 31 December 2004 and 2005 and for the three months ended 31 March 2006 is set out below:

	For the five months ended 31 December (unaudited)	For the year ended 31 December (unaudited)	For the year ended 31 December (unaudited)	For the three months ended 31 March (unaudited)
	2003	2004	2005	2006
Average number of available rooms	47	47	47	47
Average occupancy (%)	12.6	12.1	26.2	3.5(1)
Average room rate (S$)	49.90	76.60	68.10	69.10
REVPAR (S$)	6.30	9.20	17.90	2.40
Percentage of food and beverage revenues as compared to total revenues (%)	28.0	26.0	20.3	29.0

Note:
(1) The hotel is closed during the winter from December to mid-March.

The room rates we received during the five months ended 31 December 2003 were based on bookings that had been accepted by the hotel's previous manager, which we honoured. This resulted in a significant increase in average room rate from S$49.90 in 2003 to S$76.60 in 2004. In 2005, we reduced room rates to increase average occupancy and coupled with greater awareness of the brand due to our marketing efforts, this resulted in an increase in REVPAR from S$9.20 in 2004 to S$17.90 in 2005. However there was a decrease to S$2.40 for the three months ended 31 March 2006 due to seasonal factors.

Gyalthang Dzong's business is driven primarily by seasonality. The hotel's low season is between December to mid-March due to harsh winters and the entire hotel is closed. The hotel's high season is from May to October, with peaks during the first half of May and in the month of October, due to local festivals and holidays. The majority of the hotel's guests are local and expatriate residents of the PRC. In 2005, other guests (by room nights) visited from United States, Germany, Europe and Australia. Although we presently do not have any direct competition in Yunnan, the PRC, we compete for guests with other destinations such as Tibet and Bhutan.

To improve the attractiveness of the hotel, we have recently upgraded certain facilities within the hotel. We have also upgraded the public land fronting the hotel.

Laguna Phuket Resorts

Laguna Beach Resort

Laguna Beach Resort, located at Laguna Phuket, is a popular family resort with a variety of activities and amenities. Launched in 1991 as an independent resort, Laguna Beach Resort features eight outdoor spa pavilions at its Angsana Spa, five food and beverage outlets, a fitness centre, a four-acre water park incorporating waterfalls, a water slide, jacuzzi, swimming pools and a scuba pool and a wide range of other sports and leisure activities, and an Angsana Gallery. As at the Latest Practicable Date, all of the 252 rooms face either a lagoon or the sea and feature their own private patio or balcony. The low-rise resort is built to reflect typical Thai architecture. The resort is co-managed by its owners.

A summary of Laguna Beach Resort's average number of available rooms, average occupancy, average room rates, REVPAR and percentage of food and beverage revenues as compared to total revenues for the three years ended 31 December 2003, 2004 and 2005 and for the three months ended 31 March 2006 is set out below:

	For the year ended 31 December (unaudited)			For the three months ended 31 March (unaudited)
	2003	**2004**	**2005**	**2006**
Average number of available rooms	254	254	253[1]	252
Average occupancy (%)	69.4	81.1	50.2	67.3
Average room rate (S$)	153.60	155.50	137.50	217.30
REVPAR (S$)	106.60	126.10	69.10	146.20
Percentage of food and beverage revenues as compared to total revenues (%)	32.5	32.9	35.4	28.7

Note:

(1) In July 2005, two rooms were taken out of the resort's inventory to be the personal residence of the resort's general manager.

In the first quarter of 2003, which is typically part of the resort's high season, the uncertainty surrounding the Iraq war, and then the war itself resulted in lower occupancies and average room rates than would normally be expected. In the second quarter of 2003, SARS caused average occupancy levels to drop significantly. As a result, we lowered room rates in the second half of 2003 to stimulate a quick recovery. This rate decrease had the effect of increasing occupancies throughout the second half of the year, which resulted in average occupancy of 69.4 per cent. for the full year. However, average room rates for the year dropped significantly to S$153.60 and REVPAR decreased to S$106.60. (See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Significant Factors Affecting Our Results of Operations — SARS, Avian Flu and Other Epidemics".)

The recovery in the second half of 2003 continued into 2004 with a strong global economy, increased flights into Phuket and strong demand for Phuket as a destination. This enabled average occupancy of 81.1 per cent. to be achieved at an average room rate of S$155.50 which was slightly higher than the rate in 2003. The increase in average occupancy resulted in a significant increase in REVPAR to S$126.10. This improved performance was despite Avian flu scares adversely impacting European travel in February and March 2004 and the 2004 tsunami significantly impacting the high yielding last five days of the year.

Our average occupancy in 2005 was significantly reduced due to the impact of travel to Phuket as a destination subsequent to the 2004 tsunami. The 2004 tsunami resulted in average occupancy declining to 50.2 per cent. at a lower average room rate of S$137.50, which we reduced in order to stimulate demand back to Phuket. As a result REVPAR reduced to only S$69.10. The recovery commenced in the second half of 2005 and has continued into the first quarter of 2006. In the three months ended 31 March 2006, average occupancy, average room rate and REVPAR were 67.3 per cent., S$217.30 and S$146.20 respectively, as a result of the recovery from the effects of the 2004 tsunami. The REVPAR for the three months ended 31 March 2006 was 11.0 per cent. lower than for the three months ended 31 March 2004, providing a strong indication that the resort is recovering from the impact of the 2004 tsunami.

In 2005, Laguna Beach Resort's guests (by room nights) mainly came from Hong Kong, Taiwan, Korea, Germany and the United Kingdom. The resort targets the higher end of the family-oriented customer segment. The major competitors of the resort are Dusit Laguna, Sheraton Grande Laguna Phuket, Le Meridien Phuket Beach Resort, Le Royal Meridien Phuket Yacht Club, Hilton Arcadia and the JW Marriott Hotel, all of which are located in Phuket. High season for the resort is between November to April.

Description of Resorts and Hotels we manage but in which we have no Ownership Interest

Banyan Tree Resorts and Hotels

Banyan Tree Bintan

Banyan Tree Bintan is set in the northern corner of the Indonesian island of Bintan, which is approximately one hour by high-speed catamaran from Singapore. Banyan Tree Bintan has 70 villas and is promoted by us as a premier tropical retreat. The Banyan Tree Spa, Bintan, located in the resort, has four outdoor Royal Spa Villas as well as seven indoor spa treatment rooms in which we provide a wide range of massage, body and beauty treatments. Banyan Tree Bintan has three food and beverage outlets, a rock-edge swimming pool, a beach pool and water-sport facilities, two tennis courts, a meeting and conference room, a library and a Banyan Tree Gallery.

Banyan Tree Bintan is also located next to the Laguna Bintan Golf Club, a 18-hole golf course designed by Greg Norman.

Launched in 1995, Banyan Tree Bintan underwent various renovations in 2003 including the upgrading of one restaurant, the resort's infrastructure, as well as the Banyan Tree Spa and an addition of two double spa treatment rooms. Banyan Tree Bintan incorporates traditional Balinese architecture in its design and layout, and features Indonesian decor. The resort has received recognition from Condé Nast Traveler US, for its ecologically sensitive design, around the existing fauna at the site. Banyan Tree Bintan was awarded *Indonesia's Leading Spa Resort* from World Travel Award 2005 and the *Top 3 Overseas Hotel Spas* from Condé Nast Traveller UK Readers' Travel Awards 2002.

A summary of Banyan Tree Bintan's average number of available rooms, average occupancy, average room rates, REVPAR and percentage of food and beverage revenues as compared to total revenues for the three years ended 31 December 2003, 2004 and 2005 and for the three months ended 31 March 2006 is set out below:

	For the year ended 31 December (unaudited)			For the three months ended 31 March (unaudited)
	2003	**2004**	**2005**	**2006**
Average number of available rooms	70	70	70	70
Average occupancy (%)	59.6	71.6	65.4	68.5
Average room rate (S$)	469.90	510.60	530.10	513.60
REVPAR (S$)	280.10	365.40	346.40	351.60
Percentage of food and beverage revenues as compared to total revenues (%)	30.0	28.9	30.8	31.5

In 2003, travel advisories warnings against travel to Indonesia following the Bali bombings in October 2002 and SARS in 2003 resulted in low average occupancy of 59.6 per cent. As a result, our primary source of business in 2003 was limited to visitors from Singapore. (See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Significant Factors Affecting Our Results of Operations — SARS, Avian Flu and Other Epidemics".) 2004 saw an improvement of our business as there was a return of international visitors from countries other than Singapore, with average occupancy increasing to 71.6 per cent. The effect of the 2004 tsunami and the October 2005 Bali bombing resulted in a drop in average occupancy to 65.4 per cent. in 2005. However, strong demand for Pool Villas continued to drive up the average room rate with a steady increase from S$469.90 in 2003 to S$530.10 in 2005 decreasing slightly to S$513.60 for the three months ended 31 March 2006. In 2005, the increase in the average room rate from 2004 mitigated the fall in REVPAR which decreased from S$365.40 in 2004 to S$346.40 in 2005, primarily due to the decrease in average occupancy.

Due to its proximity to Singapore, in 2005, a majority of Banyan Tree Bintan's guests (by room nights) came from Singapore. A significant number of guests also visit from Korea, Japan and Hong Kong. We believe that we have no direct competitor in Bintan. However, retreat seekers can find alternative pool villa accommodation at Indra Maya. Banyan Tree Bintan's peak periods are during public holidays in Singapore. Its high season is from July to October. (See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations and Contingent Liabilities" for a description of certain agreements we have entered into in respect of Banyan Tree Bintan.)

Angsana Resorts and Hotels

Angsana Resort & Spa Bintan

Angsana Resort & Spa Bintan ("Angsana Bintan") opened in June 2000 and is located on Tanjong Said Bay on the northern part of Bintan Island, adjacent to Banyan Tree Bintan. The resort fronts the South China Sea. It is located approximately one hour by high-speed catamaran from Singapore. Positioned as a deluxe resort for leisure travellers and the corporate meetings market, Angsana Bintan is marketed to the high-end segment of the mainstream leisure market, including individuals and families who are looking for resorts with spas as well as the high-end corporate meetings market.

In the beginning of 2005, four rooms were bought over by the Laguna Holiday Club Limited (formerly known as Allamanda Vacation Club Limited) and were taken out of sellable resort inventory, reducing the total rooms available for sale to 115. Angsana Bintan has an Angsana Spa with eight outdoor spa pavilions and five indoor spa treatment rooms, three food and beverage outlets, a swimming pool, two tennis courts, water-sport facilities, meeting facilities and an Angsana Gallery. Guests also have access to the neighboring Laguna Bintan Golf Club, which offers a 18-hole golf course designed by Greg Norman.

A summary of Angsana Bintan's average number of available rooms, average occupancy, average room rates, REVPAR and percentage of food and beverage revenues as compared to total revenues for the three years ended 31 December 2003, 2004 and 2005 and for the three months ended 31 March 2006 is set out below:

	For the year ended 31 December (unaudited)			**For the three months ended 31 March (unaudited)**
	2003	**2004**	**2005**	**2006**
Average number of available rooms	120	120	117	113
Average occupancy (%)	50.4	58.8	60.9	61.7
Average room rate (S$)	144.60	159.70	164.90	170.10
REVPAR (S$)	72.90	93.90	100.40	104.90
Percentage of food and beverage revenues as compared to total revenues (%)	30.0	28.9	30.8	31.5

After the negative impact of SARS in 2003, strong recovery in 2004 resulted in a significant increase in REVPAR from S$72.90 in 2003 to S$93.90 in 2004. (See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Significant Factors Affecting Our Results of Operations — SARS, Avian Flu and Other Epidemics".) The 2004 tsunami had minimal impact on the operating performance of Angsana Bintan, with a slight decrease in occupancy in the first two months of 2005. Due to aggressive sales and marketing efforts targeted at key markets such as Hong Kong, Germany and the United Kingdom, Angsana Bintan was able to increase REVPAR to S$100.40 in 2005 and S$104.90 for the three months ended 31 March 2006.

In 2005, guests (by room nights) primarily visited from Singapore, Japan and Australia. Angsana Bintan's most significant competitors are Bintan Lagoon Hotel and Nirwana Resort Hotel. Angsana Bintan's peak periods are during public holidays in Singapore, such as Christmas and Chinese New Year. Its high season is from June to September. (See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations and Contingent Liabilities" for a description of certain agreements we have entered into in respect of Angsana Bintan).

Angsana Resort & Spa Great Barrier Reef

Formerly known as The Allamanda Palm Cove, Angsana Resort & Spa Great Barrier Reef ("Angsana Great Barrier Reef") underwent a A$4 million upgrading and refurbishment and was rebranded in August 2000 as Angsana Resort & Spa Great Barrier Reef by the owners of the resort when we took over its management.

Angsana Great Barrier Reef is located in the village of Palm Cove in Cairns, Australia and comprises 67 suites. It is the only resort in the Palm Cove region to open directly onto the beaches of the Coral Sea's Great Barrier Reef. Angsana Great Barrier Reef is located 20 minutes by car from Cairns International Airport, with convenient access to Cairns city, World Heritage Daintree Rainforest and the Great Barrier Reef. Positioned as a high-end resort in Palm Cove, Angsana Great Barrier Reef targets families and couples. The resort also attracts a large wedding market that has been further enhanced by the resort's wedding chapel which was added in 2002. All suites include verandas, kitchens, two bathrooms and dining areas for four to six persons. The resort has an Angsana Spa with three outdoor spa pavilions and five indoor spa treatment rooms. The resort has an award-winning restaurant, the Far Horizons Restaurant, three swimming pools set in a tropical garden area, para-sailing, game fishing and water-sports facilities, two meeting rooms and an Angsana Gallery. Angsana Great Barrier Reef was awarded the *Best Hotel Health/Day Spa Award* at the inaugural HM Awards for Hotel & Accommodation Excellence in March 2003 and ranked third in the "Best Australia Spa" in the Luxury Gold List 2006.

A summary of Angsana Great Barrier Reef's average number of available rooms, average occupancy, average room rates, REVPAR and percentage of food and beverage revenues as compared to total revenues for the three years ended 31 December 2003, 2004 and 2005 and for the three months ended 31 March 2006 is set out below:

	For the year ended 31 December (unaudited)			For the three months ended 31 March (unaudited)
	2003	**2004**	**2005**	**2006**
Average number of available rooms	67	66	64	64[(1)]
Average occupancy (%)	63.5	55.9	56.8	38.0
Average room rate (S$)	309.50	389.00	410.30	340.30
REVPAR (S$)	196.60	217.40	232.90	129.30
Percentage of food and beverage revenues as compared to total revenues (%)	33.5	30.3	31.7	31.7

Notes:

(1) As at the Latest Practicable Date, we only manage 64 rooms as certain rooms have been sold to third parties who have chosen not to include their rooms as part of the resort's available inventory.

The average room rate increased from S$309.50 in 2003 to S$410.30 in 2005, as we were able to take advantage of our established distribution channels to drive business from the United Kingdom and Japan. Awareness of the Angsana brand has also increased, enabling us to command the highest average room rate in Cairns, Australia in 2005. Average occupancy decreased from 63.5 per cent. in 2003 to 56.8 per cent. in 2005, due to sales and marketing strategies targeting high yield segments which significantly increased REVPAR from S$196.60 in 2003 to S$232.90 in 2005. In the three months ended 31 March 2006, average occupancy, average room rate and REVPAR were 38.0 per cent., S$340.30 and S$129.30 respectively. The resort's occupancy levels were adversely affected in the three months ended 31 March 2006 by an increase in advertising and marketing campaigns by its main competitors, as well as a typhoon in the month of March. These factors led the resort to reduce room rates and impacted REVPAR for the quarter.

In 2005, guests (by room nights) primarily visited from Australia, Japan, the PRC, the United States and the United Kingdom. Angsana Great Barrier Reef's most significant competitors are Sea Temple, Palm Cove Resort and Reef House. The resort's high season is between July and November.

Angsana Oasis Spa & Resort

Launched in 2001, Angsana Oasis Spa & Resort (''Angsana Oasis'') is located 24 kilometers northwest of Bangalore and is a 45-minute drive from Bangalore Airport. The Angsana Spa at Angsana Oasis has six outdoor pavilions and two indoor spa treatment rooms. The resort also includes three food and beverage outlets, an aerobic centre, tennis courts and squash courts, a swimming pool, a library and an Angsana Gallery.

We entered into an agreement to manage this resort in order to learn about the operating environment in India. Designed by its owner, Angsana Oasis has not been refurbished in a style consistent with the interiors and exteriors of the other Angsana resorts, although we have refurbished the Angsana Spa.

A summary of Angsana Oasis' average number of available rooms, average occupancy, average room rates, REVPAR and percentage of food and beverage revenues as compared to total revenues for the three years ended 31 December 2003, 2004 and 2005 and for the three months ended 31 March 2006 is set out below:

	For the year ended 31 December (unaudited)			For the three months ended 31 March (unaudited)
	2003	**2004**	**2005**	**2006**
Average number of available rooms	39	40	43	43
Average occupancy (%)	41.4	51.5	45.8	52.9
Average room rate (S$)	113.20	148.40	183.50	192.60
REVPAR (S$)	46.80	79.30	84.10	101.90
Percentage of food and beverage revenues as compared to total revenues (%)	35.2	27.1	28.9	24.6

While Angsana Oasis' average room rate, average occupancy and REVPAR are lower than the results of our other Angsana resorts and hotels, it is comparable to other resorts with which it competes in India. The vast majority of guests reside in India and the resort competes with other local hotels.

Average occupancy increased to 51.5 per cent. in 2004 because the resort increased its share of the corporate meetings market segment. The resort also increased average occupancy during weekends by tapping the domestic travel market. In 2005, continuing with its strategy to increase average rates by targeting high-yield corporate travel segments, the resort's average occupancy levels decreased slightly to 45.8 per cent. due to generally slower business in those segments. However, REVPAR increased from S$79.30 in 2004 to S$84.10 in 2005 due to the successful increase in rates. In the three months ended 31 March 2006, the corporate meetings business picked up and drove both the average occupancy level and average room rate up to 52.9 per cent. and S$192.60 respectively.

The Deer Park Hotel

The Deer Park Hotel is located in Giritale, Beruwela, Sri Lanka, about 20 minutes drive from the Beruwela UNESCO World Heritage site. The hotel was built in 1996 in a tropical jungle bordering an ancient reservoir in Giritale. We renovated the hotel during the six months ended 31 March in 2004 and repositioned it as a Colours of Angsana hotel in March 2004. The hotel is a cottage-style jungle resort with 77 cottage units. The Deer Park Hotel also has an Angsana Spa with four indoor treatment rooms and five outdoor spa pavilions, two food and beverage facilities and other amenities, including a swimming pool. The hotel features two Angsana Galleries.

A summary of The Deer Park Hotel's average number of available rooms, average occupancy, average room rates, REVPAR and percentage of food and beverage revenues as compared to total revenues for the years ended 31 December 2004 and 2005 and for the three months ended 31 March 2006 is set out below:

	For the year ended 31 December (unaudited)		For the three months ended 31 March (unaudited)
	2004	**2005**	**2006**
Average number of available rooms	77	77	77
Average occupancy (%)	47.0	27.6	42.4
Average room rate (S$)	62.40	93.20	110.40
REVPAR (S$)	29.30	25.70	46.80
Percentage of food and beverage revenues as compared to total revenues (%)	47.1	43.2	38.3

With the opening of the third Colours of Angsana hotel in Laos in February 2005, awareness of the brand grew significantly which resulted in an increase in average room rate from S$62.40 in 2004 to S$93.20 in 2005. We raised our room rates in 2005 because the rates in 2004 had been contracted by the previous owner.

In 2005, the effect of the 2004 tsunami deterred many visitors from Sri Lanka in general, causing the drop in average occupancy from 47.0 per cent. in 2004 to 27.6 per cent. in 2005. In the three months ended 31 March 2006, average occupancy, average room rate and REVPAR were 42.4 per cent., S$110.40, and S$46.80 respectively, as a result of recovery from the 2004 tsunami.

Maison Souvannaphoum Hotel

Opened in February 2005, Maison Souvannaphoum Hotel is the flagship hotel of the Colours of Angsana collection. Located in the UNESCO World Heritage town of Luang Prabang, Laos, it is 10 minutes drive from the Luang Prabang International Airport and within walking distance from the Mekong River. Within three months of its opening, Maison Souvannaphoum Hotel was already listed in the Hot List's the Year's Top New Hotels by the prestigious Condé Nast Traveler US.

Maison Souvannaphoum Hotel, styled after a French provincial building, has 24 hotel rooms, including four suites. It also has a swimming pool, a restaurant, an Angsana Gallery and an Angsana Spa with three pavilions. It offers tours and activities for its guests to explore the surrounding areas and towns.

A summary of Maison Souvannaphoum Hotel's average number of available rooms, average occupancy, average room rates, REVPAR and percentage of food and beverage revenues as compared to total revenues for the year ended 31 December 2005 and for the three months ended 31 March 2006 is set out below:

	For the year ended 31 December (unaudited)	For the three months ended 31 March (unaudited)
	2005	2006
Average number of available rooms	24	24
Average occupancy (%)	31.5	75.2
Average room rate (S$)	159.40	154.60
REVPAR (S$)	50.20	116.30
Percentage of food and beverage revenues as compared to total revenues (%)	21.3	23.1

For most of 2005, the hotel was not included in major tour operator programmes which resulted in low arrivals from long-haul markets. Sales and marketing efforts were targeted at regional markets. In the three months ended 31 December 2005, the hotel was included in tour operator programmes and listed as a member of Small Luxury Hotels. Due to these strategic alliances, we saw a significant increase in arrivals from European markets such as England, France and Germany in the latter part of the year as well as for the three months ended 31 March 2006.

The high season for the hotel is between November to February and the low season coincides with the hot summer months from June to August. We consider the Pansea Hotel, Grand Hotel and 3 Nagas as our closest competitors. The hotel enjoys business from various markets primarily Thailand, France and the United States.

Laguna Phuket Resorts

The Allamanda

The Allamanda was developed in three phases, with the first phase opened to the public in 1993. The Allamanda was developed as a resort property for sale and lease back. As at 1 April 2006, 203 of the 295 rooms have been sold to third parties who have entered into lease back arrangements with Phuket Hotel Limited, which in turn appointed Banyan Tree Hotels & Resorts Pte. Ltd. (our wholly-owned subsidiary) to manage the units.

Each of The Allamanda suites has a separate living room and one or two bedrooms, with a kitchenette annexed. The Allamanda also offers an Angsana Spa with eight outdoor spa pavilions, three food and beverage outlets which are operated by Banyan Tree Phuket, three swimming pools, one jacuzzi, water-sports facilities, three meeting rooms and an Angsana Gallery.

A summary of The Allamanda's average number of available rooms, average occupancy, average room rates, REVPAR and percentage of food and beverage revenues as compared to total revenues for the three years ended 31 December 2003, 2004 and 2005 and for the three months ended 31 March 2006 is set out below:

	For the year ended 31 December (unaudited)			For the three months ended 31 March (unaudited)
	2003	2004	2005	2006
Average number of available rooms	240	223	215	206
Average occupancy (%)	45.6	58.2	39.7	61.3
Average room rate (S$)	101.40	102.70	93.20	115.10
REVPAR (S$)	46.30	59.80	37.00	70.50
Percentage of food and beverage revenues as compared to total revenues (%)[1]	—	—	—	—

Note:

(1) The resort's food and beverage operations are operated by Banyan Tree Phuket.

The Allamanda's REVPAR has decreased from S$46.30 in 2003 to S$37.00 in 2005 as a result of a drop in both average occupancy and average room rates following the 2004 tsunami. In the three months ended 31 March 2006, average occupancy, average room rate and REVPAR were 61.3 per cent. S$115.10 and S$70.50 respectively, and reflect the recovery from the 2004 tsunami.

In 2005, The Allamanda's guests (by room nights) primarily visited from Thailand, Hong Kong, Singapore, Japan and the United Kingdom and the hotel targets the family-oriented customer segment. The major competitors of the hotel are the Holiday Inn in Patong, Dusit Laguna and Laguna Beach Resort. High season for the hotel is between November to April. (See "Risk Factors — Risks Relating to General Economic and Political Conditions — We have operations in various jurisdictions in which the legal and regulatory regime may be uncertain and in which we have no or little experience".)

Description of Resort Management Agreements

For the Banyan Tree and Angsana resorts and hotels we currently manage, we receive a management fee that is equal to a percentage (typically 3.0 per cent.) of total revenue for the property. Hotel management fees that we receive from hotels and resorts that we have a majority interest in are eliminated on consolidation. In addition, we usually receive an incentive fee equal to a percentage (typically 10.0 per cent.) of gross operating profit. The management and incentive fees are typically calculated in the currency of the country in which each resort is located, and are payable in US dollars at the official exchange rate prevailing at the end of each month. These management agreements for the resorts and hotels that we do not own allow us to increase our revenues with minimal capital expenditure. For Colours of Angsana hotels, we typically enter into individually structured contracts which allow us to increase our returns.

Our resort and hotel management agreements typically provide for a 10 to 25-year term and generally can be renewed by us for an additional 10 to 20 years. In addition to management fees and incentive fees, this segment includes reimbursement fees we receive for sales and marketing services that we provide to certain of the resorts and hotels that we manage. We also typically receive reimbursement fees equal to a percentage of the room revenue of each resort and hotel that we manage for our reservation services, plus a US$10.00 booking fee for each reservation that results in an actual average occupancy. However, as these fees are estimated to approximately reimburse us for costs we incur to benefit our resorts and hotels, they do not have a significant effect on our results of operations because they are approximately offset by our sales and marketing and salaries and related expenses.

The following table summarises the management arrangements that exist for each resort and hotel we manage:

Banyan Tree Resorts

Property	Owner	Manager	Duration
Banyan Tree Phuket	Laguna Banyan Tree Limited	Banyan Tree Hotels & Resorts Pte. Ltd.	The operating term expires on 31 December 2016 and we have the option to extend the term for a subsequent 10-year period
Banyan Tree Bintan	PT. Bintan Hotels	Banyan Tree Hotels & Resorts Pte. Ltd.	The operating term expires on 31 December 2010. We have the option to renew the operating term for another 15 years
Banyan Tree Maldives Vabbinfaru	Vabbinvest Maldives Pvt Ltd	Banyan Tree Resorts Limited	The operating term expires on 31 December 2005 but the term has been extended for 10 years commencing on 1 January 2006
Banyan Tree Seychelles	Banyan Tree Resorts (Seychelles) Limited	Banyan Tree Hotels & Resorts Pte. Ltd.	The operating term expires on 31 December 2022. We have the option to renew the operating term for another 20 years
Banyan Tree Bangkok...	Thai Wah Plaza	Banyan Tree Hotels & Resorts Pte. Ltd.	The operating term expires on 31 December 2021. We have the option to renew the operating term for another 20 years
Banyan Tree Ringha	Jiwa Renga Resorts Limited	Banyan Tree Hotels & Resorts Pte. Ltd.	The operating term expires 25 years from the formal opening date of 1 September 2005. We have an option to renew the operating term for the period remaining unexpired on the owner's land use rights grant

Angsana Resorts

Property	Owner	Manager	Duration
Angsana Resort & Spa Bintan	PT. Bintan Hotels	Banyan Tree Hotels & Resorts Pte. Ltd.	The operating term expires on 31 December 2020. We have the option to renew the operating term for another 20 years
Angsana Resort & Spa Maldives Ihuru	Maldives Angsana Pvt Ltd	Banyan Tree Resorts Limited	The operating term expires on 15 October 2015, with no option to renew
Angsana Resort & Spa Great Barrier Reef	Reef Services Pty Ltd	Banyan Tree Hotels & Resorts Pte. Ltd.	The operating term expires on 31 December 2011. We have the option to renew the operating term for three subsequent 10-year periods, or for a period to coincide with the expiry of the lease of the hotel site
Angsana Oasis Spa & Resort Bangalore, India	Prestige Leisure Resorts Private Limited	Banyan Tree Hotels & Resorts Pte. Ltd.	The operating term expires on 31 December 2009. Either party has the option to renew the operating term for another eight years
Colours of Angsana — Gyalthang Dzong Hotel	Gyalthang Dzong Hotel	Banyan Tree Hotels & Resorts Pte. Ltd.	The operating term expires 10 years from 21 August 2003, the date of formal opening of the hotel. We have the option to renew the operating term for another 10 years The operating term will be automatically extended for a further 10 years if, on or before 1 September 2012, certain conditions are satisfied
Colours of Angsana — The Deer Park Hotel . .	The Deer Park Hotel (Pvt) Ltd	Banyan Tree Hotels & Resorts Pte. Ltd.	The operating term expires 20 years from 13 July 2004, the date of formal opening of the hotel. We have the option to renew the operating term with mutual agreement between the manager and the owner for another 10 years
Colours of Angsana — Maison Souvannaphoum	Souvannaphoum Co. Ltd	Banyan Tree Hotels & Resorts Pte. Ltd.	The operating term expires on 31 January 2022. There is an option to renew the operating term after 10 years and it can be amended by mutual consent

Laguna Phuket Resorts & Others

Property	Owner	Manager	Duration
Laguna Beach Resort . . .	LRH	Co-managed by LRH and InterPacific. No formal management agreement has been entered into	Not applicable
The Allamanda	Phuket Hotel Limited	Banyan Tree Hotels & Resorts Pte. Ltd.	The operating term expired on 31 December 2005 but the term has been extended for six years commencing on 1 January 2006. We have the option to renew the operating term for a subsequent period of six years(1)
Velavaru Island Resort . .	Maldives Bay Pvt Ltd	Banyan Tree Resorts Limited	The operating term expires 25 years from the formal opening of the new resort. We have an option to renew the operating term for another 10 years

Note:

(1) See "Risk Factors — Risks Relating to General Economic and Political Conditions — We have operations in various jurisdictions in which the legal and regulatory regime may be uncertain and in which we have no or little experience".

(See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview of Revenue and Expenses — Revenue — Hotel Management".)

Description of Resorts in which we have Ownership Interests but do not Manage

Laguna Phuket Resorts

Dusit Laguna Resort Hotel

Overlooking approximately 2.5 kilometers of beach and flanked by two lagoons, Dusit Laguna Resort Hotel ("Dusit Laguna") offers guests a total of 224 guest rooms and suites as at the Latest Practicable Date. Launched in 1987, the rooms at Dusit Laguna feature native woods and tiles and are decorated with ceramics and carvings.

The resort offers eight outdoor spa pavilions at its Angsana Spa, six food and beverage outlets, a fitness centre, a swimming pool, a business centre, meeting facilities and an Angsana Gallery. An established Thai brand, Dusit Laguna targets the independent traveller customer segment within Europe between November and April and targets customers from Asia during the rest of the year.

We expect to add 28 pool villas to Dusit Laguna and convert 48 of our existing ground, sea-facing rooms to larger rooms with a deck in 2006 and 2007. Construction of the new villas will commence at the end of May 2006 and these villas will be sold to individual investors. The construction is only expected to affect one wing of the resort. The expansion of the ground floor, sea-facing rooms is expected to be done during the resort's low season and should not affect the results of operations of the resort. (See "— Resort and Hotel Expansion — Expansion of Existing Resorts and Hotels".)

The manager of the resort is Dusit Thani Corporation Limited. We pay the manager a management fee equal to 2.0 per cent. of the resort's revenue plus an incentive fee equal to 5.0 per cent. of the resort's gross operating profit. The management agreement expires on 30 September 2012.

A summary of Dusit Laguna's average number of available rooms, average occupancy, average room rates, REVPAR and percentage of food and beverage revenues as compared to total revenues for the three years ended 31 December 2003, 2004 and 2005 and for the three months ended 31 March 2006 is set out below:

	For the year ended 31 December (unaudited)			For the three months ended 31 March (unaudited)
	2003	**2004**	**2005**	**2006**
Average number of available rooms	224	224	224	224
Average occupancy (%)	68.2	77.8	54.5	76.3
Average room rate (S$)	158.00	162.80	136.40	274.60
REVPAR (S$)	107.70	126.60	74.40	209.70
Percentage of food and beverage revenues as compared to total revenues (%)	35.6	35.7	36.2	27.2

Average occupancy has fluctuated from 68.2 per cent. in 2003 to 77.8 per cent. in 2004 to 54.5 per cent. in 2005. In 2003, REVPAR was S$107.70 due to the adverse impact of the Bali bombings in the last quarter of 2002, the Iraq war and SARS. The recovery in the second half of 2003 continued into 2004 with the combination of a strong demand for Phuket as a destination, increased flights into Phuket with the emergence of the low cost carriers into the region, and a strong global economy, which resulted in occupancies increasing to 77.8 per cent. and the average room rate increasing slightly to S$162.80. The increase in average room rates was not maximised in this strong demand period due to the wholesale contracts for 2004 being negotiated during the SARS period in 2003 whereby the wholesalers were able to negotiate lower rates. The increase in average occupancy resulted in a significant increase in REVPAR to S$126.60. This improved performance was in spite of Avian flu outbreaks in the region reducing European travel in February and March and the 2004 tsunami impacting the typically high yielding last five days of the year.

REVPAR reduced to S$74.40 in 2005 due to the impact of the 2004 tsunami resulting in a decline in travel to Phuket in 2005. The average room rate of S$136.40 was lower than 2004 due to lower rates offered in order to entice tourists to return to Phuket. (See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Significant Factors Affecting Our Results of Operations — SARS, Avian Flu and Other Epidemics".) In the three months ended 31 March 2006, average occupancy, average room rate and REVPAR were 76.3 per cent., S$274.60 and S$209.70 respectively, as a result of the recovery from effects of the 2004 tsunami. The REVPAR for the three months ended 31 March 2006 was 7.3 per cent. higher than that for the first three months ended 31 March 2004, indicating Dusit Laguna's progress in recovering from the 2004 tsunami.

In 2005, Dusit Laguna's guests (by room nights) were from Hong Kong, the United Kingdom, Korea, Taiwan and Thailand. The major competitors of the hotel are Laguna Beach Resort, Sheraton Grande Laguna Phuket, Le Meridien Phuket Beach Resort, Le Royal Meridien Phuket Yacht Club, Hilton Arcadia and the JW Marriott Hotel, all of which are located in Phuket. High season for the resort is between November to April.

Sheraton Grande Laguna Phuket

Launched in 1992, the Sheraton Grande Laguna Phuket is a beachfront resort situated between the Andaman Sea and a lagoon. It has 362 available rooms and villas, 12 indoor spa treatment rooms at its Angsana Spa, eight food and beverage outlets, two swimming pools, two outdoor tennis courts, a fitness centre and an Angsana

Gallery. The resort targets the corporate meetings customer segment during its low season and families and independent travellers during its high season. The resort is included among Starwood Hotels and Resorts' "Luxury Collection".

The resort commenced renovating all of its rooms and villas in 2005 and all of the rooms are expected to be renovated by the end of 2006. We expect the Sheraton Grande Laguna Phuket to be able to generate higher revenues from the refurbished rooms as well as the addition of 45 rooms in early 2006.

The Sheraton Grande Laguna Phuket is managed by Sheraton Overseas Management Corporation. We pay Sheraton Overseas Management Corporation a management fee equal to 2.0 per cent. of the resort's revenue and an incentive fee equal to 7.5 per cent. of the resort's gross operating profit. The management agreement expires on 31 December 2012.

A summary of the Sheraton Grande Laguna Phuket's average number of available rooms, average occupancy, average room rates, REVPAR and percentage of food and beverage revenues as compared to total revenues for the three years ended 31 December 2003, 2004 and 2005 and for the three months ended 31 March 2006 is set out below:

	For the year ended 31 December (unaudited)			For the three months ended 31 March (unaudited)
	2003	**2004**	**2005**	**2006**
Average number of available rooms	289[(1)]	289[(1)]	289[(1)]	289[(2)]
Average occupancy (%)	73.2	75.1	46.4	65.8
Average room rate (S$)	184.80	216.50	176.60	285.10
REVPAR (S$)	135.20	162.50	81.90	187.70
Percentage of food and beverage revenues as compared to total revenues (%)	37.9	36.8	41.7	34.0

Notes:

(1) Includes only rooms owned by LRH and therefore does not include 46 island villas and 27 golf villas.

(2) Does not include 45 new rooms which were added in April 2006.

Average occupancy fluctuated from 73.2 per cent. in 2003 to 75.1 per cent. in 2004 to 46.4 per cent. in 2005. REVPAR in 2003 was S$135.20 due to the repercussions of the Bali bombing in the last quarter of 2002, the Iraq war and SARS. The combination of a strong demand for Phuket as a travel destination, increased flights into Phuket with the emergence of low cost carriers into the region and a strong global economy resulted in a strong recovery in 2004. The resort placed an emphasis on growing the average room rate in 2004 to S$216.50 whilst maintaining its average occupancy levels which increased slightly to 75.1 per cent. The increase in average room rates resulted in a significant increase in REVPAR to S$162.50. This improved performance in 2004 was despite Avian flu outbreaks in the region reducing European travel in February and March and the 2004 tsunami impacting the high yielding last five days of the year.

REVPAR for 2005 dropped to S$81.90 due to the impact of the 2004 tsunami reducing travel to Phuket as a travel destination in 2005. Average occupancy dropped in 2005 to 46.4 per cent. from 75.1 per cent. in 2004. The average room rate of S$176.60 was lower than in 2004 as rates were lowered to entice tourists to return to Phuket. In the three months ended 31 March 2006, average occupancy, average room rate and REVPAR were 65.8 per cent., S$285.10 and S$187.70 respectively, as a result of the recovery from the effects of the 2004 tsunami. The REVPAR for the first three months of 2006 is 6.0 per cent. lower than that of the three months ended 31 March 2004, indicating Sheraton Grande Laguna Phuket's progress in recovering from the 2004 tsunami.

The Sheraton Grande Laguna Phuket's guests traditionally visit from Hong Kong, Japan, Thailand, the United Kingdom and other European countries. The major competitors of the hotel are Dusit Laguna, Laguna Beach Resort, Le Meridien Phuket Beach Resort, Le Royal Meridien Phuket Yacht Club, Hilton Arcadia and JW Marriott Hotel, all of which are located in Phuket. High season for the resort is between November to April.

(See "— Laguna Phuket".)

Global Marketing

Overview

We operate a centralised marketing structure to undertake the global marketing, brand management, media and guest relations, customer acquisition and retention programmes, distribution, internet marketing, reservations and yield management of the resorts and hotels under our management. (See "— Laguna Phuket — Marketing".) Having an integrated marketing structure allows us to:

- manage our global distribution network more efficiently;
- achieve economies of scale;
- maintain the integrity of our brands and consistency in the marketing and positioning of our resorts, hotels, spas and galleries; and
- respond to changing market demands in a more effective and timely manner.

Brand Management

Branding is key to our business success and the platform for our global marketing efforts. To position our Banyan Tree and Angsana brands distinctively, we generally utilise separate distribution channels for each brand.

We manage our brands in key feeder markets through marketing programmes with strategic partners of similar branding platforms, such as American Express Centurion, Visa Platinum, Singapore Airlines and Citigroup. Through selected promotional, sales and marketing campaigns in leading lifestyle and trade publications, we maintain our brand visibility and associate ourselves with high-end publications in key feeder markets such as Condé Nast Traveller and Tatler UK. Our websites are a source of brand communication to reflect our quality product offerings through their contents and descriptions of our theme-based signature packages that are available all year round. The contents of our websites are available in English, Chinese, French, German, Italian and Japanese languages. The Banyan Tree website won the *"American Design Award — Gold Medal"* in 2003 and Travel Weekly East *"Golden Web Awards"* in 2002.

We participate in major international tradeshows such as the World Travel Market, Internationale Tourismus Börse and Asean Tourism Forum as a trade platform to promote our brands and where we sign contracts with wholesalers for upcoming travel seasons. We have dedicated resources to oversee our brand discipline and positioning, to maintain consistency in our communications and to ensure disciplined growth.

Global Distribution Network

We have 130 staff in 10 sales offices to market the resorts and hotels we manage through various sales channels. For the year ended 31 December 2005, a majority of the total room revenue for the resorts and hotels we manage was derived from a diversified portfolio of over 1,000 wholesalers. We select wholesalers based on their experience in niche marketing for luxury leisure travel and/or the ability to promote a specific destination. These preferred partners combine our product offerings with flights and other holiday components to provide complete vacation packages. Wholesalers enable us to reach out to customers around the world via their network of retail agencies. Our centralised sales and relationship management structure also enables us to utilise this global wholesale network efficiently for cross-selling. It also helps to deliver business quickly to our new resorts, hotels and spas.

We allocate wholesalers a certain average number of available rooms at discounted prices for periods of between 12 and 18 months. These allocations are based on each wholesaler's historical ability to produce materialised occupancies and are reviewed annually in meetings between our sales directors and wholesalers. The discounts offered to wholesalers also depend on each wholesaler's performance and may range from 20.0 per cent. to 45.0 per cent. off the standard rack rates of the resorts and hotels we manage. The discounts given to wholesalers typically range from 35.0 per cent. to 40.0 per cent.

For the year ended 31 December 2005, more than 90 per cent. of the guests at the resorts and hotels we manage made reservations directly through our regional reservation centres. Apart from the reservations each resort and hotel takes for itself, we maintain a network of regional reservation centres in Singapore (our head office), Bangkok, Hong Kong, Tokyo and Shanghai and we have sales and marketing representatives in London, Frankfurt, Paris, Los Angeles, Dubai, Johannesburg, Milan, Sydney, Seoul and Taipei.

Some of our resorts and hotels are members of The Leading Hotels of the World and Small Luxury Hotels, which target high-end consumers. Our distribution channels extend to retail agencies globally through their voice reservation centres, global distribution systems such as Abacus, Galileo and Sabre and by featuring our resorts and hotels in over 1,000 websites. These organisations provide our resorts and hotels with an endorsement of quality and luxury, and offer the benefits of their worldwide reservations and distribution systems, as well as global marketing programmes.

Communications

We believe that maintaining strong, long-term relationships with journalists, travel and consumer publications and opinion leaders within the media industry is important to our success. Our communications activities include the creation and placement of information about our hotels, resorts and spas we manage in editorial channels of print, broadcast and electronic media.

We encourage and plan trips for journalists to write feature stories on our various product offerings. We also write and issue timely and targeted press releases to introduce new product offerings.

In addition, our communications team is responsible for monitoring and responding to the media during times of crisis. Taking a pro-active approach, we provided information to the media during and after the 2004 tsunami. Our communications team consciously integrate our pro-community and pro-environmental concerns into our promotional efforts.

Relationship Marketing

Most of the reservations and guest information for the resorts, hotels and spas we manage, are captured by our Central Information System (''CIS''). CIS provides all the resorts, hotels and spas we manage with each guest's transactional history and preferences. With this information, our centralised global marketing team develops a series of acquisition and retention programmes to encourage customers to make repeat visits to our resorts, hotels and spas and to increase direct bookings. In February 2004, we upgraded our customer relationship management programme to improve customer service by enabling us to customise our communications with our repeat and potential guests, to collect more pertinent guest information and to share information on our customers more easily across all the resorts, hotels and spas we manage.

Launched in late 2003, the Sanctuary Programme is a recognition programme that rewards qualifying guests of Banyan Tree resorts with complimentary stays or incentives. Through this programme, we provide guests with incentives to visit and experience other Banyan Tree resorts, hotels and spas.

Revenue Management and Reservations

The resorts and hotels that we manage use property management and reservation systems that enable us to capture guest profiles and transaction history. Most of the properties are interfaced with our Central Reservations System (''CRS''), which duplicates the information and enables our global reservation offices worldwide access to the information via the Internet. These critical reservation systems are backed up daily, and duplicated by each of our resorts and hotels as well as by our head office in Singapore. In a crisis situation at any of the reservation centres, information and enquiries can be re-routed and accessed at another location by another team with relative ease, to ensure that our operations remain uninterrupted.

See ''Management's Discussion and Analysis of Financial Condition and Results of Operations — Significant Factors Affecting Our Results of Operations — Pricing'' and ''Management's Discussion and Analysis of Financial Condition and Results of Operations — Significant Factors Affecting Our Results of Operations — Competition''.

Laguna Phuket

Overview

Laguna Phuket is a fully integrated resort, comprising five resorts (Banyan Tree Phuket, Dusit Laguna Resort Hotel, Laguna Beach Resort, Sheraton Grande Laguna Phuket and The Allamanda). Laguna Phuket offers a total of over 1,095 rooms and over 25 food and beverage outlets. We have an active property sales business in Laguna Phuket. Laguna Phuket also includes one Banyan Tree Spa and four Angsana Spas, 14 galleries, an 18-hole golf course owned by Laguna Grande Limited (a subsidiary of LRH) and managed by the Banyan Tree Hotels & Resorts Pte. Ltd. (our wholly-owned subsidiary), a shopping village, Laguna Holiday Club (a vacation ownership operation), a residential property development office and Quest Laguna Phuket Adventure, which provides adventure-based activities to conference and meeting groups. In addition, Laguna Phuket completed the construction of its wedding chapel which commenced operations in late 2004. The 550-acre beachside development was built on an abandoned tin mining site at Bang Tao Bay on Phuket Island. After extensive rehabilitation of the site, Dusit Laguna Resort Hotel opened in 1987 followed by Laguna Beach Resort in 1991. Sheraton Grande Laguna Phuket, The Allamanda and Banyan Tree Phuket each opened over the next five years. For its rehabilitation of the site, LRH received the American Express & International Hotel Association Global Environment Award in 1992.

The high season for the resorts is between the months of November and April. In particular, the resorts enjoy higher occupancy during the Hong Kong public holidays.

LRH

Laguna Phuket is owned and operated by LRH. We have a 51.8 per cent. ownership interest in LRH. LRH, through Thai Wah Plaza, owns the Banyan Tree Bangkok hotel and offices, and also has leasehold interests in individual units in the Angsana Resort & Spa, Bintan, from which LRH receives investment income. LRH has been listed on the Stock Exchange of Thailand since 1993.

Operations

Guests at any of the Laguna Phuket resorts have access to most of the facilities offered by any other Laguna Phuket resort. In addition, guests may charge food and beverage at any of the Laguna Phuket resorts' outlets to their rooms. LRH, through its subsidiary, Laguna Services Company Limited, provides essential services, such as laundry, water supply, storage, inter-resort transportation, employee transportation, landscaping, beach cleaning, common area maintenance and centralised destination marketing to all the resorts in Laguna Phuket.

Marketing

LRH operates a destination marketing programme which promotes Laguna Phuket as a tourist destination within Phuket. Each of LRH's resorts contributes 1.0 per cent. of its annual revenue to fund the destination marketing programme to promote Laguna Phuket. LRH's destination marketing efforts include operating a website promoting Laguna Phuket and each of our resorts, advertising and participating in trade shows such as the Internationale Tourismus Börse and Asean Tourism Forum. In addition, our Laguna Plus Campaign is a joint sales promotion between the Laguna Phuket resorts and regional tour/travel agencies, through which the resorts offer their low season market rates with the added value of a Laguna Phuket Plus discount card for various facilities within Laguna Phuket.

The majority of Laguna Phuket's guests make reservations at the resorts through tour operators and travel agencies. The resorts work very closely with these tour operators and travel agencies and offer them contracts that are normally signed on an annual basis. Many guests make their reservations directly with the different resorts of Laguna Phuket through the worldwide reservation system of each resort. More recently, guests have begun making reservations through the Laguna Phuket website and through each resort's individual website.

Property Sales

LRH, through its subsidiary Laguna Grande Limited, has offered property in Laguna Phuket for sale to the public since 1992, when LRH first offered a release of 50 Sheraton Island Villas. The sales of condominium units at the Allamanda Hotel (now known as Allamanda Laguna Phuket) also proved successful and was followed by the release of land lots in a residential estate (situated around the Laguna Phuket Golf course) known as "Laguna Homes". In the beginning of 2002, a new residential housing product offering called "Laguna Residences", which are either one or two-storey residences, was launched. The first phase of 19 resort residences were sold by November 2003. In early 2003, "Laguna Townhomes", which are semi-detached, two-storey townhomes located along the Laguna Phuket Golf Course, were launched. All of these 18 Laguna Townhomes were sold and built by the end of 2004. Phase II of the Laguna Residences consisting of 18 residences were sold and construction was fully completed in early 2005 and Phase II of the Laguna Townhomes comprising 24 residences have been fully sold with construction completed at the end of 2005. In Phase III of the Laguna Townhomes, 22 Laguna Townhouses have been reserved with a non-refundable holding deposit. Construction of these townhomes commenced in October 2005. In Phase III of the Laguna Residences, all of the total of 11 residences have been reserved with a non-refundable holding deposit and construction on these residences commenced in early 2006. We have also built 14 two-bedroom Pool Villas at Banyan Tree Phuket for sale and leaseback, all of which have been sold. In 2006, we launched the Banyan Tree DoublePool Villas at Banyan Tree Phuket for sale (of which five DoublePool Villas have been sold). We have also launched Laguna Village in which 10 Laguna Residences, seven Laguna Townhomes and one Laguna Village Villa have been reserved as at 31 March 2006.

Under Thai law, foreign nationals may own buildings or property developed on land leased by them, but not the land itself. As a result, non-Thai citizens must either lease the property or form a registered company in Thailand to purchase the property. We offer non-Thai citizens three consecutive 30-year leases, because Thai law imposes a maximum of 30 years on each lease. The majority of purchasers of our properties were from the Asia Pacific (including expatriates working in the Asia Pacific) and from Europe.

As at 31 December 2005, LRH had over 450 acres of undeveloped land (including lagoons) in Laguna Phuket. We plan to develop over 300 acres of this land. Approximately 150 acres of the undeveloped land is owned by a company in which LRH has a 50.0 per cent. ownership interest. LRH also has over 350 acres of land in northern Thailand, mainly in Chiang Rai. Currently, we do not have any plans to develop this property.

Since we commenced our property sales business in 1992, we have sold over 470 resort residences at Laguna Phuket, which include condominiums at The Allamanda. For the year ended 31 December 2003, we entered into agreements to sell 24 resort residences and held reservation deposits for a further 15 resort residences. LRH sold one plot of land, one Allamanda Condominium unit, 15 Laguna Townhomes and 20 Laguna Residences in that period. The average price of these properties was approximately Baht 16.5 million (S$0.68 million) per unit, excluding the sale of the single plot of land. We classify a property as being sold when a reservation form is filled and the deposit paid. For the year ended 31 December 2004, we entered into agreements to sell 55 resort residences (including the 15 reservations brought forward from 2003) and held reservation deposits for a further three resort residences. LRH sold 43 resort residences at an average price of approximately Baht 17.2 million (S$0.72 million) in that period. For the year ended 31 December 2005 we entered into agreements to sell 36 resort residences (including the three reservations brought forward from 2004) and held reservation deposits for a further seven resort residences. LRH sold 40 resort residences at an average price of approximately Baht 18.9 million (S$0.78 million) in that period. In the three months ended 31 March 2006, LRH has sold 39 resort residences at an average price of approximately Baht 32.4 million (S$1.34 million).

(See ''Management's Discussion and Analysis of Financial Condition and Results of Operations — Significant Factors Affecting Our Results of Operations — Property Sales''.)

Laguna Holiday Club (formerly known as Allamanda Vacation Club)

The Laguna Holiday Club is a vacation ownership product offering of LRH that permits its members to own vacation time in one of a number of luxury room-types in The Allamanda, the Sheraton Grande Laguna Phuket, Laguna Townhomes, and Angsana Resort & Spa, Bintan. Launched in 1998, sales were made initially through an on-site sales office located in Laguna Phuket, as the main source of customers were guests staying at Laguna Phuket. In September 2000, a sales office was opened in Bangkok to target the domestic Thai market. As at 31 December 2005, a majority of Laguna Holiday Club's members resided in Thailand. Members pay a one-time membership fee and annual maintenance fees. All Laguna Holiday Club members receive a ''Privilege Card'', which entitles members access to most facilities in Laguna Phuket. Members also are automatically enrolled in Resorts Condominiums International (''RCI''), and Interval International (''I I'') for members who own units in Sheraton Grande Laguna Phuket and Angsana Resort & Spa, Bintan, both RCI and I I are time-share exchange companies and travel clubs. Laguna Holiday Club members can trade accommodation within RCI which offers 3,800 resorts in over 100 countries. As at 31 December 2004 and 31 December 2005, Laguna Holiday Club had 2,066 and 2,570 members, respectively.

We are currently constructing a dedicated building that will offer 79 rooms and facilities for members of Laguna Holiday Club. Now that this building (which will be located next to The Allamanda) is close to completion, we will transfer some of the 40 Allamanda units, which are currently owned by Laguna Holiday Club members, back into The Allamanda's available room inventory and offer them for sale as part of our property sales product offerings in Laguna Phuket. Construction of the new building is expected to be completed by mid-2006.

Community Involvement

The management and employees of the resorts in Laguna Phuket are involved in supporting the local community. The resorts sponsor various events for the community ranging from games, competitions and entertainment for Thailand's Children's Day, to organising annual blood donations to support the blood bank of Wachira Hospital in Phuket town.

Laguna Childcare Centre

We established the Laguna Childcare Centre in 1992 to provide care for pre-school children of construction workers building resorts at Laguna Phuket. After the resorts were built, the centre was opened to children of LRH employees and other local children. LRH pays for all the classroom facilities, teachers, food and medical care associated with the operation of the Laguna Childcare Centre. The Laguna Childcare Centre was awarded *''Best Childcare Centre in Region II, South Thailand''* by the Thailand Department of Public Health.

RESORT AND HOTEL EXPANSION

New Resorts

Our business development team considers new locations for our resorts and hotels on an ongoing basis. We intend to use LRH as our vehicle for expansion in Thailand and to use other means (including entering into management agreements) for expanding into other locations. We have 20 staff in the head office under the Managing Director, Hotel Operations, who focus on the opening of new resorts and hotels. We also draw from our staff in existing hotels to form pre-opening teams to assist in training new hotel staff and the operational aspects of new hotels. Such staff are seconded for a few months to the new hotels from the pre-opening phase to after opening.

Potential new locations for our resorts and hotels are usually either proposed by our business development team or recommended to us by potential business associates and others. Along with satisfying demand for our product offerings, introducing our brands in new markets serves as valuable advertising for our existing resorts, hotels, spas and galleries, facilitating cross-selling. The decision to develop or manage a new resort or hotel is subject to a structured process and is only made after the consideration of several factors. These factors include whether the potential site has the natural beauty and other features which are characteristic of a Banyan Tree, Angsana or Colours of Angsana resort or hotel, our ability to achieve high price-to-cost ratios, accessibility of location, potential market demand, our ability to establish a niche position in the potential location and existing basic infrastructure.

We expect to launch the following new resorts and hotels in 2006:

Name of property	Location	Expected number of available rooms	Owner	Ownership interest	Form of management arrangement	Status	Expected date of opening
Banyan Tree Lijiang . . .	PRC	55 (Phase 1)	Lijiang Banyan Tree Hotel Co. Ltd	66.2%[1]	Management Agreement	Pre-opening teams in place	June 2006
Banyan Tree Al Areen Desert Spa and Resort	Bahrain	78	Al Areen Desert Spa and Resort Holding Company B.S.C.	—	Management Agreement	Pre-opening teams in place	October 2006

Note:

(1) LRH has a 70.0 per cent. ownership interest in Banyan Tree Lijiang and our Company has a 30.0 per cent. ownership interest in Banyan Tree Lijiang directly.

Banyan Tree Lijiang is located in Yunnan province, the PRC and is expected to have 55 villas, a Banyan Tree Spa with seven indoor spa treatment rooms and two outdoor spa pavilions, two restaurants, a bar, a Banyan Tree Gallery and meeting facilities. Banyan Tree Al Areen Desert Spa and Resort is located in Bahrain and is expected to have 78 villas. The resort will have the largest Banyan Tree Spa by floor area managed by the Group.

The funds for these projects will come from cash from operations and debt financing. (See ''Management's Discussion and Analysis of Financial Condition and Results of Operations — Capital Expenditure''.)

In addition, the following new hotels and resorts are being planned or designed:

Name of property	Location	Expected number of available rooms	Owner	Effective ownership interest	Form of management arrangement	Status	Expected year of opening
Angsana Velavaru[1]	Maldives	79	Maldives Bay Pvt Ltd	77.4%	Management Agreement	Upgrading is expected to commence in mid-2006.	2007
Angsana Residences, Dubai	UAE	900	Damas Hotel Management LLC	—	Management Agreement	Under construction	2007
Banyan Tree Hainan	PRC	114	Hainan Sanya State Guesthouse Co., Ltd.	—	Management Agreement	We are currently designing the hotel.	2007
Banyan Tree Ras Al Khaimah	UAE	50	Government of Ras Al Khaimah Ras Al Khaimah Investment Authority[2]	15.0%	Management Agreement	We are currently designing the resort.	2007

Name of property	Location	Expected number of available rooms	Owner	Effective ownership interest	Form of management arrangement	Status	Expected year of opening
Angsana Adelphi Cromwell	UK	68	Global Link Investments Ltd	—	Management Agreement	We are currently designing the hotel.	2008
Banyan Tree Punta Diamante	Mexico	60	La Punta Resorts S.A. de C.V.	15%	Management Agreement	Construction expected to begin in 2006.	2008
Banyan Tree Mayakoba	Mexico	100	Mayakoba Thai S.A. de C.V.	20%	Management Agreement	Have entered into an agreement in principle to develop resort.	2008
Angsana Phuket	Thailand	150	LRH	31.1%	Management Agreement	We are currently designing the hotel.	2008
Angsana Tepi Kahyangan	Bali, Indonesia	57	Villa Forum Ltd.	—	Management Agreement	The hotel is currently being designed by third parties.	2008
Angsana Swanee	Sri Lanka	70	Beruwela Walk Inn Ltd	79.9%	Management Agreement	We are currently designing the hotel.	2008
Banyan Tree Koh Samui	Thailand	100	Samui Hotel & Resort Company Ltd.	—	Management Agreement	We are currently designing the resort.	2008
Banyan Tree Barbados	Barbados	50	BTR (Barbados) Inc.	—	Management Agreement	We are currently designing the resort.	2008
Banyan Tree Marine Reserves and Spa A1 Gurm	UAE	150	Aldar Properties PJSC	—	Management Agreement	We are currently designing the resort.	2008
Banyan Tree Marrakech	Morocco	50 (Phase 1)[(3)]	Park Palmeraie S.A.R.L.	—	Management Agreement	We are currently designing the resort.	2008
Banyan Tree Ungasan	Bali, Indonesia	73	PT. Siti Agung Makmur	—	Management Agreement	The hotel is currently being designed by third parties.	2008
Banyan Tree Pilos . . .	Greece	135	Temes S.A.	—	Management Agreement	The hotel is currently being designed by third parties.	2008
Angsana Resort & Spa, Abu Dhabi . .	UAE	150	Tourism Development & Investment Company	—	Management Agreement	We are currently designing the resort.	2009
Banyan Tree Chiang Mai	Thailand	40 (Phase 1)	LRH	66.2%[(4)]	Management Agreement	LRH owns the land. We are currently designing the resort.	2009
Banyan Tree Esplanade	UAE	220	Muzoon Holding LLC	—	Management Agreement	The hotel is currently being designed by third parties.	2009
Banyan Tree Aloofushi	Maldives	20	Maldives Bay Pvt Ltd	77.4%	Management Agreement	We are currently designing the resort.	2009

Notes:

(1) Velavaru Island Resort will be re-branded Angsana Velavaru in 2007.

(2) The ownership interest of the Government of Ras Al Khaimah Ras Al Khaimah Investment Authority will be transferred to R.A.K. Resorts LLC, which is 15.0 per cent. owned by us.

(3) Banyan Tree Marrakech will be constructed in two phases, with the first phase of 50 villas scheduled to be completed in 2006. The resort will have a Banyan Tree Spa with 12 outdoor spa pavilions, three restaurants, a bar and a Banyan Tree Gallery.

(4) LRH has a 70.0 per cent. ownership interest in Banyan Tree Chiang Mai and our Company has a 30.0 per cent. ownership interest in Banyan Tree Chiang Mai directly.

These projects in which we have equity interests will be financed from cash from operations, loans from financial institutions and proceeds from the Offering. No assurance can be given that these new resorts can be completed within the expected timeframe or within the estimated budget. (See ‘‘Risk Factors — Risks Relating to Our Business and Operations — We may not be able to successfully develop new resorts, hotels, spas, resort residences or serviced residences’’, ‘‘Risk Factors — Risks Relating to Our Business and Operations — We are subject to risks associated with constructing new resorts and hotels or converting existing properties into Banyan Tree or Angsana resorts and hotels’’ and ‘‘Management's Discussion and Analysis of Financial Condition and Results of Operations — Capital Expenditure’’.)

Expansion of Existing Resorts and Hotels

Expanding our existing resorts and hotels is the most cost-efficient way to increase our revenue base. Building new rooms and/or villas at our existing resorts and hotels allows us to give guests new product offerings (where we introduce new room or villa types) and expands our revenue base without incurring significant new capital expenditure. Several of our resorts including Banyan Tree Phuket have additional land upon which we can build new rooms or villas. We expect to expand through the following additions in 2006 and 2007:

Name of property	Extension	Status	Expected completion
Banyan Tree Phuket	22 DoublePool Villas — Phase 1	Construction	Third quarter 2006
	30 DoublePool Villas — Phase 2		Fourth quarter 2007
Banyan Tree Seychelles	13 new Beachfront Pool Villas — Phase 3	Design	End-2006

See also ‘‘— Description of Resorts in which we have Ownership Interests but do not Manage — Laguna Phuket Resorts — Sheraton Grande Laguna Phuket’’ for details of the expansion of that resort.

These additions will be funded by cash flow from operations and loan financing. No assurance can be given that these projects can be completed within the expected timeframe or within the estimated budget. (See ‘‘Risk Factors — Risks Relating to Our Business and Operations — We may not be able to successfully develop new resorts, hotels, spas, resort residences or serviced residences’’, ‘‘— We are subject to risks associated with constructing new resorts and hotels or converting existing properties into Banyan Tree or Angsana resorts and hotels’’ and ‘‘Management's Discussion and Analysis of Financial Condition and Results of Operations — Capital Expenditure’’.)

We have also acquired short-term leases over 10 small islands adjacent to Velavaru Island, and may use these as exclusive islands for the benefit of Angsana Velavaru guests.

Other Possible Resorts and Hotels

We are pursuing opportunities to develop and/or manage resorts and hotels in Indonesia, the PRC, Turkey, Jordan, India, the UAE, Oman, Kuwait and Thailand. If we proceed to develop resorts at these locations, each of these resorts would include a spa and a gallery, which we would operate. We may lease or manage Colours of Angsana resorts and hotels in Cambodia and Bali. We have also leased a Maldives picnic island to build a luxury yacht charter/accommodation with dedicated resort island facilities and are pursuing opportunities to develop resorts in the Maldives. We have participated in bids to acquire five islands in the Maldives and the auction is expected to be completed in June 2006.

We are continually assessing new opportunities to develop and/or manage new resorts and hotels.

SPA OPERATIONS

We believe that we are one of the leading spa operators in Asia. Most Banyan Tree and Angsana Spas are open to the general public as well as our resort and hotel guests. Our spas have received numerous awards. For example, in 2005, Banyan Tree Phuket won the Crystal Award *"Best Spa in Asia"* from SpaFinder's Readers' Poll.

The table below sets forth details about our spas as at 31 March 2006:

	Number of outlets	Number of treatment rooms	Number of spa therapists
Banyan Tree Spa	8	98	191
Angsana Spa	26	245	214
Oberoi Spas by Banyan Tree	15	73	106
Total	49*	416	511

Note*: Of the 49 spas that we operate, 26 are leased from third parties

We have established Banyan Tree Spas at each of the Banyan Tree resorts and hotels. In addition, we operate a Banyan Tree Spa at The Westin Shanghai, which we believe gives the Banyan Tree brand greater exposure in the PRC. We operate an Angsana Spa in all the other resorts we manage and/or own. We also operate Angsana Spas in other operators' resorts and day spas in countries such as Guam, Australia, Hong Kong, Taiwan and Chiang Mai, Thailand. Our spas are promoted by our in-house global marketing team. (See "— Resorts and Hotels — Global Marketing".)

Oberoi Spas by Banyan Tree are located in various hotels in India, Bali and Lombok, Indonesia, Mauritius and Egypt. We presently operate Oberoi Spas by Banyan Tree under spa management agreements entered into with the respective Oberoi Group member. These agreements generally have an initial operating term of eight years. We receive management and incentive fees as a percentage of revenues and gross operating profit respectively for the operation of these spas. (See "— Spa Management Agreements".)

We price our spa treatments based on our premium services and branding. We optimise revenue from this business segment by effectively managing the hours our spas are in operation and our average rates. Unlike our resorts and hotels, where our average room rates are affected by seasonality, we maintain consistent spa treatment prices throughout the year. Each spa has its own pricing structure and offers different packages to increase usage during off-peak hours.

The Banyan Tree Spa Academy

In May 2001, we opened the Banyan Tree Spa Academy (the "Academy") at Banyan Tree Phuket. Our spa therapists from Thailand must first enrol in the Academy and receive over 300 hours of theoretical and practical training, including lessons in basic anatomy and physiology, English and professional ethics. Over 300 therapists have graduated from the Academy since it opened. Even prior to the Academy's launch, all our therapists were trained extensively, receiving a minimum of eight weeks of intensive training before commencing work at one of our spas.

Our therapists receive training on an ongoing basis from trainers from the Academy who visit all of our spas to train our therapists and introduce new spa product offerings. The Academy also conducts research to develop new treatments, recipes, techniques and product offerings, to help maintain our leadership position in the spa industry in Asia. The Academy is accredited by Thailand's Ministry of Education.

The Academy has set up branch training centres in Bangkok and Bintan. The expansion of the Academy enables us to select from a wider pool of therapists for the spas we manage internationally. Our therapists can acquire overseas exposure, which in turn, enables us to increase our pool of experienced therapists to support growth plans.

Ambience and Treatments

Banyan Tree Spas and Angsana Spas each offer distinct product offerings and experiences. Banyan Tree Spas are set in a more traditional, luxurious environment with a classic design, and use natural herbs and spices and more complex techniques as the cornerstone of their therapies. Angsana Spas have a more modern and colourful decor and place special emphasis on the use of flowers and fruits. The brand identity for Oberoi Spas by Banyan Tree is conceptualised and managed entirely by us and blends the Oberoi tradition of quality in the hospitality and leisure industry with our spa expertise. Each spa offers treatments that range from a minimum of 60 minutes to a maximum of 210 minutes. Spa treatments offered include massage, body wraps, body rubs, facials and beauty treatments.

Spa Management Agreements

Spa management agreements are normally for eight-year terms. Where we manage a spa and a resort or a hotel, the term of the spa management agreements is the same as the resort or hotel management agreement. When we operate a spa through a lease, the term of the lease is negotiated on a case-by-case basis. We typically require the owner to fit out the spa in accordance with our specifications at its own cost prior to a six-month rent free period. We then provide all the movable spa equipment such as tables, oils and linen. For our spa management agreements, we receive a fixed percentage (typically 3.0 to 5.0 per cent.) of each spa's total revenues. We also receive incentive fees equal to a percentage (typically 10.0 to 15.0 per cent.) of each spa's gross operating profit. When we operate a spa through a lease, our rent is a fixed percentage (typically 5.0 to 15.0 per cent.) of the spa's total revenues and we retain the remaining revenues and pay all the operating costs. (See ''Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview of Revenue and Expenses — Revenue — Spa Operations''.)

The following table sets forth certain operating data for the spas we managed during the three years ended 31 December 2003, 2004 and 2005 and for the three months ended 31 March 2006:

	For the year ended 31 December (unaudited)			For the three months ended 31 March (unaudited)
	2003	2004	2005	2006
Banyan Tree				
Number of spas	6	7	9	8
Average rates per hour of use per room per day (S$)	83.00	82.30	87.40	88.80
Average hours of use per room per day	4.40	4.70	3.52	3.86
Angsana				
Number of spas	13	18	25	26
Average rates per hour of use per room per day (S$)	64.10	64.50	67.50	68.70
Average hours of use per room per day	2.70	2.40	2.12	2.62
Other spas				
Number of spas	14	15	15	15
Average rates per hour of use per room per day (S$)	58.30	58.30	60.90	64.40
Average hours of use per room per day	1.70	2.70	3.14	3.32

Spa Expansion

Since 31 December 2002, we have opened 24 new spas. As our spas are a valued feature of our resorts and hotels, we open a spa at each new resort and hotel that we launch. In addition, we are frequently offered opportunities by other reputable hotel companies located in markets where we do not operate a resort, to open a Banyan Tree or Angsana Spa. These opportunities allow us to expand our spa business into new markets and further promote our brands without incurring the costs associated with opening a new resort. We also intend to expand our spa business through the opening of city clubs in new markets. In addition to spas, these city clubs will offer members restaurants, bars, fitness centres, swimming pools and other facilities.

The following table sets forth the new spas we plan to manage in the next four years:

Name of spa/Associated property	Location	Expected number of treatment rooms	Ownership structure/Lease arrangement	Expected date of opening	Status
Banyan Tree Spa Lijiang	PRC	7	Lease	June 2006	Pre-opening commencing in May 2006
Angsana Spa @ Crescat City Colombo	Sri Lanka	9	License	Mid 2006	Under construction
Angsana Spa El Gouna, Golf Club	Egypt	8	Lease	Mid 2006	Upgrading in progress
Angsana Spa @ Guangzhou Garden Hotel	PRC	12	Lease	August 2006	Under construction

Name of spa/Associated property	Location	Expected number of treatment rooms	Ownership structure/Lease arrangement	Expected date of opening	Status
Banyan Tree Spa Bahrain	UAE	12	Management agreement	October 2006	Pre-opening commencing in September 2006
Angsana Spa @ Bavaria Executive Suites	UAE	17	Management agreement	Third quarter 2006	Under construction
Elements Spa by Banyan Tree Kuwait	Kuwait	17	Management agreement	Third quarter 2006	Under construction
Angsana Spa @ Emirates Hill	UAE	20	Lease	Fourth quarter 2006	Under construction
Angsana Spa @ Shanghai Hongqiao	PRC	8	Lease	2007	Under construction
Angsana Spa Velavaru	Maldives	12	Lease	2007	Upgrading to start in June 2006
Angsana Spa @ Bentota Beach	Sri Lanka	17	License	2007	Under construction
Angsana Spa Shinkobe Oriental	Japan	10	Management agreement	2007	Design
Angsana Spa @ Angsana Residences, Dubai	UAE	30	Management agreement	2007	Design
Banyan Tree Spa @ Ras Al Khaimah	UAE	6	Management agreement	2007	Design
Banyan Tree Spa Hainan	PRC	14	Management agreement	2007	Design
Banyan Tree Spa Punta Diamante . .	Mexico	10	Lease	2008	Design
Angsana Spa @ Adelphi Cromwell	UK	6	Management agreement	2008	Design
Banyan Tree Spa @ Mayakoba	Mexico	16	Management agreement	2008	Design
Angsana Spa Phuket	Thailand	8	Lease	2008	Design
Angsana Spa @ Tepi Kahyangan . . .	Bali-Indonesia	8	Management agreement	2008	Design
Angsana Spa Swanee	Sri Lanka	10	Management agreement	2008	Design
Banyan Tree Spa @ Koh Samui	Thailand	12	Management agreement	2008	Design
Banyan Tree Spa @ Barbados	Barbados	10	Management agreement	2008	Design
Banyan Tree Spa @ Ungasan	Indonesia	8	Management agreement	2008	Design
Banyan Tree Spa @ Al Gurm	UAE	14	Management agreement	2008	Design
Banyan Tree Spa @ Marrakech	Morocco	10	Lease	2008	Design
Banyan Tree Spa @ Pilos	Greece	12	Management agreement	2008	Design
Angsana Spa @ Abu Dhabi	UAE	15	Management agreement	2009	Design
Banyan Tree Spa @ Chiang Mai . . .	Thailand	6	Lease	2009	Design
Banyan Tree Spa @ Esplanade	UAE	20	Management agreement	2009	Design
Banyan Tree Spa @ Aloofushi	Maldives	6	Management agreement	2009	Design

We expect to finance this expansion through cash from operations. (See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Capital Expenditure".)

We are pursuing opportunities to open spas in Egypt, the PRC, New York, India, Malaysia and Dubai. In addition to the expansion plans mentioned above, we will open new spas wherever we open new resorts. (See "Resorts and Hotels — Resort and Hotel Expansion".)

GALLERY OPERATIONS

Each of our resorts and hotels and many of our spas include a gallery, where Banyan Tree or Angsana branded gifts, spa products, indigenous crafts, cultural artefacts and other souvenirs are available for purchase by guests. City outlets have also been established, such as in Singapore, in order to promote our brands. Our galleries also serve to supply our resorts with guest amenities and turndown gifts for guests. We currently manage 19 Banyan Tree Galleries and 34 Angsana Galleries.

Banyan Tree Gallery has an affiliated brand: Museum Shop by Banyan Tree. The Museum Shop offers a unique collection of museum replicas, objects of art, ethnic craft arts, apparel and jewellery modelled after pieces displayed in the National Museums of Singapore, operating out of four locations.

Banyan Tree Gallery and Angsana Gallery received the Pacific Asia Travel Association (''PATA'') *Gold Award for Heritage* in 2003. Museum Shop by Banyan Tree was winner of *PATA Grand Award for Heritage 2004* and *Best New Entrant Award 2003* by the Singapore Retailers Association.

PROPERTY SALES

Our property sales business comprises the development and sale of properties (such as apartments, townhouses and resort villas) and the sale of land. For the three years ended 31 December 2003, 2004 and 2005 and for the three months ended 31 March 2006, the vast majority of our property sales have been in Laguna Phuket. By adding resort residences to Laguna Phuket, we believe we are enhancing the attractiveness of Laguna Phuket as a travel destination. As at 31 December 2005, LRH had over 450 acres of undeveloped land (including lagoons) of which over 300 acres are planned for future development and sale in Laguna Phuket. Approximately 150 acres of the undeveloped land is owned by a company in which LRH has a 50.0 per cent. ownership interest. LRH also has over 350 acres in northern Thailand, mainly in Chiang Rai, for which it has no current plans for development.

We monitor the market value of each property we acquire for potential resort or hotel development. Occasionally, we receive offers from potential buyers at prices that are attractive to us. In 2003, we agreed to sell two properties in New Zealand that were originally purchased as potential resort sites, at an aggregate price of S$20.4 million. Our aggregate purchase price for these properties was S$4.3 million in 2000.

Our property sales business generates funds to finance future hotel investments. When we build resort villas, such as the 22 DoublePool Villas which are expected to be added to Banyan Tree Phuket by the third quarter of 2006, we have the option of selling the villas to third parties (while maintaining the villas as part of the resort's available room inventory). If we are unable to find a buyer willing to pay the price we have established for the villas, we retain our ownership interest in the villas, which increases our hotel investment revenues.

We have launched a new property sales initiative known as ''Banyan Tree Residences''. This involves the sale of two-bedroom Pool Villas in 2005 and 2006 and the subsequent sale of DoublePool villas (currently under construction) at Banyan Tree Phuket. In 2006, we will also release for sale resort residences in Banyan Tree Lijiang (for which we have reserved approximately 13,000 square metres for 11 two- and three-bedroom resort residences) and in Banyan Tree Bangkok (where we will convert two floors of existing office space into 12 luxury apartments). ''Banyan Tree Residences'' will operate on a ''club concept'', whereby unit owners will enjoy privileges at all Banyan Tree and Angsana hotels, resorts and spas, and free usage for a 30-day period. The proposed returns to unit owners are expected to be guaranteed at six per cent. per annum for the first six years, and thereafter owners will receive one-third of actual room revenues. Further benefits include an exchange programme which will enable unit owners to enter into exchanges with other unit owners on a voluntary basis to visit other resorts within the 30-day period of free usage.

The following table shows the land we are currently developing and our available landbank as at 31 March 2006:

Location	Expected commencement of sales	Acreage (currently developing)	Acreage (landbank available)
Laguna Phuket	2006	101	228
Seychelles	2006 (under construction)	4	207
Chiang Mai	2007 (Phase 1)	—	93
Lijiang	2006	4	28
Total		109	556

The nationalities of the purchasers of our properties between 2002 and 31 March 2006 (both inclusive) are as follows:

Nationality	Approximate %(1)
British	35
German	7
Russian	8
Spanish	1
Other European(2)	19
Australian	4
American	3
Singaporean	4
Thai	9
Chinese	6
Other Asian(3)	3
Others(4)	1

Notes:
(1) Rounded to the nearest 1 per cent.
(2) Other European includes Belgian, Dutch, Danish, Swiss, Italian, French, Swedish, Irish and Norwegian.
(3) Other Asian includes Sri Lankan, Indian and Japanese.
(4) Others includes Canadian.

(See "Business — Resorts and Hotels — Laguna Phuket — Property Sales" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview of Revenue and Expenses — Operating Revenue — Property Sales".)

OTHER BUSINESSES

Design and Project Management

We have an experienced, in-house division that plans, designs and oversees construction (or conversion) and maintenance for nearly all of the resorts, hotels, spas and galleries we manage and operate. We believe that having these in-house capabilities provide us with several advantages including faster design times and better cost control than if we hired external architects and project managers. Third parties who are interested in having us manage their resorts and hotels are attracted to our ability to provide an in-house team to supervise construction. In addition, our in-house team allows us to better maintain the quality and consistency of each of our product offerings, which is essential to maintaining the strength of our brands.

For new resorts and hotels, our design and planning division helps to choose each site and designs the entire resort or hotel, including the architecture, engineering and interior design. Once a design is finalised, our Owners' Project Services department establishes and monitors a budget for the project, oversees construction and works with resort and hotel managers to procure furniture, fixtures and equipment for the resort or hotel. Our in-house project division also supervises all the renovations, alterations and extensions that go on at our resorts and hotels. Soft furnishings are replaced as necessary and each resort and hotel undergoes a major refurbishing after approximately eight years.

The owner of each resort and hotel pays for all the costs associated with such resort's or hotel's construction. In addition, we charge each owner a fee equal to a fixed percentage of construction costs for each project, and an equivalent fee for construction management. Because of the number of projects our in-house team has been involved in, we occasionally outsource certain labour-intensive tasks, such as the preparation of drawings, to third parties. In addition, we receive assistance from local architects in each location we operate in order to ensure compliance with local regulations. (See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview of Revenue and Expenses — Revenue — Design fees and Others".)

Golf Clubs

We presently operate golf clubs in Phuket and in Bintan. The Laguna Phuket Golf Course is located next to Banyan Tree Phuket and The Allamanda and has an 18-hole par 71 golf course, driving range, putting greens, practice bunkers, chipping areas and club house pro shop within its facilities. The Laguna Phuket Golf Course is owned by LRH.

The Laguna Bintan Golf Club is located next to our resorts in Bintan, and boasts an 18-hole golf course designed by Greg Norman.

For managing the Laguna Bintan Golf Club, we receive a management fee equal to 3.0 per cent. of the club's gross revenue and an incentive fee equal to 10.0 per cent. of the club's gross operating profit. For operating Laguna Phuket Golf Club, we receive technical assistance fees equal to 3.0 per cent. of the club's revenue and incentive fees equal to 10.0 per cent. of the club's gross operating profit. (See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview of Revenue and Expenses — Revenue — Design fees and Others".)

COMPETITION

The hospitality and leisure industry in which we operate is highly competitive. At each of our resorts and hotels, we compete for guests with other resorts and hotels in the relevant destination. For the resorts we manage, we typically do not compete with large scale hotel operators, as most of our resorts have less than 100 rooms and/or villas. Instead, we believe we operate in a niche market with relatively high barriers to entry. Each location also competes with other tourist destinations for visitors. Bali is a significant alternative destination for our key customer segments. However, this competition is mitigated because Bali's high season coincides with the low season of most of our resorts and hotels.

While general competitive levels for resorts and hotels are intense, we focus primarily on a niche market in premium resorts and hotels. We believe we occupy a leading position in this niche market. Banyan Tree's closest competitors are the Aman Resorts and the Four Seasons resorts. However, in the case of Aman Resorts, while we offer comparable product offerings, we believe our target markets are slightly different, as we appeal to a slightly wider base of customers. For Angsana resorts and hotels, our competitors are different in each location where we operate and include Sebel Reef House in Palm Cove, Australia, and Taj Coral, The One&Only Kanuhura and the Hilton in the Maldives. (See "— Resorts and Hotels".)

The spa industry is very fragmented. In each location in which we operate, we compete mainly with local spa operators. Our closest competitors are Six Senses and Mandara Spas, which have spas in several of the locations where we operate. (See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Significant Factors Affecting Our Results of Operations — Competition.")

PROPERTIES AND FIXED ASSETS

We have an ownership interest in several properties where our resorts, hotels, spas, galleries and offices are located. We own property in several countries including Thailand, the Seychelles, Singapore and the PRC. We also lease properties for some of our operations, such as in the Maldives, Thailand, Indonesia and Australia.

(See "Appendix C — Properties and Fixed Assets", for further information on our properties and fixed assets. See also "Appendix E — Summary Valuation Report".)

EMPLOYEES

To maintain the service standards of our businesses, we have high standards for all employees employed at our resorts, hotels, spas and galleries. As our guests are predominantly international, fluency in English (and in certain circumstances, other languages) is essential for all employees that come into contact with our guests at our resorts, hotels, spas and galleries. All our employees undergo on-the-job training with experienced supervisors.

As at 31 December 2005, we had a total full time staff strength of 4,177. The following table sets forth our number of full-time employees, by business unit as at 31 December 2003, 2004 and 2005:

	As at 31 December		
Business Unit	**2003**	**2004**	**2005**
Office and Operations	384	402	476
Resorts and Hotels	2,102	2,085	2,692
Spa Operations	262	311	429
Gallery Operations	49	61	68
Golf	89	89	90
Property Sales	360	414	422
Total	3,246	3,362	4,177

Our head office is located in Singapore. The breakdown of our full-time employees according to their location as at 31 December 2003, 2004 and 2005 is as follows:

	As at 31 December		
Country	**2003**	**2004**	**2005**
Australia	14	15	18
Indonesia	9	11	11
The Maldives	261	269	365
The Seychelles	3	3	3
Sri Lanka	99	67	68
Guam	10	12	12
Singapore	167	187	211
Thailand	2,683	2,798	3,258
PRC	—	—	147
Japan	—	—	7
South Africa	—	—	15
Dubai	—	—	35
Egypt	—	—	12
Malaysia	—	—	15
Total	3,246	3,362	4,177

Our total number of employees increased from 3,362 in 2004 to 4,177 in 2005 primarily because of the opening of new resorts and hotels and to support increased level of activity at our resorts and hotels. We also increased the headcount in our head office, our design division and our property sales division to support an increased level of activity and expected future projects. Headcount in our spa operations division also increased as a result of new spa openings in United Arab Emirates, Egypt, Malaysia, Japan and South Africa.

We employed approximately 143 temporary employees as at 31 December 2005. These temporary employees are employed in our resorts, galleries and golf club, in the property sales and support arm of LRH and by Laguna Services Co Ltd to cater to the higher number of guests during the high seasons of our resorts. Accordingly, their terms of employment is typically for the duration of the high seasons only.

Employees in most of our resorts, hotels and spas are members of unions. The unions enter into contracts with the owner of each resort or hotel which govern the terms and conditions of the staff's employment. Union contracts are typically for a term of two to three years.

All our permanent employees receive a base salary and various benefits such as housing, medical benefits and meals. In addition, the 10.0 per cent. service charge we impose at all our resorts, hotels and spas is distributed in its entirety to the employees at our resorts, hotels and spas. We believe our labour relations to be generally good.

Spa therapists are employed on a two-year contract basis. Salaries are not fixed throughout the two years, but are increased after the first 120 days and again after the first year of employment. In addition, an end-of-contract gratuity is typically given to spa therapists upon completion of their two-year contract.

APPLICABLE LAWS AND REGULATIONS

Due to the nature of our business, we are subject to the applicable national and local government regulations in the locations in which we operate, including those relating to the relevant licensing requirements in relation to resorts, hotels and spas, the preparation and sale of food and beverages (such as health and liquor licence laws) and environmental, general building and zoning requirements. We are also subject to laws governing our relationship with our employees, including minimum wage, overtime, worker's compensation claims, working conditions and work permit requirements.

For the resorts, hotels and spas we lease or in which we have an ownership interest, we are responsible for all costs, expenses and liabilities incurred in connection with our ownership of the properties, including the costs of complying with applicable government regulations. In most instances, it is the owner of a resort or hotel which must apply for a licence to operate the resort, hotel or spa. The relevant licensing body which regulates the issue of licences for our resorts and hotels in Thailand is the local authority under the supervision of the Ministry of Interior in Thailand. As at the Latest Practicable Date, we have not been able to obtain a hotel licence for The Allamanda in Phuket, Thailand. (See "Risk Factors — Risks Relating to General Economic and Political Conditions — We have operations in various jurisdictions in which the legal and regulatory regime may be uncertain and in which we have no or little experience.")

We have entered into leases for the operation of our spas in various jurisdictions. In some of these jurisdictions, our leases may be required to be registered with the relevant authorities in order for our rights to be fully protected. Where registration is required, we are currently in the process of registering the relevant leases.

Where we manage a hotel, resort or spa under a management agreement, the owner is generally responsible for all costs, expenses and liabilities incurred in connection with operating the property, including complying with applicable government regulations. However, as manager, we also may be responsible for certain liabilities, including workers' compensation claims and environmental liabilities, in connection with managed resorts, hotels or spas.

To the best of our Directors' knowledge, there are currently no material legal or administrative proceedings pending against us or any of our resorts, hotels and spas with respect to any regulatory matters.

INTELLECTUAL PROPERTY

The "BANYAN TREE", "ANGSANA" and "ELEMENTS" trademarks which we use in our business were formerly owned by TRMC, a company in which Mr Ho KwonPing, Mr Ho KwonCjan, Ms Claire Chiang and Tropical Resorts Limited are deemed to have shareholding interests. In addition, the "THE ALLAMANDA" trademark which we use in our business was formerly owned by TARSL, a company in which Mr Ho KwonPing, Mr Ho KwonCjan and Ms Claire Chiang have shareholding interests. Prior to our acquisition of these trademarks, each of TRMC and TARSL (the "Licensors") granted to us, an exclusive and perpetual right to use the "BANYAN TREE", "ANGSANA" and "THE ALLAMANDA" trademarks in respect of our business and undertaking and that of our sub-licensees which comprised the operation and management of resorts, hotels, spas, golf courses, galleries and retail shop outlets and the merchandising of any products of the resorts, hotels, spas, golf courses, galleries and retail shop outlets which were carried on or which operated under the relevant trademarks.

Each of the Licensors received royalties of a fixed amount of S$30,000.00 per year until 31 December 2003. Thereafter, royalties were based on 0.25 per cent. of the revenues generated by our Group's business carried on or operating under the relevant trademark in any calendar year during the period commencing on 1 January 2004.

Although we have commenced the process of registering all the trademarks assigned to us, the registrations have to be made in a number of different jurisdictions, and will take some time to be effected.

LRH has registered the device for "Laguna Phuket" as a trademark for various uses in Thailand, including for public relations and hotel management. LRH has also applied for the registration of its "Laguna" device.

The "COLOURS OF ANGSANA" trademark is a derivative of the "ANGSANA" trademark. Prior to our acquisition of the Trademarks in 2006, TRMC, through a letter dated 1 April 2004 to us, consented to the inclusion of this trademark within the scope of the licence granted by TRMC in respect of the "ANGSANA" trademark. This licence was deemed to take effect from 1 August 2003. The amount of royalty payable by our Company was similar to that payable in respect of the "ANGSANA" trademark.

Based on the independent valuation reports issued by Brand Finance plc and Brand Finance Consultancy (Singapore) Pte Ltd on 28 May 2004 and 15 March 2005 respectively, the Trademarks have been valued at S$24.8 million in aggregate. The consideration payable by us for the acquisition of the Trademarks, including the "ELEMENTS" trademark is S$24.3 million. The consideration comprises (i) the issue of 15,552,000 Shares (the "Brand Shares") to TRMC by the date of this Prospectus and (ii) a cash consideration which will constitute the difference between the net proceeds received by TRMC from the sale of the Brand Shares pursuant to the Offering and the total consideration of S$24.3 million, and is payable within 21 days after the Listing Date. The Brand Shares are offered by TRMC as Vendor Shares, pursuant to the Offering.

Save as disclosed above, there are, as at the date of this Prospectus, no patents or licences on which we are materially dependent.

CORPORATE SOCIAL RESPONSIBILITY AND ENVIRONMENTAL CONSERVATION

Since the founding of our Company, we have considered the physical and human environment when making business decisions. The resorts and hotels that we have built have been constructed using design and construction techniques that minimise damage to the environment to the extent practicable. Where practicable, we also opt for environmentally friendly methods in our operations such as installing a biologic waste water treatment system at Banyan Tree Bintan to recycle waste water for irrigation purposes. In addition, we seek out opportunities to support local businesses. Each resort also carries out community development and environmental projects.

Making a positive impact on the natural environment

The following are two examples of how we aim to make a positive impact upon the environment.

The Maldives: Coral Regeneration and Turtle Conservation

The islands that Banyan Tree Maldives Vabbinfaru and Angsana Maldives Ihuru inhabit are naturally endowed with rich house reefs which are home to a wide range of fish and marine life. Working closely with leading scientists specialising in marine life, we have invested resources in various coral regeneration projects that are aimed at helping to restore and accelerate coral growth in house reefs. In addition, the two resorts are conducting a joint study and conservation project on the life of the endangered Green Sea Turtles.

The Seychelles: Hawksbill Turtle Conservation and Beach Programmes

Intendance Bay, home to Banyan Tree Seychelles, is a well-known nesting ground for Hawksbill turtles. In an effort to protect the Hawksbill turtle population, Banyan Tree Seychelles is working with the Marine Conservation Society of Seychelles on a programme to closely monitor the seasonal trends of beach erosion and accretion, and their effect on the nesting habits of Hawksbill turtles.

Making a positive impact on the human environment

We endeavour to make a positive impact on the lives of people who live in areas where we have a presence. We try, as far as practicable, to employ native staff in each location in which we operate. Staff training and opportunities for transfers to the resorts we manage in other locations offer the locals a good foundation and exposure in the hospitality and leisure industry.

The business model of Banyan Tree Gallery also adds to our community development efforts. Our first project was the Yasothorn community in Northern Thailand. Women were given the opportunity to work from home while looking after their children when the Gallery engaged them to produce ‘‘Maun’’ triangular cushions. These cushions were used to furnish the Laguna Phuket resorts and at the same time retailed at Banyan Tree Gallery outlets. Part of the proceeds from the sale of the cushions in our galleries was also used to build Santhitham Vidhayakhom School for the community itself.

Two recent examples of our efforts to support communities were as a result of the recent 2004 tsunami catastrophe. We worked in partnership with the various groups to restore housing, livelihoods, and essential needs for the communities which have supported us.

Phuket: Restoring Livelihoods

Banyan Tree Phuket funded the repair and replacement of 58 boats damaged by the waves for the Bangtao Long Tail Boat Club (an association of fishermen and tour boat operators) as well as independent fishermen and tour boat operators in the area.

Maldives: Adopt-an-Island

In the Maldives, we partnered with the United Nations Development Programme and the Government of the Maldives to rebuild and repair the 77 damaged or destroyed houses on Naalaafushi. Banyan Tree’s contribution was monetary, as well as expertise in the form of project management, skilled technicians to lead the efforts, and volunteer workers from our resorts. Within the span of five months, all residents of Naalaafushi were safely back in their homes.

The Green Imperative Fund

In 2001 we established the Green Imperative Fund (''the Fund'') to expand and formalise our environmental conservation and community development efforts. The Fund provides financial support for environmental initiatives and community based projects in places where we have a presence. The Fund also gives our customers an opportunity to participate in our support of environmental protection and community help groups. Guests of Banyan Tree resorts and hotels may make a US$2.00 contribution and guests of Angsana resorts and hotels may make a US$1.00 contribution under an ''opt-out'' arrangement for each night they spend at the hotel or resort. We match our guests' contributions, dollar for dollar to develop the Fund. As at 31 March 2006, the total amount raised from our guests and us was approximately US$1.0 million.

A committee of executive staff members of local origin makes recommendations for projects to support. These projects range from marine conservation to education and health assistance for local communities.

QUALITY CONTROL

Maintaining the highest standards of quality at our resorts, hotels, spas and galleries is important to the success of our business. Each of our guests is asked to complete a survey after they have visited one of our resorts, hotels or spas. We use this feedback to assess areas of our business in which we can improve. Each general manager of the resorts and hotels we manage makes daily rounds to ensure they are being maintained to the standards we set. In addition, our spa therapists receive more than 300 hours of training each year. Our partners, Leading Hotels of the World and Small Luxury Hotels, conduct independent quality surveys of their member hotels twice a year. Over 200 product and service quality standards are reviewed. In 2003, Banyan Tree Seychelles won awards from Leading Hotels of the World for the ''highest quality score for hotels in the Indian Ocean'', from CNTraveller.co.uk for ''Best Hotel Pool'', 2006 and from Condé Nast Traveler US Gold List for ''Worlds Best Place to Stay'', 2006.

INSURANCE

We have insurance policies to cover loss or damage suffered through legal and contractual liabilities, property damage, business interruption, business travel and general liabilities. We have general insurance for worker's compensation. We also maintain directors' and officers' legal liability insurance. We believe we have insurance coverage with limits appropriate for a group of our size and with activities in the resort and spa ownership and management business. (See ''Risk Factors — Risks Relating to Our Business and Operations — A fire, accident or other calamity at one of our resorts could adversely affect us; Our insurance policies do not cover all operating risks''.)

PROPERTY TAX

Property tax is a tax on immovable properties. The amount of tax payable on the properties we own is different in each of the locations in which we own property. For the years ended 31 December 2003, 2004 and 2005, we have paid an aggregate of S$0.8 million, S$1.7 million and S$2.7 million in property tax, respectively.

LITIGATION

Save as disclosed below, we are not engaged in any legal or arbitration proceedings (either as plaintiff or defendant), including those which are pending or known to be contemplated, which may have or have had in the 12 months immediately preceding the date of lodgement of this Prospectus, a material effect on our financial position or profitability, and our Directors have no knowledge of any proceedings pending or threatened against us or any of our subsidiaries or any facts likely to give rise to any litigation, claims or proceedings which might materially affect the financial position or the business of our Group.

We sustained property damage and substantial loss of earnings from the 2004 tsunami. We have made claims for these losses from our insurers, and have initiated legal proceedings against our insurers for the recovery of the sums which we believe are recoverable under the policies such as claims for losses due to property damage and business interruption. In respect of business interruption, our policies cover losses incurred as a result of business interruption for a period of up to 18 months. As at the Latest Practicable Date, we have claims outstanding for approximately US$32.8 million (S$53.1 million) in respect of actual and estimated losses up to 31 December 2005 for business interruption and approximately US$5.4 million (S$8.7 million) in respect of property damage. We have commenced proceedings against our insurers in respect of these claims. There can be no assurance that we will successfully recover these sums from our insurers. In addition, we expect to incur substantial costs in pursuing our claims, and litigation will also require management's time and attention.

In 2001, a Thai citizen sued the Phuket Provincial Land Office alleging that it improperly issued title to approximately 100 acres of land. The plots of land in dispute, which we now own, include the land on which Dusit Laguna, Sheraton Grande Laguna Phuket, Laguna Beach Resort and Banyan Tree Phuket now stand. We (through LRH and certain of its subsidiaries) joined the case voluntarily as a co-defendant in order to protect our interests and because we believe the case has no merit. We are currently awaiting a ruling. If the Administration Court rules against the Phuket Provincial Land Office, LRH's possession rights over these lands could be revoked and the right to possession would revert to the State. In this circumstance, LRH may seek to lease the relevant parcels of land from the Thai authorities so that its operations may continue. LRH may also claim damages from the parties from whom it purchased the land parcels. There can be no assurance however that any such claim would succeed.

In 2005, a case was brought by the Phuket Public Prosecutor to the Phuket Provincial Court charging Laguna Beach Club Limited and Khun Pitak Boonpojianassonton, a former director of LRH, with having jointly encroached on state property. The Laguna Beach Resort Hotel was constructed in compliance with plans approved by the relevant authorities. Subsequent to construction, the state boundary lines were drawn. We have won the case at first instance but the Phuket Public Prosecutor may appeal the court's decision. If such appeal is successful, the court may impose a sentence of imprisonment not exceeding one year or a fine of Baht 5,000 or both and LRH will have to remove structures on the land that is the subject of the dispute.

(See "Risk Factors — Risks Relating to Our Business and Operations — we may be subject to claims that we do not have legal title to certain property owned by LRH" and "Business — Litigation".)

Management

DIRECTORS

Our Board of Directors is entrusted with the responsibility for our overall management and direction. The Board meets on a quarterly basis at least, or more frequently as required, to review and monitor our financial position and operations. Our Articles of Association provide that our Board of Directors will consist of not fewer than two Directors.

The following table sets forth information regarding our Directors.

Name	Age	Address	Occupation	Date of Appointment as Director
Ho KwonPing	53	36 King Albert Park Singapore 598320	Executive Chairman	5 July 2000
Ariel P Vera	53	60A Meyer Road Singapore 437882	Group Managing Director	11 April 2000
Yeow Yew Keong	52	1 Balmoral Crescent #08-02 Singapore 259882	Managing Director, Marketing	12 October 2000
Surapon Supratya	53	17/7 Windmill Park, Moo 14 Bangna-Trad Road, KM. 10.5 Bangplee-Yai District, Bangplee Sub-District Samutprakarn 10540 Thailand	Group Managing Director LRH	1 February 2004
Chia Chee Ming Timothy	56	7 Nassim Road #01-01 Singapore 258374	Chairman Group Chief Executive Officer Hup Soon Global Pte Ltd	8 June 2001
Elizabeth Sam	67	45A Siang Kuang Avenue Singapore 347967	Senior Advisor Monitor Group	23 March 2004
Dilhan Pillay Sandrasegara	42	18 Ford Avenue Singapore 268697	Partner Wong Partnership	1 March 2004

None of our Directors and Executive Officers are related to each other or to our substantial Shareholders, save that Ms Claire Chiang See Ngoh is the spouse of our Executive Chairman, Mr Ho KwonPing, and Mr Ho KwonCjan is the sibling of Mr Ho KwonPing.

Certain information on the business and working experience of our Directors is set out below:

Ho KwonPing is our Executive Chairman. He is the founder of our Group and is currently responsible for the overall management and operations of our Group. He has served as director on the boards of various companies within the Wah-Chang Group since 1980 and has been the President of the Wah-Chang Group since 1984. Currently, Mr Ho also serves as the Chairman of the board of trustees of the Singapore Management University, the Chairman and director of Mediacorp Pte Ltd and a director of Singapore Airlines Limited. In 2006, Mr Ho was honoured with the Lifestyle, Hospitality and Retail Entrepreneur of the Year Singapore 2005 at the Ernst & Young Entrepreneur of the Year Awards. In 2005, Mr Ho was conferred the Lifetime Achievement Award by the Institute of Advertising Singapore at the Advertising Hall of Fame Awards and the 2005 Entrepreneurship Award by the London Business School. Prior to that, he was awarded the Travel Personality of the Year, TTG (Travel Trade Gazette) Travel Awards 2004. In 2003, the Hotel Investment Conference Asia-Pacific honoured Mr Ho with their 2003 Innovation Award. Mr Ho holds a Bachelor of Arts (Economics) degree from the then University of Singapore and, in 2000, was conferred an Honorary Doctorate of Business Administration in Hospitality Management from Johnson & Wales University, United States of America.

Ariel P Vera is our Group Managing Director and assumes overall responsibility for the corporate well-being of all the companies owned and controlled by our Company. He is concurrently the Joint Managing Director of Banyan Tree Hotels & Resorts Pte. Ltd. (''BTHR''), a position he has held since March 2000. Since joining our Group in 1995, Mr Vera has served in various capacities including Executive Director of BTHR from 1998 to 2000 and Vice President, Finance of BTHR from 1995 to 1997. Prior to joining us, he was Director of Finance and Administration of Asian Resorts Pte Ltd from June 1992 to March 1995. He was also Executive Director of Tropical Resorts Limited from 1995 to 1997. He has over 21 years of experience in the hotel and resorts industry, having previously worked with, amongst others, the Hyatt and Regent hotel chains. He is also a Certified Public Accountant in the Philippines. Mr Vera holds a Bachelor of Science in Business Administration from the

University of the East, Philippines and a Master of Business Administration from the National University of Singapore.

Yeow Yew Keong is our Managing Director, Marketing. He is concurrently the Joint Managing Director of BTHR and is responsible for the Group's strategic and global brand marketing. Mr Yeow has served in various capacities since he joined BTHR in 1992, including Senior Vice President, Group Marketing and Vice President, Sales and Marketing. From 1995 to 1999, he also served as Vice President, Sales and Marketing of Wah-Chang International Corporation Pte Ltd. Mr Yeow has over 20 years of experience in consumer marketing and marketing and sales in the hotel and resorts industry, having previously worked with, amongst others, Dunlop Malaysian Industries Berhad, Shangri-La Kuala Lumpur and Ming Court Hotel Group. Mr Yeow is a Fellow of the Chartered Institute of Marketing in the United Kingdom and is a designated Chartered Marketer. He was awarded the *Best Marketing Personality of the Year 2000* by Travel Asia Breakthrough Awards. Mr Yeow holds a Master of Business Administration from the Helsinki School of Economics and a Master of Strategic Marketing from the National University of Ireland.

Surapon Supratya is the Group Managing Director of LRH and assumes overall responsibility for the corporate well-being of all the companies owned and controlled by LRH. He has been a member of the board of LRH since 1996. From 1997 to 2003, Mr Supratya was Joint Managing Director of Thai Wah Public Company Limited, responsible for corporate investments. He was also the Chief Financial Officer of Thai Wah Public Company Limited since 1996, and the Joint Managing Director (Corporate) of LRH from November 2000 to February 2005. Prior to this, he was the Financial Controller for Thomson Television (Thailand) Company Limited from 1989 to 1995 and the Financial Controller, Chief Accountant and Internal Audit Manager of Louis T. Leonowens (Thailand) Company Limited from 1981 to 1989. Mr Supratya was an accountant with Ernst & Young, Thailand from 1977 to 1981. Mr Supratya holds a Bachelor of Accountancy degree from Chulalongkorn University, Thailand, and a Master of Accountancy from Thammasat University, Thailand. He is a Certified Public Accountant of Thailand.

Chia Chee Ming Timothy is an Independent Director of our Company. He is presently the Chairman and Group Chief Executive Officer of Hup Soon Global Pte Ltd and also serves as an independent director of Macquarie Pacific Star Prime REIT Management Limited, the manager of Macquarie MEAG Prime REIT, which is listed on the SGX-ST and other listed companies in Singapore such as The Hour Glass Limited, F J Benjamin Holdings Ltd and Fraser and Neave, Limited. From 1986 to 2005, Mr Chia was a director of PAMA where he was responsible for private equity investments and from 1995 to 2005, he was President of PAMA. Mr Chia also previously served as Vice President of the Investment Department of American International Assurance Company Limited from 1982 to 1986 and as President of Unithai Oxide Company Ltd from 1980 to 1981. Mr Chia holds a Bachelor of Science cum laude degree, majoring in Management from the Fairleigh Dickinson University, United States of America.

Elizabeth Sam is an Independent Director of our Company. Mrs Sam is presently a Senior Advisor of Monitor Group which is principally engaged in management consultancy. Mrs Sam is also a director of Boardroom Limited. Mrs Sam has over 40 years of experience in the financial sector, having held the positions of Executive Vice President and Deputy President of OCBC Bank from 1988 to 1998, Board 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 has also been a member of the Singapore Institute of Directors since April 1999. Mrs Sam holds a Bachelor of Arts Honours degree in Economics from the then University of Singapore.

Dilhan Pillay Sandrasegara is an Independent Director of our Company. A lawyer, Mr Pillay is a Partner and Head of the Capital Markets and Corporate practice group at Wong Partnership and a director of its joint law venture firm, Clifford Chance Wong Pte. Ltd. He has 17 years of experience in the legal industry, having worked at Shook Lin & Bok between 1988 and 1992, and at Wong Partnership (and its predecessor firm) thereafter. Mr Pillay holds a Bachelor of Laws Honours degree from the National University of Singapore and a Master of Laws degree from Cambridge University. He was admitted to the Singapore Bar in 1989.

PAMA is one of our substantial Shareholders and our Independent Director, Mr Chia Chee Ming Timothy, was its representative on our Board of Directors from June 2001 to December 2004.

Our Independent Director, Mrs Elizabeth Sam, is an independent director of Boardroom Limited, a company listed on the SGX-ST. Lim Associates (Pte) Ltd, a subsidiary of Boardroom Limited, has been appointed as the share registrar and transfer agent of our Company.

Our Independent Director, Mr Dilhan Pillay Sandrasegara, is a partner at Wong Partnership and a director at Clifford Chance Wong Pte. Ltd., which are our legal advisers to the Offering and to us as to Singapore law and as to English and United States federal law respectively. Wong Partnership and Clifford Chance Wong Pte. Ltd. provide legal services to our Group from time to time.

Notwithstanding the above, our Board is of the view that Messrs Timothy Chia, Elizabeth Sam and Dilhan Pillay Sandrasegara are independent for the following reasons:

(a) Following Mr Chia's retirement from PAMA in December 2004, he does not have any relationship with us falling under Guideline 2.1 of the Code of Corporate Governance. Our Board is of the view that Mr Chia is an independent director as our Board believes that Mr Chia will exercise strong independent judgement in his deliberations in our interests;

(b) Mrs Sam does not have any relationship with us falling under Guideline 2.1 of the Code of Corporate Governance and our Board is of the view that Mrs Sam is an independent director as our Board believes that she will exercise strong independent judgement in her deliberations in our interests; and

(c) Our Board is of the view that Mr Pillay is an independent director as he has shown that he has strong independent judgement in his deliberations in our interests. Furthermore, he has exhibited professionalism and exercised a high standard of duty and care as required by his profession. In this connection, we are of the view that Mr Pillay's participation on our Board will benefit us given Mr Pillay's expertise and standing in his profession. Notwithstanding that Mr Pillay is a partner of Wong Partnership and a director of Clifford Chance Wong Pte. Ltd., he was not and will not be the lawyer rendering legal services in connection with the Offering. Mr Pillay will abstain from any decision relating to our choice of legal counsel for various matters which will be left solely for our management to decide. Furthermore, for as long as Mr Pillay is our Director, we will use market rates as benchmarks in respect of the provision of legal services to our Group by Wong Partnership or Clifford Chance Wong Pte. Ltd.

Our Directors are of the view that the provision of services by Lim Associates (Pte) Ltd, Wong Partnership and Clifford Chance Wong Pte. Ltd. will not interfere with Mrs Sam's and Mr Pillay's respective independent judgement in their roles as members of the Audit and Risk Committee as matters involving the Group will not be handled by them. In the event that Mrs Sam or Mr Pillay are interested in any matter handled by Lim Associates (Pte) Ltd, Wong Partnership or Clifford Chance Wong Pte. Ltd. (as applicable) involving our Group, including and not limited to the Offering, they will abstain from reviewing and voting on that particular matter.

Present and Past Principal Directorships of our Directors

The present principal and past directorships held by our Directors in the last five years preceding the Latest Practicable Date (excluding those held in our Company) are as follows:

Name	Present Directorships	Past Directorships
Ho KwonPing	**Singapore**	**Singapore**
	Banyan Tree Hotels & Resorts Pte. Ltd.*	Banyantree.com Pte Ltd *(dissolved)*
	Banyantravel.com Pte Ltd*	Banyan Tree Spas Pte. Ltd.*
	Li-Ho Holdings (Private) Limited	Government of Singapore Investment Corporation Pte Ltd
	Mediacorp Pte. Ltd.	Mediacorp Entertainment Pte. Ltd.
	Singapore Airlines Limited	Mediacorp News Pte Ltd
	Singapore Management University	Mediacorp Press Ltd
	Thailand	Mediacorp Publishing Pte Ltd
	Asia Tapioca Products Company Limited	Mediacorp Radio Singapore Pte Ltd
	Laguna Beach Club Limited*	Mediacorp Studios Pte Ltd
	Laguna Resorts & Hotels Public Company Limited*	Mediacorp Technologies Pte Ltd
	Mae Samat Land Limited	Mediacorp TV Holdings Pte. Ltd.
	Thai Wah Food Products Public Company Limited	Mediacorp TV Singapore Pte Ltd
	Thai Wah Group Planner Company Limited	Mediacorp TV12 Singapore Pte Ltd
	Hong Kong	Singapore International Foundation
	Chang Fung Company Limited	Singapore Tourism Board
	Chateray Limited	United Maritime Management Company (Private) Limited *(dissolved)*
	Tropical Resorts Limited	Wah-Chang International Corporation Pte Ltd *(liquidated)*

Name	Present Directorships	Past Directorships
Ho KwonPing . . . . *(continued)*	Wah-Chang International (China) Company Limited *(in members' voluntary winding-up)* Wah-Chang Offshore (Hong Kong) Company Limited. **British Virgin Islands** Changfung Investments Ltd. Felicity Investments Ltd. Freesia Investments Ltd Maypole Ltd. Recourse Investments Ltd. TRL Investments Ltd. Tropical Resorts Management Co Ltd.	**Thailand** International Commercial Development Company Limited* Laguna Grande Limited* Tapioca Development Corporation Limited Thai Wah Plaza Limited Thai Wah Public Company Limited TWR-Holdings Limited* **Hong Kong** Chang Loong Company Limited *(deregistered and dissolved)* First Spring Limited Sin-Hai Offshore Company Limited Tropical Hotels Limited **New Zealand** Wah-Chang Offshore (NZ) Limited **United Kingdom** Standard Chartered plc
Ariel P Vera	**Singapore** Architrave Design & Project Services Pte Ltd* Banyantravel.com Pte Ltd* Banyan Tree Gallery (Singapore) Pte Ltd* Banyan Tree Hotels & Resorts Pte. Ltd.* Banyan Tree Properties Pte. Ltd.* Banyan Tree Spas Pte. Ltd.* Hotelspa Pte. Ltd.* Ownrep Project Services Pte Ltd * **Thailand** Banyan Tree Resorts & Spas (Thailand) Company Limited* Laguna Resorts & Hotels Public Company Limited* **Hong Kong** Banyan Tree Resorts Limited* Banyan Tree Spa (HK) Limited* Cheer Golden Limited* Manwin Properties Limited The Allamanda Residential Suites Limited Tropical Resorts Limited Tropical Resorts Management Co Ltd. Triumph International Holdings Limited* **PRC** Lijiang Banyan Tree Hotel Co. Ltd.* Jiwa Renga Resorts Limited* Wanyue Leisure Health (Shanghai) Co., Ltd* Gyalthang Dzong Hotel*	**Singapore** Asian Resorts Pte Ltd *(dissolved)* Banyantree.com Pte Ltd *(dissolved)* Bintan Resort Management Pte Ltd Singapore-Bintan Resort Holdings Pte Ltd Tropical Bintan Pte Ltd **Thailand** Hua Hin Beach Resorts Company Limited PCD Limited* *(dissolved)* Phuket Hotel Limited Laguna Banyan Tree Limited* **Hong Kong** Banyan Tree Golf Club Limited *(deregistered and dissolved)* Global Act Limited *(deregistered and dissolved)* Kingley Realty Limited Mangow Properties Limited Tropical Hotels Limited *(deregistered and dissolved)* **British Virgin Islands** Debenham Limited TRL Investments Ltd. **Indonesia** PT. Bintan Hotels PT. Tropical Amethyst **Australia** Reef Services Pty Ltd

Name	Present Directorships	Past Directorships
Ariel P Vera . . . . *(continued)*	**Indonesia** PT. Bintan Resort Cakrawala PT. Heritage Resorts & Spa* **Australia** Keelbay Pty Ltd* **New Zealand** Lakeland Tropical Resorts Limited Maypole New Zealand Limited* Veloso Group Limited **British Virgin Islands** Banyan Tree Seychelles Holdings Limited* Gold Sand Investments Ltd. Hotel Management Ltd Salvia Investments Ltd Seychelles Tropical Resorts Holdings Limited* Tropical Resorts Management Co Ltd. **Sri Lanka** Banyan Tree (Private) Limited* Beruwela Walk Inn Limited* Ocean Resorts (Private) Limited **Malaysia** Banyan Tree Spas Sdn. Bhd.* **Maldives** Maldives Angsana Pvt Ltd* Maldives Bay Pvt Ltd* Maldives Cape Pvt Ltd* Vabbinvest Maldives Pvt Ltd* **Seychelles** Banyan Tree Resorts (Seychelles) Limited* Seytropical Resorts Limited* **Guam** Banyan Tree Guam Limited* **South Africa** Heritage Spas South Africa (Pty) Ltd* **Japan** Banyan Tree Japan Yugen Kaisha* **Mexico** La Punta Resorts S.A. de C.V. Mayakoba Thai S.A. de C.V.* **Mauritius** Noy Holdings Limited* **United Arab Emirates** R.A.K. Resorts LLC	**New Zealand** Noy Holdings Limited*

Name	Present Directorships	Past Directorships
Yeow Yew Keong	**Singapore** Architrave Design & Project Services Pte Ltd* Banyan Tree Hotels & Resorts Pte. Ltd.* Banyan Tree Spas Pte. Ltd.* Banyantravel.com Pte Ltd* Banyan Tree Gallery (Singapore) Pte Ltd* Banyan Tree Properties Pte. Ltd.* Hotelspa Pte Ltd* **Malaysia** Banyan Tree Spas Sdn. Bhd.* **Hong Kong** Banyan Tree Resorts Limited* Banyan Tree Spa (HK) Limited* Tropical Resorts Management Co Ltd. Triumph International Holdings Limited* **British Virgin Islands** Banyan Tree Seychelles Holdings Limited* Seychelles Tropical Resorts Holdings Limited* **Seychelles** Banyan Tree Resorts (Seychelles) Limited* Seytropical Resorts Limited* **Australia** Keelbay Pty Ltd* **Maldives** Vabbinvest Maldives Pvt Ltd* Maldives Angsana Pvt Ltd* **Guam** Banyan Tree Guam Limited* **New Zealand** Maypole New Zealand Limited* **Japan** Banyan Tree Japan Yugen Kaisha* **PRC** Gyalthang Dzong Hotel* Jiwa Renga Resorts Limited* Wanyue Leisure Health (Shanghai) Co., Ltd* **Mauritius** Noy Holdings Limited*	**Singapore** Banyantree.com Pte Ltd *(dissolved)* Tropical Bintan Pte Ltd **Thailand** Laguna Resorts & Hotels Public Company Limited* Phuket Hotel Limited **Hong Kong** Cheer Golden Limited* Global Act Limited *(deregistered and dissolved)* Kingley Realty Limited Tropical Resorts Limited **Indonesia** PT. Bintan Hotels PT. Tropical Amethyst **British Virgin Islands** Hotel Management Ltd **New Zealand** Noy Holdings Limited*

Name	Present Directorships	Past Directorships
Surapon Supratya	**Thailand** Asia Tapioca Products Company Limited Bang Thao (5) Company Limited Bang Thao (6) Company Limited Bang Thao (7) Company Limited Bangpakong Turakij Company Limited Bangtao (1) Limited* Bangtao (2) Limited* Bangtao (3) Limited* Bangtao (4) Limited* Bangtao Grande Limited* Bangtao Development Limited* Banyan Tree Gallery (Thailand) Limited* Chiang Saen Land Company Limited DI Company Limited Krispy Snacks Company Limited Laguna (1) Limited* Laguna (2) Company Limited Laguna (3) Limited* Laguna Banyan Tree Limited* Laguna Beach Club Limited* Laguna Central Limited* Laguna Excursion Limited* Laguna Grande Limited* Laguna Holiday Club Limited *(formerly known as Allamanda Vacation Club Limited)** Laguna Resorts & Hotels Public Company Limited* Laguna Services Company Limited* Mae Chan Land Company Limited Mae Chan Property Company Limited* Mae Hong Son Land Development Limited Pai Samart Development Company Limited* Phang Nga Resorts Limited Phuket Resort Development Limited Rachada Property Development Company Limited Tha Thungna Land Company Limited Thai Modified Starch Company Limited Thai Nam Tapioca Company Limited Thai Nam Tapioca (1) Company Limited Thai Ongkarak Company Limited Thai Sin Tapioca (1989) Company Limited Thai Wah (6) Company Limited Thai Wah Alpha Starch Company Limited Thai Wah Food Products Public Company Limited Thai Wah Group Planner Company Limited Thai Wah Marketing Services Limited Thai Wah Plaza Limited* Thai Wah Rice Flour Company Limited Thai Wah Tower (2) Company Limited* Thai Wah Tower Company Limited* The Walon (1) Company Limited Twin Waters Development Company Limited* TWR-Holdings Limited* Wenco-Thai Limited* **PRC** Lijiang Banyan Tree Hotel Co. Ltd.*	**Thailand** Bangna Land Company Limited *(dissolved)* Hua Hin Beach Resorts Company Limited* Laguna Sports Limited* *(dissolved)* Koh Chang Laguna Company Limited Mae Joe Land Company Limited PCD Limited* *(dissolved)* San Kampaeng Land Company Limited *(dissolved)* Tawan Holdings Limited *(dissolved)* Thai Wah Engineering Company Limited *(dissolved)* Thai Wah Public Company Limited TW Central Company Limited *(dissolved)* United Insulation Company Limited *(dissolved)* Wah Chang International (Thailand) Corporation Limited *(dissolved)* **Hong Kong** Tropical Resorts Limited

Name	Present Directorships	Past Directorships
Chia Chee Ming Timothy	**Singapore** Guan-Leng Holdings Pte Ltd Hup Soon Global Pte. Ltd. F J Benjamin Holdings Ltd Fraser and Neave, Limited Macquarie Pacific Star Prime Reit Management Limited *(formerly known as Pacific Star Prime Reit Management Limited)* Parksville Pte Ltd Singapore Management University SP PowerGrid Limited The Hour Glass Limited United Motor Works Pte Ltd *(under voluntary liquidation)* **Thailand** Anglo-Thai Company Limited Anglo-Thai Tractors Ltd Borneo Technical (Thailand) Limited Factory Products Centre (Thailand) Limited Magnecomp Precision Technology Public Co., Ltd *(formerly known as K R Precision Public Co., Ltd)* United Motor Works (Siam) Public Co., Ltd (*delisted*) **Korea** Meritz Securities Co. Ltd **Malaysia** Borneo Technical Co. (M) Sdn Bhd Kwikpart Sdn Bhd **British Virgin Islands** Gracefield Holdings Limited **Mauritius** United Motor Works (Mauritius) Limited	**Singapore** Coleford Pte Ltd Colossus Asia Holdings Pte Ltd Delifrance Asia Ltd Edmontor Investments Pte Ltd Gul Technologies Singapore Limited Nichiyu Asia Pte Ltd Nouvelle Carte Asia Pte Ltd PAMA (Singapore) Private Limited PowerGas Limited Singapore Dance Theatre Limited Singapore Power Limited SP Capital Limited **Indonesia** PAMA (Indonesia) Limited PT. PAMA Ventura Indonesia **Hong Kong** Tropical Resorts Limited **Thailand** Laguna Resorts & Hotels Public Company Limited* The Hour Glass (Thailand) Co., Ltd Unithai Patana Company Ltd **Mauritius** Concorde PAPE II Limited **Malaysia** Melewar Leisure Sdn Bhd Pernas OUE (KL) Sdn Bhd **British Virgin Islands** Asia Broadband (Pape II) Limited Café Holdings Ltd Café Investors (PAPE II) Limited Dynawell International Limited Ellingham Co. Ltd Gemini Investors (PAPE II) Limited Li & Fung (Distribution) Limited PAMA DIF Limited PAMA Investment Holdings Ltd PAMA Group Inc. Prudential Asia Investments Ltd Wembley Investors (PAPE) Limited **Korea** KorAm Bank Co., Ltd **Australia** SPI PowerNet Pty Ltd
Elizabeth Sam	**Singapore** Boardroom Limited Cynovia Solutions Pte Ltd Global Events Network Pte Ltd Kost Management Services Pte. Ltd. Sam Investments Pte. Ltd. SC Global Developments Ltd ST Asset Management Ltd **Australia** AV Jennings Homes Ltd **Thailand** Kasikornbank plc **British Virgin Islands** Asian Investment Corporation	**Singapore** Blu Inc. Group Limited CSS Software Pte Ltd Pas De Deux Holdings Pte Ltd Save the Planet Technologies Holdings Pte. Ltd.

Name	Present Directorships	Past Directorships
Dilhan Pillay Sandrasegara	**New Zealand** Dynasty Trust **Singapore** Clifford Chance Wong Pte. Ltd. SP Services Ltd Singapore Management University WOPA Services Pte Ltd **Union of Myanmar** WOPA Services Limited *(in members' voluntary winding-up)*	**Singapore** Antara Koh Private Limited Beyonics Technology Limited CapitaLand Retail (BJ1) Holdings Pte. Ltd.# CapitaLand Retail (BJ1) Investments Pte. Ltd.# Hiap Seng Engineering Ltd Orion Capital (Singapore) Pte Ltd PowerSeraya Ltd. Sing Eng (Private) Ltd.# *(dissolved via members' voluntary winding-up)*

Notes:

* Companies which are within our Group.

\# Companies in which Mr Dilhan Pillay Sandrasegara was appointed as a director as a professional service provided by Wong Partnership.

Interest in Shares

Our Directors, other than our Executive Chairman, Mr Ho KwonPing, will be given the opportunity to purchase Reserved Shares. (See ''Management — Employee Benefit Plans — Reserved Shares''.)

Shares held by our Directors do not carry different voting rights from the Offering Shares. For further details as to our Directors' interests in Shares, see ''Principal Shareholders''.

Significant Changes in Percentage of Ownership

The significant changes in the percentage of ownership of our Company directly held by our Directors in the three years prior to the Latest Practicable Date and up to the date of this Prospectus are as follows:

	As at 25 April 2003		As at 11 November 2003		As at the Date of This Prospectus After the Share Split, the Redemption of ''B'' Preference Shares by Way of Conversion into Shares and the Issue of New Shares Pursuant to the Acquisition of the Trademarks	
Name	Number of Shares	%	Number of Shares	%	Number of Shares	%
Ho KwonPing	15,584,954	5.2	11,838,211(1)	3.9	23,927,750	3.7
Ariel P Vera	—	—	—	—	—	—
Yeow Yew Keong	—	—	—	—	—	—
Surapon Supratya	—	—	—	—	—	—
Chia Chee Ming Timothy	—	—	—	—	—	—
Elizabeth Sam	—	—	—	—	—	—
Dilhan Pillay Sandrasegara	—	—	—	—	—	—

Note:

(1) Mr Ho KwonPing, our Executive Chairman, transferred 7,493,486 Shares (adjusted for the Share Split) to Recourse Investments Ltd. for a nominal consideration. Recourse Investments Ltd. is an investment holding company incorporated in the British Virgin Islands and is 50.0 per cent. owned by Mr Ho KwonPing and 50.0 per cent. owned by Mr Ho's spouse, Ms Claire Chiang See Ngoh.

Except as disclosed above, there have not been any changes in the percentage of ownership of our Directors in our Company in the last three years prior to the Latest Practicable Date and up to the date of this Prospectus amounting to more than 5.0 per cent. of the pre-Offering issued share capital of our Company.

Terms of Office

Our Directors do not currently have a fixed term of office. Every Director shall retire from office once every three years and for this purpose, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. A retiring Director shall be eligible for re-election.

The Directors to retire in every year shall be those, subject to retirement by rotation, who have been longest in office since their last re-election or appointment.

Employment Agreements

Except as disclosed below, there are no existing or proposed employment agreements entered into or to be entered into by our Directors with our Company or any of our subsidiaries. There are no existing or proposed employment agreements entered into or to be entered into by our Directors with our Company or any of our subsidiaries which provide for benefits upon termination of employment without cause.

Mr Ho KwonPing, Mr Ariel P Vera and Mr Yeow Yew Keong

On 2 May 2006, we entered into separate employment agreements with Mr Ho, Mr Vera and Mr Yeow in connection with their respective appointments as Executive Chairman, Group Managing Director and Managing Director, Marketing. The agreement will take effect from the Listing Date and Mr Ho's, Mr Vera's and Mr Yeow's appointments shall automatically continue from year to year, unless otherwise terminated by either party giving the other party not less than six months' notice in writing of such termination or either party making certain payments to the other party in lieu of notice. We may also terminate their respective service agreements without notice if any of these Directors are guilty of, among others, dishonesty or serious or persistent misconduct, becomes bankrupt or otherwise acts to the prejudice of our Group. The terms of these employment agreements do not provide for benefits upon termination of employment with our Company.

Pursuant to their employment agreements, each of Mr Ho, Mr Vera and Mr Yeow will be entitled to the following:

(i) a monthly salary and a discretionary variable bonus to be determined based on our Company's prevailing policies, which are subject to the approval of the Nominating and Remuneration Committee; and

(ii) Mr Ho, Mr Vera and Mr Yeow are also entitled to a transport allowance and other benefits including medical benefits and personal accident and term life insurance coverage, in accordance with our Company's prevailing policies.

Mr Surapon Supratya

Pursuant to an appointment letter dated 19 October 2000, Mr Surapon Supratya was appointed as the Joint Managing Director (Corporate) for LRH with effect from 1 November 2000. He is entitled to a monthly salary from LRH and a bonus according to LRH's prevailing policies and guidelines. If LRH intends to terminate his employment for, among others, causes other than dishonesty, serious misconduct or dereliction in performance of duties which materially prejudices the business of our Group, LRH is required to follow the governing rules under Thai labour laws, which provide amongst other things, for the payment of some retrenchment benefits. Mr Surapon Supratya may terminate his employment upon giving three months' notice of such termination to LRH.

With effect from 1 March 2005, Mr Surapon Supratya has been appointed Group Managing Director of LRH.

Founder's Grant

The independent shareholders of our Company have, prior to the Offering, approved the incentive described below for our Executive Chairman, Mr Ho KwonPing, which has been included in Mr Ho KwonPing's employment agreement. This incentive is to secure the continuing commitment of Mr Ho KwonPing to our Group and to reward him for founding, leading and building up our Group. The incentive is effective only on 1 January of the year after the third anniversary of the Listing Date (the **"Commencement Date"**). For a description of the method in which the Founder's Grant is accounted for in our financial statements and the financial effect of the Founder's Grant, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Significant Accounting Policies — Equity-settled Transactions" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Significant Factors Affecting Our Results of Operations — Equity-based Grant and Schemes".

With effect from the Commencement Date, Mr Ho KwonPing shall be entitled to, for each financial year for a period of ten years beginning from the financial year ended 31 December in which the Commencement Date falls (each a **"Relevant Financial Year"**), an amount equivalent to 5.0 per cent of the profit before tax of our Group for the Relevant Financial Year (the **"PBT Grant"**), such amount to be payable in cash or in Shares at the sole discretion of our Company.

In the event that our Company elects to pay the PBT Grant in Shares, our Company will issue new Shares to Mr Ho KwonPing, based on the price equivalent to the arithmetic average of the daily volume weighted average price of our Shares listed on the SGX-ST during the period of 30 trading days of the SGX-ST ending on the day before the PBT Grant. The aggregate number of new Shares issued to Mr Ho KwonPing in a Relevant Financial Year pursuant to the Founder's Grant will be disclosed in our Annual Report in respect of that Relevant Financial Year.

Mr Ho KwonPing shall be entitled to the Founder's Grant as set out above as long as he serves in an executive capacity with us.

Compensation

The compensation (including any benefit in kind and any deferred compensation accrued for the financial year in question and payable at a later date) paid by us and our subsidiaries to each of our Directors for services rendered by them in all capacities to us and our related corporations for the financial years ended 31 December 2004 and 31 December 2005 was as follows:

	Year ended 31 December 2004			Year ended 31 December 2005			
	Below S$250,000	S$250,000 to S$499,999	S$1,000,000 to S$1,250,000	Below S$250,000	S$250,000 to S$499,999	S$500,000 to S$750,000	S$1,000,000 to S$1,250,000
Ho KwonPing	—	—	√	—	—	—	√
Ariel P Vera	—	√	—	—	—	√	—
Yeow Yew Keong	—	√	—	—	√	—	—
Surapon Supratya	—	√	—	—	√	—	—
Chia Chee Ming Timothy	√	—	—	√	—	—	—
Elizabeth Sam	√	—	—	√	—	—	—
Dilhan Pillay Sandrasegara	√	—	—	√	—	—	—

The compensation (including any benefit in kind and deferred compensation accrued for the financial year in question and payable at a later date but excluding Management Shares, Awards or Options) payable by us and our subsidiaries to each of our Directors for services rendered by them in all their capacities to us and our related corporations for the current financial year ending 31 December 2006 is expected to be as follows:

	Year ending 31 December 2006		
	Below S$250,000(1)	S$250,000 to S$499,999(1)	S$1,000,000 to S$1,250,000(1)
Ho KwonPing	—	—	√
Ariel P Vera	—	√	—
Yeow Yew Keong	—	√	—
Surapon Supratya	—	√	—
Chia Chee Ming Timothy	√	—	—
Elizabeth Sam	√	—	—
Dilhan Pillay Sandrasegara	√	—	—

Note:

(1) Does not include any discretionary, performance or profit-linked payment which has not yet been determined for the financial year ending 31 December 2006.

We have not set aside nor accrued any amounts for our Directors to provide for pension, retirement or similar benefits.

Committees

Our Directors recognise the importance of corporate governance and the offering of high standards of accountability to our shareholders.

The Code of Corporate Governance recommends that the roles of Chairman and Chief Executive Officer be separated, to ensure an appropriate balance of power and increased accountability to shareholders. Both the roles of Chairman and the Chief Executive Officer are currently held by Mr Ho KwonPing as he is the founder of our Company.

The Board is of the view that Mr Ho KwonPing should presently continue to lead our Group as Executive Chairman. Our Group Managing Director, Mr Ariel P Vera, our Managing Director, Marketing, Mr Yeow Yew Keong, and our Group Managing Director of LRH, Mr Surapon Supratya, will manage the day-to-day operations of our Group while Mr Ho KwonPing will be responsible for charting the strategic direction and growth of our Group.

The Board has established two committees: (i) the Audit and Risk Committee; and (ii) the Nominating and Remuneration Committee.

Audit and Risk Committee

The Audit and Risk Committee comprises Messrs Dilhan Pillay Sandrasegara, Chia Chee Ming Timothy and Elizabeth Sam. The Chairman of the Audit and Risk Committee is Mr Dilhan Pillay Sandrasegara. The Audit and Risk Committee shall meet periodically to perform the following functions:

(i) assisting our Board in the discharge of its responsibilities on financial and accounting matters;

(ii) reviewing the audit plans, scope of work and results of our audits compiled by our internal and external auditors;

(iii) reviewing the co-operation given by our officers to the external auditors;

(iv) nominating external auditors for re-appointment;

(v) reviewing the integrity of any financial information presented to our shareholders;

(vi) reviewing interested person transactions, if any;

(vii) reviewing and evaluating our administrative, operating and internal accounting controls and procedures; and

(viii) reviewing our risk management structure and any oversight of our risk management processes and activities to mitigate and manage risk at acceptable levels determined by our Board.

Apart from the duties listed above, the Audit and Risk Committee shall commission and review 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 our results of operations and/or financial position. Each member of the Audit and Risk Committee shall abstain from voting on any resolution in respect of matters in which he is interested.

In March 2005, we also set up a Risk Management Committee to identify, assess and manage our strategic business risks. Our Risk Management Committee reports to our Audit and Risk Committee and meets periodically to perform, among other functions:

(i) formulate risk management policies and strategies;

(ii) establish organisational risk profile;

(iii) provide high level guidance for identified and assessed risks;

(iv) assign risk owners;

(v) implement risk policies and strategies;

(vi) oversee and coordinate the development and operation of risk management processes and activities;

(vii) annually review fundamental/ strategic risks and their controls and reporting to the Audit and Risk Committee;

(viii) ensure that extreme risks are addressed in disaster recovery/ business continuity plans;

(ix) liaise with the Risk and Audit Committee to ensure integration between risk management and internal audit plans; and

(x) conduct a yearly review of the risk management process.

Nominating and Remuneration Committee

The Nominating and Remuneration Committee comprises Messrs Chia Chee Ming Timothy, Elizabeth Sam and Dilhan Pillay Sandrasegara. The Chairman of the Nominating and Remuneration Committee is Mr Chia Chee Ming Timothy. The role of the Nominating and Remuneration Committee is to implement and administer the Share Option Scheme and the Banyan Tree Performance Share Plan, as well as to review and approve remuneration for employees holding managerial positions and above, including our Executive Chairman, Managing Directors and other Non-Executive Directors. Our Executive Chairman and Managing Directors administer the remuneration for all other employees.

Our Nominating and Remuneration Committee will be responsible for the following functions:

(i) reviewing and assessing candidates for directorships (including executive directorships) before making recommendations to our Board for appointment of Directors;

(ii) re-nomination of our Directors for re-election of Directors in accordance with our Articles of Association at each annual general meeting having regard to the Director's contribution and performance;

(iii) determining annually whether or not a Director is independent; and

(iv) deciding whether or not a Director is able to and has been adequately carrying out his duties as a director. The Nominating and Remuneration Committee will decide how our Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of our Board, which address how our Board has enhanced long-term shareholders' value.

The performance evaluation will also include consideration of our Share price performance over a five-year period vis-à-vis the Singapore Straits Times Index and a benchmark index of its industry peers. Our Board will also implement a process to be carried out by the Nominating and Remuneration Committee for assessing the effectiveness of our Board as a whole and for assessing the contribution by each individual Director to the effectiveness of our Board.

Each member of the Nominating and Remuneration Committee shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as director.

In the event that any member of the Nominating and Remuneration Committee has an interest in a matter being deliberated upon by the Nominating and Remuneration Committee, he will abstain from participating in the review and approval process relating to that matter.

The Independent Directors on the Nominating and Remuneration Committee will review and approve annually the total remuneration of the Directors, Executive Officers and other employees who are related to the controlling shareholders and/or our Directors.

EXECUTIVE OFFICERS

Our Executive Officers, together with our Executive Directors, are responsible for our day-to-day management and operations. The following table sets forth information regarding our Executive Officers.

Name	Age	Address	Occupation
Ho KwonCjan	50	7 Leedon Park Singapore 267884	Managing Director, Design Services
Chiang See Ngoh Claire	55	36 King Albert Park Singapore 598320	Managing Director, Retail Operations
Bernold Olaf Schroeder	39	24A Sathorn Park Place 27/85 South Sathorn Road Bangkok 10120 Thailand	Managing Director, Hotel Operations
Emilio Llamas Carreras	49	27/18 Laguna Townhomes Moo 4 Srisoonthorn Road Tambol Cherng Talay Amphur Thalang Phuket 83110 Thailand	Vice President, Angsana Hotels
Eddy See Hock Lye	41	12 Taman Selamat Singapore 416417	Vice President, Finance

Name	Age	Address	Occupation
Shankar Chandran	43	59/3 Laguna Townhomes Moo 4 Srisoonthorn Road Tambol Cherng Talay Amphur Thalang Phuket 83110 Thailand	Managing Director, Spa Operations
Michael Ramon Ayling	39	59/7 Laguna Townhomes Moo 4 Srisoonthorn Road Tambol Cherng Talay Amphur Thalang Phuket 83110 Thailand	Deputy Managing Director, Laguna Phuket
Dharmali Kusumadi	47	51 Hillview Avenue 04-03 Hillington Green Singapore 669565	Vice President, Design Services
Foong Poh Mun	45	11 Joo Seng Road #15-108 Singapore 360011	Vice President, Projects
Susan Lo Hung	39	38 Jalan Wajek Singapore 588491	Vice President, Sales
Joyce Khoo Phaik Lian	43	31 Greenleaf Place Singapore 279435	Assistant Vice President, Group Company Secretary

Information on the business and working experience of our other Executive Officers is set out below:

Ho KwonCjan is our Managing Director, Design Services, and is responsible for heading and overseeing our project and design teams. Prior to his re-designation as Managing Director in March 2005, Mr Ho was Joint Managing Director of LRH, a position he held since 1998. Mr Ho served as Vice Chairman of Thai Wah Public Company Limited in Thailand from 1997 to 2003. From 1996 to 1998, Mr Ho was the Managing Director of Thai Wah Resorts Development Public Co., Ltd and from 1985 to 1992, was the Project Manager of Thai Wah Resorts Development Public Co., Ltd. Prior to this, Mr Ho worked in the architectural firm of Akitek Tenggara in Singapore. Mr Ho holds a Bachelor of Architecture Honours from the National University of Singapore and has been awarded the Singapore Institute of Architects Gold Medal. Mr Ho has been registered with the Singapore Board of Architects since 1986. Mr Ho is the brother of our Executive Chairman, Mr Ho KwonPing.

Chiang See Ngoh Claire is our Managing Director, Retail Operations, and is responsible for the strategic direction, management and operation of our Banyan Tree and Angsana Galleries. Ms Chiang is also Senior Vice President of Retail Services, a position she has held since January 2004. Prior to her re-designation as Managing Director in March 2005, she served as Executive Director of Banyan Tree Gallery (Singapore) Pte Ltd (‘‘BTG(S)’’) from August 2000. Her previous appointments include Director, Group Human Resource of Wah-Chang International Corporation (Singapore) Pte Ltd from 1992 to 1995 and Director, BTG(S) from 1995 to 2000. Ms Chiang served two terms as a Nominated Member of Parliament in the Government of Singapore from 1997 to 2001. Ms Chiang is also a co-author of the book entitled ‘‘Stepping Out: The Making of Chinese Entrepreneurs’’ (New York: Simon and Schuster, 1994) for which she won a National Book Council Award in 1994. She currently serves as, among others, President of the Singapore Compact for Corporate Social Responsibility and has been appointed as Co-Chairperson of Romancing Singapore and Pro-Family Business Environment by the Ministry of Community Development. She holds a Bachelor of Arts and Social Science (Sociology) from the National University of Singapore, a Master of Philosophy degree from the University of Hong Kong and a Master of Arts (Translation) from the University of Sorbonne, Paris. Ms Chiang is the wife of our Executive Chairman, Mr Ho KwonPing.

Bernold Olaf Schroeder is our Senior Vice President and is designated as Managing Director, Hotel Operations, responsible for all operational aspects of the hotel portfolio and the business development and expansion activities. Prior to these appointments in 2005, he was Vice President of Operations from January 2004. He joined BTHR in 1997 and has served in various capacities, including General Manager of Banyan Tree Maldives from 1997 to 2001 and Area Director Indian Ocean from 1998 to 2001, Vice President of Business Development from 1999 to 2003 and General Manager of Banyan Tree Bangkok from 2001 to the present. Mr Schroeder has previously worked at the Grand Hyatt New York and the Holiday Inn Hong Kong. Mr Schroeder has attended the Cornell University Executive Programme, the Stanford University — Singapore Management University Executive Summer Programme and the Kellogg School of Management — Northwestern University Executive Education Course. Mr Schroeder is designated a Certificate Expert in hotel business matters by the Chamber of Industry and Commerce Karlsruhe, Germany.

Emilio Llamas Carreras is our Vice President of Angsana Hotels and is responsible for the operations in relation to our Angsana and Colours of Angsana hotels. Prior to joining us in April 2001, Mr Carreras was a General Manager with SolMelia in "Gran Melia Salinas", Lanzarote, Spain, responsible for the overall management of the hotel. In 1998, he was conferred the Civil Merit Award by the King of Spain in recognition of his role as the Honorary Consul of Spain in Bali, Indonesia. Mr Carreras holds a Hotel Diploma and an Engineering degree both from Sevilla University.

Eddy See Hock Lye is our Vice President, Finance and has been our Chief Financial Officer since April 2004. Prior to joining us, 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, Mr See worked as Group Financial Controller of Amara Holdings Limited. He was also the General Director of Amara Hotel Saigon Company Ltd, which operates Amara Hotel in Ho Chi Minh City, from 1998 to 2001. Mr See previously spent almost ten years with Ernst & Young, with the last four years as Audit Manager. Mr See holds a Bachelor of Commerce from the University of Auckland and is an Associate Chartered Accountant in New Zealand.

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

Michael Ramon Ayling is the Deputy Managing Director of Laguna Phuket and Vice President of Finance and will assume the role of Managing Director of Laguna Phuket with effect from 1 July 2006. His responsibilities include overseeing the preparation of consolidated financial statements for submission to the Stock Exchange of Thailand, and overseeing the operations of Laguna Phuket which includes the hotel and property sales operations. Prior to joining LRH in 2000, Mr Ayling was a Senior Audit Manager with KPMG, Sydney from 1998 to 2000 and KPMG, Port Moresby from 1992 to 1998 where he was responsible for the day-to-day running of the audit division and managing client audits. He is a member of the Institute of Chartered Accountants in England and Wales. Mr Ayling holds a Bachelor of Honours in Accounting and Finance from the Manchester Metropolitan University.

Dharmali Kusumadi is our Vice President, Design Services, and is responsible for the design and planning of properties managed by BTHR. Prior to joining us in November 1991, he was the Planning and Development Head of LG Group, Bali, responsible for design and planning for projects. From 1985 to 1989, Mr Kusumadi was a part-time lecturer in the Architecture Department of Soegijapranata Catholic University, Semarang, Indonesia. From 1984 to 1989, he was Principal Architect of Kusumadi Associates. Mr Kusumadi presently also serves as a director on the board of Architrave Design & Planning Co Ltd in Thailand. 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.

Foong Poh Mun is our Vice President, Projects, who is responsible for project and cost management. Prior to her promotion to Vice President in January 2006, she has served in various positions including General Manager and Assistant Vice President since 2000. From 1996 to 1999, she was the Acting General Manager for Ownrep Project Services Pte Ltd. From 1994 to 1995, she served as Assistant General Manager (Cost Control) at PCD Limited, and from 1990 to 1994, she was a Project Development Manager with Thai Wah Resorts Limited. Ms Foong was a quantity surveyor with SPECS Consultants Pte Ltd from 1981 to 1987 and Quants Associates in 1981. She holds a Bachelor of Science (Economics) Honours from the University of London, a Diploma in Industrial Management from the Institution of Industrial Managers, United Kingdom and a Diploma in Building Science from the Singapore Polytechnic.

Susan Lo Hung is our Vice President, Sales, who is responsible for sales for Banyan Tree hotels and resorts, as well as Banyan Tree & Angsana Spas worldwide. She heads the sales teams in Singapore and the PRC, and oversees the strategic selling and project development for our new resorts in the PRC. Prior to joining us in February 1994, Ms Lo was a Sales Manager with ANA Hotel Singapore from 1992 to 1994, and a Market Research Analyst with Ritz Carlton Hotel Hong Kong from 1991 to 1992. She is a member of the Management Development Institute of Singapore and the French Chamber of Commerce in Singapore. Ms Lo holds a Bachelor of Business Administration in Travel Industry Management from the University of Hawaii.

Joyce Khoo Phaik Lian is our Assistant Vice President, Group Company Secretary who oversees the corporate secretariat portfolio. Prior to joining us in January 2004, she was the Assistant Vice President, Corporate Secretariat and Group Company Secretary of Singapore Power Ltd from 1995 to 2003. Between 1986 and 1995, she was in legal practice in Singapore and London, and also worked as a Legal Officer in Pidemco Land Pte Ltd. Ms Khoo holds a Bachelor of Laws Honours degree from the National University of Singapore and a Master of Laws degree from King's College, University of London. Ms Khoo was admitted to the Singapore Bar in 1986 and to the Roll of Solicitors in England and Wales in 1995.

Present and Past Principal Directorships of our Executive Officers

The present principal and past directorships held by our Executive Officers in the last five years preceding the Latest Practicable Date (excluding those held in our Company) are as follows:

Name	Present Directorships	Past Directorships
Ho KwonCjan	**Singapore** Banyan Tree Properties Pte. Ltd.* Li-Ho Holdings (Private) Limited **Indonesia** PT. Bintan Hotels **Thailand** Architrave Design & Planning Company Limited* Asia Tapioca Products Company Limited Bangna Property Development Company Limited Bangpakong Turakij Company Limited Bang Thao (5) Company Limited Bang Thao (6) Company Limited Bang Thao (7) Company Limited Bangtao (1) Limited* Bangtao (2) Limited* Bangtao (3) Limited* Bangtao (4) Limited* Bangtao Development Limited* Bangtao Grande Limited* Banyan Tree Gallery (Thailand) Limited* Banyan Tree Resorts & Spas (Thailand) Company Limited *(formerly known as Banyan Tree Spa Company Limited)** Chiang Saen Land Company Limited International Commercial Development Company Limited Laguna (2) Company Limited* Laguna (3) Limited* Laguna Banyan Tree Limited* Laguna Central Limited* Laguna Excursions Limited* Laguna Grande Limited* Laguna Holiday Club Limited* *(formerly known as Allamanda Vacation Club Limited)* Laguna Resorts & Hotels Public Company Limited* Laguna Services Company Limited* Lanna Land Development Company Limited Mae Chan Land Company Limited Mae Chan Property Company Limited* Mae Hong Son Land Development Limited Mae Malai Doi Resort Company Limited Pai Samart Development Company Limited*	**Singapore** Architrave Design & Planning Pte Ltd *(dissolved)* Li-Ho Properties Pte Ltd Wah-Chang International Corporation Pte Ltd *(liquidated)* WahChang Starch Products Pte Ltd *(dissolved)* **Thailand** Laguna (1) Limited* Laguna Sports Limited* *(dissolved)* Mae Joe Land Company Limited Thai Wah Public Company Limited PCD Limited* *(dissolved)* **British Virgin Islands** Banyan Tree Seychelles Holdings Limited*

Name	Present Directorships	Past Directorships
Ho KwonCjan . . . . *(continued)*	Phang Nga Resorts Limited Phuket Resort Development Company Limited* Rachada Property Development Company Limited Tha Thungna Land Company Limited Thai Ongkarak Company Limited Thai Wah (6) Company Limited Thai Wah Food Products Public Company Limited Thai Wah Plaza Limited* Thai Wah Realty Limited Thai Wah Tower (2) Company Limited* Thai Wah Tower Company Limited* The Walon (1) Company Limited TWR-Holdings Limited* Twin Waters Development Company Limited* Wenco-Thai Limited* **Hong Kong** Chang Fung Company Limited **British Virgin Islands** Freesia Investments Ltd Seychelles Tropical Resorts Holdings Limited* **Seychelles** Seytropical Resorts Limited* **PRC** Lijiang Banyan Tree Hotel Co. Ltd.*	
Claire Chiang . . . . See Ngoh	**Singapore** Banyan Tree Gallery (Singapore) Pte Ltd* EDC@SCCCI Pte. Ltd. Singapore Chinese Orchestra Co. Ltd. **Thailand** Banyan Tree Gallery (Thailand) Limited* **Hong Kong** Chateray Limited **British Virgin Islands** Changfung Investments Ltd. Recourse Investments Ltd.	**Singapore** Singapore Dance Theatre Limited **Hong Kong** First Spring Limited
Bernold Olaf . . . . Schroeder	**Thailand** Laguna Resorts & Hotels Public Company Limited* Thai Wah Plaza Limited* Thai Wah Tower Company Limited* Thai Wah Tower (2) Co., Ltd*	**Maldives** Vabbinvest Maldives Pvt Ltd* Maldives Angsana Pvt Ltd*
Emilio Llamas . . . . Carreras	Nil	Nil
Eddy See Hock Lye	**Malaysia** Banyan Tree Spas Sdn. Bhd.* **British Virgin Islands** Banyan Tree Seychelles Holdings Limited* Seychelles Tropical Resorts Holdings Limited* **Hong Kong** Triumph International Holdings Limited* **PRC** Gyalthang Dzong Hotel* Jiwa Renga Resorts Limited*	**Vietnam** Amara Hotel Saigon Company Ltd.

Name	Present Directorships	Past Directorships
Shankar Chandran	**Thailand** Banyan Tree Resorts & Spas (Thailand) Company Limited* Highbury Company Limited **Japan** Banyan Tree Japan Yugen Kaisha* **PRC** Wanyue Leisure Health (Shanghai) Co., Ltd.*	Nil
Michael Ramon Ayling . .	**Indonesia** PT AVC Indonesia* **Thailand** Bangtao (1) Limited* Bangtao (2) Limited* Bangtao (3) Limited* Bangtao (4) Limited* Bangtao Development Limited* Bangtao Grande Limited* Banyan Tree Gallery (Thailand) Limited* Laguna (1) Limited* Laguna (3) Limited* Laguna Banyan Tree Limited* Laguna Central Limited* Laguna Excursions Limited* Laguna Grande Limited* Laguna Holiday Club Limited* Laguna Resorts & Hotels Public Company Limited* Laguna Services Company Limited* Mae Chan Property Company Limited* Phuket Resort Development Limited* Pai Samart Development Company Limited* Talang Development Company Limited* Twin Waters Development Company Limited* Thai Wah Plaza Limited* Tsoi Company Limited TWR-Holdings Limited* Thai Wah Tower Company Limited* Thai Wah Tower (2) Company Limited* Wenco-Thai Limited* **Hong Kong** Cheer Golden Limited* **PRC** Lijiang Banyan Tree Hotel Co. Ltd.*	Nil
Dharmali Kusumadi	**Thailand** Architrave Design & Planning Company Limited* **Indonesia** PT Celesta Resorts and Hotels *(defunct)* PT Heritage Resorts & Spas*	Nil
Foong Poh Mun	Nil	Nil
Susan Lo Hung	Nil	Nil
Joyce Khoo . . . . Phaik Lian	Nil	Nil

Note:

* Companies which are within our Group.

Interest in Shares

Our Executive Officers, except for Mr Ho KwonCjan and Ms Claire Chiang See Ngoh, will be given the opportunity to purchase Reserved Shares. (See ''Management — Employee Benefit Plans — Reserved Shares''.) Shares held by our Executive Officers do not carry different voting rights from the Offering Shares.

Employment Agreements

Mr Ho KwonCjan, Ms Claire Chiang See Ngoh, Mr Bernold Olaf Schroeder, Mr Eddy See Hock Lye, Mr Shankar Chandran, Mr Dharmali Kusumadi, Ms Foong Poh Mun, Ms Susan Lo Hung and Ms Joyce Khoo Phaik Lian (collectively, the ''BTH Officers'')

On 2 May 2006, we entered into employment agreements with Mr Ho KwonCjan, Ms Chiang and Mr Schroeder (collectively, the ''SVPs'') in connection with their respective appointments as Managing Director, Design Services, Managing Director, Retail Operations, and Managing Director, Hotel Operations of our Company. The appointment of each of the SVPs shall automatically continue from year to year, unless otherwise terminated by either party giving the other party not less than six months' notice in writing of such termination or either party making certain payments to the other party, in lieu of such notice.

We may terminate the respective service agreements of the BTH Officers without notice if any of them are guilty of, among others, dishonesty or serious or persistent misconduct, becomes bankrupt or otherwise acts to the prejudice of our Group.

We have also appointed the other BTH Officers (other than the SVPs) pursuant to employment agreements dated 2 May 2006. Their appointments shall also automatically continue from year to year, unless otherwise terminated by either party giving not less than three months' and in the case of Ms Khoo, two months' notice in writing of such termination or either party making certain payments in lieu of such notice. The terms of the employment agreements do not provide for benefits upon termination of employment with our Company.

Pursuant to their employment agreements, each of the BTH Officers will be entitled to the following:

(i) a monthly salary and a discretionary variable bonus to be determined based on our prevailing policies, which are subject to the approval of the Nominating and Remuneration Committee;

(ii) at the end of each financial year, an incentive bonus based on achievement of certain profit levels of the relevant operating units compared to the unit's budget for the particular financial year; and

(iii) a transport allowance and other benefits including medical benefits and personal accident and term life insurance coverage, in accordance with our prevailing policies.

Mr Emilio Llamas Carreras and Mr Michael Ramon Ayling (collectively, the ''LRH Officers'')

Pursuant to their respective appointment letters, each of the LRH Officers is entitled to receive a monthly salary from LRH and a bonus according to LRH's prevailing policies and guidelines. If LRH intends to terminate the employment of any of the LRH Officers for, among others, causes other than for dishonesty, serious misconduct or dereliction in performance of duties which materially prejudices the business of our Group, LRH is required to comply with Thai labour laws, which provide amongst other things, for the payment of some retrenchment benefits. Each of the LRH Officers may terminate his employment upon giving three months' notice of resignation to LRH.

Compensation

The compensation (including any benefit in kind and any deferred compensation accrued for the financial year in question and payable at a later date) paid by us and our subsidiaries to each of our Executive Officers for services rendered by them in all their capacities to us and our related corporations for the financial years ended 31 December 2004 and 31 December 2005 was as follows:

	Year ended 31 December 2004			Year ended 31 December 2005		
	Below S$250,000	**S$250,000 to S$499,999**	**S$500,000 to S$750,000**	**Below S$250,000**	**S$250,000 to S$499,999**	**S$500,000 to S$750,000**
Ho KwonCjan	—	√	—	—	√	—
Claire Chiang See Ngoh	—	√	—	—	√	—
Bernold Olaf Schroeder	—	√	—	—	√	—
Emilio Llamas Carreras	√	—	—	—	√	—
Eddy See Hock Lye	√	—	—	√	—	—
Shankar Chandran	√	—	—	√	—	—
Michael Ramon Ayling	—	√	—	—	√	—
Dharmali Kusumadi	√	—	—	√	—	—
Foong Poh Mun	√	—	—	√	—	—
Susan Lo Hung	√	—	—	√	—	—
Joyce Khoo Phaik Lian	√	—	—	√	—	—

The compensation (including any benefit in kind and any deferred compensation accrued for the financial year in question and payable at a later date but excluding Management Shares, Awards or Options) payable by us and our subsidiaries to our Executive Officers (not being Directors) for services rendered by them in all their capacities to us and our related corporations for the financial year ending 31 December 2006 is expected to be as follows:

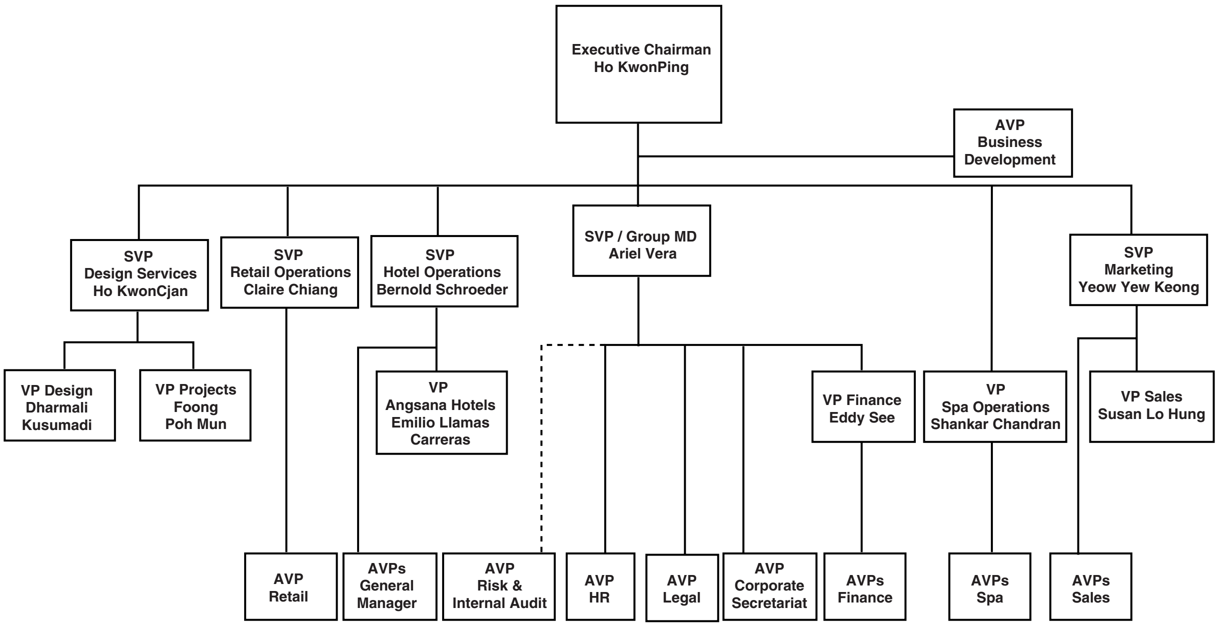
	Year ending 31 December 2006		
	Below S$250,000[(1)]	**S$250,000 to S$499,999[(1)]**	**S$500,000 to S$750,000[(1)]**
Ho KwonCjan	—	√	—
Claire Chiang See Ngoh	—	√	—
Bernold Olaf Schroeder	—	—	√
Emilio Llamas Carreras	√	—	—
Eddy See Hock Lye	—	√	—
Shankar Chandran	√	—	—
Michael Ramon Ayling	—	√	—
Dharmali Kusumadi	√	—	—
Foong Poh Mun	√	—	—
Susan Lo Hung	√	—	—
Joyce Khoo Phaik Lian	√	—	—

Note:

(1) Does not include any discretionary, performance or profit-linked payment which has not yet been determined for the financial year ending 31 December 2006.

We have not set aside nor accrued any amounts for our Executive Officers to provide for pension, retirement or similar benefits.

Management Reporting Structure



- - - - - means reports to Audit and Risk Committee

Arrangement or Understanding

None of our Directors or Executive Officers has any arrangement or understanding with any of our substantial Shareholders, customers or suppliers or other person pursuant to which such Director or Executive Officer was appointed as a Director or as an Executive Officer.

EMPLOYEE BENEFIT PLANS

Incentive Scheme for Head Office Staff

In addition to the annual wage supplement of one month's salary which may be declared by us, all staff from supervisory level and above at our head office in Singapore (except Mr Ho KwonPing, Mr Ariel P Vera and Mr Yeow Yew Keong) are entitled to certain performance based incentives. The incentive scheme has been effective since 1 January 2002. Under the terms of the scheme, our head office staff are entitled to monetary incentives in respect of each financial year of the Company based on the following:

(i) actual aggregate operating profits of the hotels, spas and golf courses operated by our Group (''operating units'') compared to the aggregate forecast operating profits of these operating units for the financial year as approved in the respective annual budgets; and

(ii) actual aggregate operating profits of the operating units expressed as a percentage of the corresponding aggregate actual revenues of the operating units compared to the aggregate forecast operating profits of the operating units for the financial year as approved in the respective annual budgets expressed as a percentage of the corresponding aggregate budgeted revenues of the operating units.

Both Mr Ho KwonCjan and Ms Claire Chiang See Ngoh, being staff of our head office, are entitled to incentives under this scheme. Each of Mr Ho KwonCjan's and Ms Claire Chiang See Ngoh's aggregate annual salary (including salary, bonus and other incentives) in each of the past three financial years ended 31 December 2003, 2004 and 2005 from our Company and other subsidiaries in which each of them hold executive capacity did not exceed S$499,999.

Reserved Shares

Up to an aggregate of 5,146,000 Offering Shares in the Placement have been reserved for subscription and/or purchase at the Offering Price for allocation to (i) the Directors (except our Executive Chairman, Mr Ho KwonPing), (ii) all of our permanent employees who have been confirmed and are based in Singapore (except for Mr Ho KwonCjan and Ms Claire Chiang See Ngoh), (iii) permanent employees of our Group who have been confirmed and are of supervisory level and above, (iv) contract employees engaged directly by our Group, who receive salary on a monthly basis, whose contracts are for at least one year and are of supervisory level and above, and (v) business associates and others who have contributed to the success and development of our Group (to be determined by us at our sole discretion).

The Reserved Shares will be offered on the same terms as the other Offering Shares in the Placement. If any of the Reserved Shares are not taken up, they will be made available to satisfy over-subscription (if any) for the Offering Shares in the Placement and/or the Public Offer. Reserved Shares subscribed and/or purchased will, except as restricted by applicable securities laws, be available for resale following the Offering.

Upon application by and successful allocation of these Reserved Shares to our Directors and Executive Officers, their respective shareholdings immediately following the completion of the Offering will be the actual number of Offering Shares (including Reserved Shares) applied for by them and allocated to them.

The number of Shares set aside for our Directors and Executive Officers represent 13.6 per cent. and 11.4 per cent. respectively of the aggregate number of Reserved Shares.

The following table sets forth the Reserved Shares allocated to our Directors and Executive Officers:

Name of Director	**Number of Reserved Shares[(1)]**	**Percentage of our issued Shares immediately after the Offering[(2)]**
Ho KwonPing	—	—
Ariel P Vera	100,000	0.013
Yeow Yew Keong	100,000	0.013
Surapon Supratya	100,000	0.013
Chia Chee Ming Timothy	100,000	0.013
Elizabeth Sam	100,000	0.013
Dilhan Pillay Sandrasegara	100,000	0.013

Notes:

(1) Our Directors may also apply for additional Offering Shares under the Offering (including unsubscribed Reserved Shares).

(2) Assuming that all our Directors take up their allocation of their respective Reserved Shares and the 8,000,000 Management Shares have been issued.

Name of Executive Officer	**Number of Reserved Shares[(1)]**	**Percentage of our issued Shares immediately after the Offering[(2)]**
Ho KwonCjan	—	—
Claire Chiang See Ngoh	—	—
Bernold Olaf Schroeder	100,000	0.013
Emilio Llamas Carreras	65,000	0.009
Eddy See Hock Lye	65,000	0.009
Shankar Chandran	65,000	0.009
Michael Ramon Ayling	65,000	0.009
Dharmali Kusumadi	65,000	0.009
Foong Poh Mun	65,000	0.009
Susan Lo Hung	65,000	0.009
Joyce Khoo Phaik Lian	35,000	0.005

Notes:

(1) Our Executive Officers may also apply for additional Offering Shares under the Offering (including unsubscribed Reserved Shares).

(2) Assuming that all our Executive Officers take up their allocation of their respective Reserved Shares and the 8,000,000 Management Shares have been issued.

BANYAN TREE SHARE BASED INCENTIVES

On 28 April 2006, our Shareholders approved a share option scheme known as the Banyan Tree Share Option Scheme (the "Share Option Scheme"), a performance share plan known as the Banyan Tree Performance Share Plan and the grant of Shares to certain of our managers and officers (see "— Grant of Management Shares"). The Share Option Scheme and the Banyan Tree Performance Share Plan (collectively, the "Schemes") will provide eligible participants ("Participants") with an opportunity to participate in the equity of our Company and to motivate them towards better performance. The Schemes, which form an integral and important component of a compensation plan, are designed to primarily reward and retain employees whose services are vital to our well-being and success. Mr Ho KwonPing, who is considered our controlling shareholder pursuant to the Listing Manual is not entitled to participate in the Schemes. Mr Ho KwonCjan and Ms Claire Chiang See Ngoh who are considered associates of Mr Ho KwonPing pursuant to the Listing Manual and therefore also considered controlling shareholders pursuant to the Listing Manual will not be entitled to participate in the Share Option Scheme but will be entitled to participate in the Banyan Tree Performance Share Plan.

Objectives of the Schemes

The objectives of the Schemes are as follows:

(a) to retain key employees whose contributions are essential to our long-term growth and profitability; and

(b) to align the interests of Participants with the interests of our Shareholders.

The Share Option Scheme is a share incentive scheme. We recognise that the contributions and continued dedication of our executives and employees are significant to our future growth and development. The implementation of the Share Option Scheme will enable us to recognise the contributions made by the participants of the Share Option Scheme ("Option Participants") by introducing a variable component into their remuneration package in the form of share options. The Share Option Scheme will also provide an opportunity for each Option Participant to participate in the equity of our Company and will provide a further incentive for the Option Participants to strive for greater long-term growth and profitability for us.

The Banyan Tree Performance Share Plan is an incentive scheme which will complement the Share Option Scheme and form an integral part of our incentive compensation program. Similar to the Share Option Scheme, the objective of the Banyan Tree Performance Share Plan is to recognise the contribution of its participants ("Plan Participants") so as to achieve greater growth for us. However unlike the Options granted under the Share Option Scheme, the Banyan Tree Performance Share Plan is designed to reward the Plan Participants by the Award comprising fully paid Shares, or the equivalent in cash or a combination of both. Awards granted under the Banyan Tree Performance Share Plan will vest only after the satisfactory completion of time-based service conditions and/or according to the extent to which Plan Participants achieve their performance targets over set performance periods as determined by the committee administering the Banyan Tree Performance Share Plan. The performance targets set are based on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. Examples of performance targets to be set include targets based on criteria such as shareholders' return, return on equity and earnings per Share. By working towards and achieving their own performance targets, the Plan Participants would at the same time be indirectly assisting us in attaining our objectives and strategic business goals. We will have the flexibility to grant both time based Awards and performance based Awards to a Plan Participant simultaneously.

In deciding on an Award to be granted to a Plan Participant, the committee administering the Banyan Tree Performance Share Plan will also consider the compensation and/or benefits to be given to the Plan Participant under any concurrent share plan implemented by us. The number of new Shares to be issued and/or existing Shares to be transferred under the Banyan Tree Performance Share Plan and the Share Option Scheme will be subject to the existing maximum limit of 15.0 per cent. of our Company's total issued share capital.

The reason for having the Banyan Tree Performance Share Plan in addition to the Share Option Scheme is to give us greater flexibility in structuring the compensation packages to eligible participants by providing an additional tool to motivate and retain staff members so that we can offer compensation packages that are market competitive. For a description of the method in which the Banyan Tree Performance Share Plan is accounted for in our financial statements and the financial effect of the Banyan Tree Performance Share Plan, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Significant Accounting Policies — Equity-settled Transactions" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Significant Factors Affecting Our Results of Operations — Equity-based Grant and Schemes".

Summary of the Share Option Scheme

A summary of the rules of the Share Option Scheme is set out as follows:

(1) **Option Participants**

Under the rules of the Share Option Scheme, save for our Executive Chairman, Mr Ho KwonPing, and our Executive Officers, Mr Ho KwonCjan and Ms Claire Chiang See Ngoh, employees of our Company, our subsidiaries and associated companies over which our Company has control, (including executive directors save for our Executive Chairman, Mr Ho KwonPing) are eligible to participate in the Share Option Scheme at the absolute discretion of the Committee (as defined below), and such person must:

(i) be confirmed in his/her employment;

(ii) have attained the age of twenty-one (21) years on or before the date of grant of the relevant Options; and

(iii) not be an undischarged bankrupt and must not have entered into a composition with his creditors.

Under the rules of the Share Option Scheme, non-executive directors of our Company and/or our subsidiaries (''Non-Executive Directors'') are eligible to participate in the Share Option Scheme at the absolute discretion of the Committee, and provided the requirements in paragraph (ii) and (iii) above are satisfied.

(2) **Scheme administration**

The Share Option Scheme shall be administered by the Nominating and Remuneration Committee (the ''Committee''), with powers to determine, among others, the following:

(i) persons to be granted Options;

(ii) number of Options to be offered;

(iii) recommendations for modifications to the Share Option Scheme; and

(iv) determination of exercise price of the Options.

No member of the Committee shall participate in any deliberation or decision in respect of Options to be granted to him or held by him.

(3) **Size of the Share Option Scheme**

The aggregate number of Shares over which the Committee may grant Options on any date, when aggregated with the number of Shares issued and issuable and/or transferred and transferable in respect of all Options granted under the Share Option Scheme and any Awards granted under the Banyan Tree Performance Share Plan shall not exceed 15.0 per cent. of our then total issued share capital.

We believe that this 15.0 per cent. limit set by the SGX-ST gives us sufficient flexibility to decide upon the number of Option Shares to offer to our existing and new employees. 15.0 per cent. of our pre-Offering issued share capital constitutes approximately 96,049,079 Shares. As it is intended that the Scheme shall last for ten (10) years, assuming that there is no change in our total issued share capital, the number of Options that may be granted in a year will average approximately 9,604,907 (assuming no Awards are granted under the Banyan Tree Performance Share Plan).

The number of Option Participants is expected to grow over the years. In line with our goals of ensuring sustainable growth, we are constantly reviewing our position and considering the expansion of our talent pool which may involve employing new employees. The employee base, and thus the number of Option Participants will increase as a result. If the number of Options available under the Share Option Scheme is limited, we may only be able to grant a small number of Options to each Option Participant which may not be a sufficiently attractive incentive. We are of the opinion that we should have sufficient number of Options to offer to new employees as well as to existing ones. The number of Options offered must also be significant enough to serve as a meaningful reward for contribution to our Group's employees. However, it does not indicate that the Committee will definitely issue Option Shares up to the prescribed limit. The Committee shall exercise its discretion in deciding the number of Option Shares to be granted to each eligible employee which will depend on the performance and value of the employee to our Group's employees.

(4) **Maximum entitlements**

The number of shares comprised in any Options to be offered to a Option Participant shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as rank, past performance, years of service and potential for future development of that participant.

(5) **Options, exercise period and exercise price**

The exercise price for each Share in respect of which an Option is exercisable shall be determined by the Committee, in its absolute discretion, on the date granted, at:

(a) the price equal to the average of the "Market Price", being the price equal to the average of the last dealt prices for the Shares on SGX over the five consecutive days the Shares are traded immediately preceding the date the Option is granted. This Option is a "Market Price Option"; or

(b) the price which is set at a discount to the Market Price ("Incentive Options").

Market Price Options may be exercised after the first anniversary of the date of grant of the Option as follows:

(a) one-third of the total number of Market Price Options are exercisable any time after the first anniversary of the date of grant until the tenth anniversary of the date of grant;

(b) one-third of the total number of Market Price Options are exercisable any time after the second anniversary of the date of grant until the tenth anniversary of the date of grant; and

(c) one-third of the total number of Market Price Options are exercisable any time after the third anniversary of the date of grant until the tenth anniversary of the date of grant.

Incentive Options may be exercised after the second anniversary of the date of grant of the Option as follows:

(a) one-half of the total number of Incentive Option are exercisable at any time after the second anniversary of the date of grant until the tenth anniversary of the date of grant; and

(b) the remaining number of Incentive Options are exercisable at any time after the third anniversary of the date of grant until the tenth anniversary of the date of grant.

(6) **Grant of Options**

Under the rules of the Share Option Scheme, there are no fixed periods for the grant of Options. As such, offers of the grant of Options may be made at any time from time to time at the discretion of the Committee.

However, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, offers may only be made after the second market day from the date on which the aforesaid announcement is made.

(7) **Termination of Options**

Special provisions in the rules of the Share Option Scheme deal with the lapse or earlier exercise of Options in circumstances which include the termination of the employment of the Option Participant, the bankruptcy of the Option Participant, the death of the Option Participant, a take-over of our Company, and the winding-up of our Company.

(8) **Acceptance of Options**

The grant of Options shall be accepted within 30 days from the date of the offer. Offers of Options made to grantees, if not accepted before the closing date, will lapse. Upon acceptance of the offer, the grantee must pay our Company a consideration of S$1.00.

(9) **Rights of Shares arising from the exercise of Options**

Subject to prevailing legislation and the Memorandum and Articles of Association of our Company, our Company has sole discretion to deliver Shares to Option Participants upon the exercise of their Options by way of an issue of new Shares, deemed to be fully paid upon their issuance and allotment and/or the transfer of existing Shares, whether such existing Shares are held as treasury shares or otherwise.

Shares arising from the exercise of Options are subject to the provisions of the Memorandum and Articles of Association of our Company. Shares which are allotted will upon issue rank *pari passu* in all respects with the then existing issued Shares, save for any dividend, rights, allotments or distributions, the record date (''Record Date'') for which falls on or before the relevant exercise date of the Option. ''Record Date'' means the date as at the close of business on which the Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions.

(10) **Adjustments**

If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:

(a) the Exercise Price of the Shares, the nominal amount, class and/or number of Shares comprised in an Option to the extent unexercised; and/or

(b) the nominal amount, class and/or number of Shares over which Options may be granted under the Share Option Scheme,

shall be adjusted in such manner as the Committee may determine to be appropriate.

Unless the Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition, or a private placement of securities, or the cancellation of issued Shares purchased or acquired by us by way of a market purchase of such Shares undertaken by us on the SGX-ST, during the period when a share purchase mandate granted by the Shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.

(11) **Duration of the Share Option Scheme**

The Share Option Scheme shall continue in operation for a maximum duration of ten (10) years and may be continued for any further period thereafter with the approval of our Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

(12) **Abstention from voting**

Participants who are Shareholders are to abstain from voting on any Shareholders' resolution relating to the Share Option Scheme.

Grant of Options with a Discounted Exercise Price

The ability to offer Incentive Options to participants of the Share Option Scheme will operate as a means to recognise the performance of participants as well as to motivate them to continue to excel while encouraging them to focus more on improving our profitability and return of our Group above a certain level which will benefit all Shareholders when these are eventually reflected through share price appreciation.

The flexibility to grant Incentive Options is also intended to cater to situations where the stock market performance has overrun the general market conditions. In such events, the Committee will have absolute discretion to:

(i) grant Incentive Options (subject to a maximum discount of 20.0 per cent.); and

(ii) determine the participants to whom, and the Options to which, such reduction in exercise prices will apply.

It is envisaged that our Company may consider granting the Incentive Options under circumstances including (but not limited to) the following:

(a) where, due to speculative forces in the stock market resulting in an overrun of the market, the market price of our Shares at the time of the grant of Options is not a true reflection of the financial performance of our Company;

(b) to enable our Company to offer competitive remuneration packages in the event that the practice of granting Options with exercise prices that have a discount element becomes a general market norm. As share options become more significant components of executive remuneration packages, a discretion to grant Incentive Options will provide our Company with a means to maintain the competitiveness of our compensation strategy; and/or

(c) where we need to provide more compelling motivation for specific business units to improve their performance, grants of share options with discounted exercise prices will help to align the interests of employees to those of the Shareholders by encouraging them to focus more on improving the profitability and return of our Group above a certain level which will benefit all Shareholders when these are eventually reflected through share price appreciation, as such the Options granted at a discount would be perceived more positively by the employees who receive such Options.

The Committee will determine on a case-by-case basis whether a discount will be given, and if so, the quantum of the discount, taking into account the objective that is desired to be achieved by our Company and the prevailing market conditions. As the actual discount given will depend on the relevant circumstances, the extent of the discount may vary from one case to another, subject to a maximum discount of 20 per cent. of the Market Price of a Share, as described in paragraph (5) above. The discretion to grant Incentive Options will, however, be used judiciously. In determining whether to give a discount and the quantum of the discount, the Committee shall be at liberty to take into consideration factors including the performance of our Group, the performance of the participant concerned, the contribution of the participant to the success and development of our Group and the prevailing market conditions.

Such flexibility in determining the quantum of discount would enable the Committee to tailor the incentives in the grant of Options to be commensurate with the performance and contribution of each individual participant. By individually recognising the degree of performance and contribution of each participant, the granting of Options at a commensurate discount would enable the Committee to provide incentives for better performance, greater dedication and loyalty of the participants.

The Committee may also grant Options without any discount to the Market Price. Additionally, the Committee may, if it deems fit, impose conditions on the exercise of the Options (whether such Options are granted at the market price or at a discount to the market price), such as restricting the number of Shares for which the Option may be exercised during the initial years following its vesting.

Grant of Management Shares

In recognition of their contribution to the growth of our Group, we will grant an aggregate of 8,000,000 new Shares (''Management Shares'') at no consideration to (i) our Managing Directors, Mr Ariel Vera, Mr Yeow Yew Keong and Mr Surapon Supratya; (ii) our Executive Officers (save for Mr Ho KwonCjan and Ms Claire Chiang); (iii) our ''Grade A'' executives; and (iv) other employees of our Group and persons who are employees of the resorts, spas and business units managed by our Group (but not necessarily employed by our Group) as determined by our Executive Chairman, Mr Ho KwonPing and approved by the Nominating and Remuneration Committee. The Management Shares comprising approximately 1.07 per cent. of the enlarged post-Offering issued share capital of our Company, assuming the Over-allotment Options have not been exercised, will be issued after the close of the Offering. No Management Shares will be granted after our Company is admitted to the Official List of the SGX-ST.

The Management Shares will be granted as follows:

Directors	Number of Management Shares
Ariel P Vera	489,200
Yeow Yew Keong	285,000
Surapon Supratya	225,000
Executive Officers	
Bernold Olaf Schroeder	285,000
Emilio Llamas Carreras	150,000
Eddy See Hock Lye	175,000
Shankar Chandran	180,000
Michael Ramon Ayling	180,000
Dharmali Kusumadi	180,000
Foong Poh Mun	150,000
Susan Lo Hung	180,000
Joyce Khoo Phaik Lian	35,000
Other grantees (not more than 150,000 Shares each)	5,485,800
Total	8,000,000

Summary of the Banyan Tree Performance Share Plan

The following is a summary of the principal rules of the Banyan Tree Performance Share Plan.

(1) **Eligibility**

Under the rules of the Banyan Tree Performance Share Plan, employees of our Company, our subsidiaries and associated companies over which our Company has control (including executive directors save for our Executive Chairman, Mr Ho KwonPing) are eligible to participate in the Banyan Tree Performance Share Plan at the absolute discretion of the Committee, and such person must:

(i) be confirmed in his/her employment;

(ii) have attained the age of twenty-one (21) years on or before the date of grant of the relevant Awards; and

(iii) not be an undischarged bankrupt and must not have entered into a composition with his creditors.

Under the rules of the Banyan Tree Performance Share Plan, non-Executive Directors of our Company and/or its subsidiaries (''Non-Executive Directors'') are eligible to participate in the Banyan Tree Performance Share Plan at the absolute discretion of the Committee, and provided the requirements in paragraph (ii) and (iii) above are satisfied.

Mr Ho KwonCjan and Ms Claire Chiang See Ngoh, who are considered our controlling shareholders pursuant to the Listing Manual and who have contributed to the success and development of our Company are eligible to participate in the Banyan Tree Performance Share Plan at the absolute discretion of the Committee, provided that the participation by each such associate and each grant of Awards to any of them may be effected only with the specific prior approval of independent shareholders at a general meeting in separate resolutions. The Company will at such time provide the rationale and justification for any proposal to grant Awards to our controlling shareholder(s). The Company does not intend to grant Awards to our Executive Chairman, Mr Ho KwonPing.

(2) **Awards**

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 Committee is satisfied that the prescribed performance target(s) have been achieved and/or time-based service conditions. There may be vesting period beyond the performance achievement period as may be determined by the Committee.

The selection of a Plan Participant and the number of Shares which are the subject of each Award to be granted to a Plan Participant in accordance with the Banyan Tree Performance Share Plan shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as his job performance, level of responsibility and potential for future development and his contribution to the success and development of our Group.

The Committee shall decide, in relation to each Award to be granted to a Plan Participant:

(i) the date on which the Award is to be granted;

(ii) the number of Shares which are the subject of that Award;

(iii) the prescribed performance condition(s);

(iv) the performance period during which the prescribed performance condition(s) are to be satisfied;

(v) the schedule setting out the extent to which our Shares under that Award shall be released on the prescribed performance condition(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the prescribed performance period; and

(vi) the prescribed vesting period and the extent to which Shares, which are subject to that Award, are released.

Awards may be granted at any time in the course of a financial year. An Award letter confirming the Award and specifying, among others, in relation to the Award, the vesting period and in relation to performance-related Awards, the prescribed performance condition(s) and the performance period during which the prescribed performance condition(s) are satisfied, will be sent to each Participant as soon as reasonably practicable after the making of an Award.

Special provisions for the vesting and lapsing of Awards apply in certain circumstances, including the following:

(a) the termination of the employment of a Participant;

(b) the ill health, injury, disability or death of a Participant;

(c) the bankruptcy of a Plan Participant;

(d) the misconduct of a Plan Participant;

(e) the Plan Participant, being a Non-Executive Director, ceasing to be a Director of the Company or the relevant subsidiary of the Company for any reason whatsoever; and

(f) a take-over, winding-up or reconstruction of the Company.

(3) **Size and Duration of the Banyan Tree Performance Share Plan**

The total number of Shares which may be issued and/or transferred pursuant to Awards granted under the Banyan Tree Performance Share Plan, when added to the total number of Shares issued and issuable and/or transferred and transferable in respect of all Options granted under the Share Option Scheme shall not exceed 15 per cent. of the issued share capital of the Company on the day preceding the relevant date of the Award.

The aggregate number of Shares available to controlling shareholders shall not exceed 25 per cent. of the Shares available under the Banyan Tree Performance Share Plan. The number of Shares available to each controlling shareholder shall not exceed 10 per cent. of the shares available under the Banyan Tree Performance Share Plan.

The Banyan Tree Performance Share Plan shall continue in force at the discretion of the Committee subject to a maximum period of 10 years commencing on the date the Banyan Tree Performance Share Plan is adopted by the Company in general meeting, provided always that the Banyan Tree Performance Share Plan may continue beyond the above stipulated period with the approval of shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the Banyan Tree Performance Share Plan, any Awards made to Participants prior to such expiry or termination will continue to remain valid.

(4) **Operation of the Banyan Tree Performance Share Plan**

Subject to prevailing legislation and SGX-ST guidelines, the Company will have the flexibility to deliver Shares to Plan Participants upon vesting of their Awards by way of an issue of new Shares, deemed to be fully paid upon their issuance and allotment and/or the purchase of the existing Shares.

New Shares allotted and issued on the release of an Award shall rank in full for all entitlements, including dividends or other distribution declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant vesting date, and shall in all other respects rank pari passu with other existing Shares then in issue.

In determining whether to issue new Shares or to purchase existing Shares for delivery to participants upon vesting of their Awards, we will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares, our cash position and the cost to us of either issuing new Shares or purchasing existing Shares.

The Committee has the right to make computational adjustments to the audited results of the Company or our Group, as the case may be, to take into account such factors as the Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events, and the right to amend the performance condition(s) if the Committee decides that a changed performance target would be a fairer measure of performance.

(5) **Adjustment Events**

If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:

(a) the class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or

(b) the class and/or number of Shares in respect of which Awards may be granted under the Banyan Tree Performance Share Plan,

shall be adjusted in such manner as the Committee may determine to be appropriate.

Unless the Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities, or the cancellation of issued Shares purchased or acquired by us by way of a market purchase of such Shares undertaken by us on the SGX-ST during the period when a share purchase mandate granted by our shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.

(6) **Modifications or Alterations to the Banyan Tree Performance Share Plan**

The Banyan Tree Performance Share Plan may be modified and/or altered from time to time by a resolution of the Committee, subject to the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

However, no modification or alteration shall adversely affect the rights attached to Awards granted prior to such modification or alteration except with the written consent of such number of Plan Participants under the Banyan Tree Performance Share Plan who, if their Awards were released to them, would thereby become entitled to not less than three-quarters in nominal amount of all the Shares which would be issued in full of all outstanding Awards under the Banyan Tree Performance Share Plan, as the case may be.

No alteration shall be made to particular rules of the Banyan Tree Performance Share Plan to the advantage of the holders of the Awards, as the case may be, except with the prior approval of Shareholders in general meeting.

Disclosures in Annual Report

The following disclosures (as applicable) will be made by us in our annual report for so long as the Schemes continue in operation:

(a) the names of the members of the Committee administering the Schemes; and

(b) in respect of the following Participants of the Schemes:

(i) Directors of the Company; and

(ii) Participants (other than those in paragraph (i) above) who have been granted Options under the Share Option Scheme and/or who have received Shares pursuant to the release of Awards granted under the Banyan Tree Performance Share Plan which, in aggregate, represent 5 per cent. or more of the aggregate of:

(1) the total number of Shares available under the Schemes collectively; and

(2) the total number of existing Shares purchased for delivery of Shares upon the exercise of the Options and the Awards released under the Banyan Tree Performance Share Plan collectively,

the following information:

(aa) the name of Participant;

(bb) the following particulars relating to Options granted under the Share Option Scheme:

(i) Options granted during the financial year under review (including terms);

(ii) the aggregate number of Shares comprised in Options granted since the commencement of the Share Option Scheme to the end of the financial year under review;

(iii) the aggregate number of Shares arising from Options exercised since the commencement of the Share Option Scheme to the end of the financial year under review; and

(iv) the aggregate number of Shares comprised in Options outstanding as at the end of the financial year under review;

(cc) the following particulars relating to Awards released under the Banyan Tree Performance Share Plan:

(i) the number of new Shares issued to such Participant during the financial year under review; and

(ii) the number of existing Shares transferred to such Participant during the financial year under review;

(c) the number and proportion of Shares comprised in Options granted under the Share Option Scheme during the financial year under review:

(i) at a discount of 10.0 per cent. or less of the exercise price in respect of the relevant Option; and

(ii) at a discount of more than 10.0 per cent. of the exercise price in respect of the relevant Option;

(d) in relation to the Banyan Tree Performance Share Plan, the following particulars:

(i) the aggregate number of Shares comprised in Awards granted since the commencement of the Banyan Tree Performance Share Plan respectively to the end of the financial year under review;

(ii) the aggregate number of Shares comprised in Awards which have vested during the financial year under review and in respect of such Awards, the proportion of:

(1) new Shares issued; and

(2) existing Shares purchased, including the range of prices at which such Shares have been purchased, upon the release of the vested Awards; and

(iii) the aggregate number of Shares comprised in Awards which have not been released as at the end of the financial year under review.

Administration of the Schemes

The Committee, initially comprising Mr Chia Chee Ming Timothy, Mrs Elizabeth Sam and Mr Dilhan Pillay Sandrasegara, is responsible for the administration of the Schemes.

In compliance with the requirements of the Listing Manual, a participant of the Schemes who is a member of the Committee shall not be involved in its deliberations in respect of Options or Awards (as the case may be) to be granted or held by that member of the Committee.

Participation of Non-Executive Directors

While the Schemes cater principally to employees and Executive Directors of our Company, the subsidiaries of our Company and associated companies which our Company controls, it is recognised that there are other persons who make significant contributions to our Group through their close working relationships with our Group even though they are not employed within our Group. Such persons include the Non-Executive directors of our Company and/or our subsidiaries. Our Non-Executive Directors comprise individuals from different disciplines with varying working experience and backgrounds that our Company may tap on for assistance in furthering the business interests of our Company and/or our Group as well as for business contacts and networking.

By including Non-Executive Directors as participants in the Share Option Scheme and the Banyan Tree Performance Share Plan, our Company will have the flexibility of compensating Non-Executive Directors for their services in the form of cash, Options and Awards. As it may not always be possible to compensate such persons fully or appropriately solely by way of directors' fees, the Share Option Scheme and the Banyan Tree Performance Share Plan will provide our Company with further means to give recognition to such persons for their special assistance and contribution.

We acknowledge that the contributions of our Non-Executive Directors cannot be measured in the same way as full-time employees of our Group because of the different nature of their contributions and services. For the purpose of assessing the contributions of our Non-Executive Directors, the Committee will propose a performance framework comprising mainly non-financial performance measurement criteria such as the extent of involvement and responsibilities shouldered by the Non-Executive Director. In addition, the Committee will also consider the scope of the advice given, the number of contacts and the size of the deals which the Company is able to procure from the contacts and recommendations of that Non-Executive Director.

The performance of our Non-Executive Directors and hence the number of Options and/or Awards that will eventually be granted and/or vested will be dependent on (i) an evaluation of the criteria stated above; (ii) the financial condition of our Company and our Group as a whole (iii) the prevailing market conditions at the time of the grant and/or Award and (iv) overall remuneration package of that Non-Executive Director. The Committee may also decide that only Options (whether it be Market Price Options and/or Incentive Options) be granted to our Non-Executive Directors and no Awards shall be made in any financial year or no grant of Options and/or Award may be made at all.

In order to minimise the potential conflicts of interests and not to compromise the independence of our Non-Executive Directors, our Company does not intend to grant Options of significant sizes to our Non-Executive Directors. In particular, in the event that any Options and/or Awards are granted to independent Directors, the quantum of such Options and/or Awards will not be of such significance as will affect or compromise the independence of such Directors. The Non-Executive Directors will continue to be remunerated for their services primarily by way of directors' fees.

Participation of executive directors and employees of associated companies

The extension of the Schemes to executive directors and employees of associated companies allows us to have a fair and equitable system to reward executive directors and employees who have made and who continue to make significant contributions to our long-term growth. We believe that the Schemes will also enable us to attract, retain and provide incentives to such executive directors and employees to higher standards of performance as well as encourage greater dedication and loyalty by enabling us to give recognition to past contributions and services as well as motivating such executive directors and employees to contribute to our long-term growth.

Participation of Controlling Shareholders

The Banyan Tree Performance Share Plan will also include the participation of the controlling shareholders as defined by the Listing Manual, who have actively contributed to the progress and success of our Group. This will enable our Company to have a fair and equitable system to reward employees who have made and continue to make important contributions to the long-term growth of our Group notwithstanding that they are controlling shareholders. It will serve as a way of rewarding them for their dedicated services to our Group and also as a motivation for them to take a long-term view of our Group.

Although the controlling shareholders may already have shareholding interests in the Company, their participation in the Banyan Tree Performance Share Plan ensures that they are equally entitled with the employees of our Group who are not controlling shareholders, to take part and benefit from these systems of remuneration.

There will be safeguards in place to prevent abuses of the Banyan Tree Performance Share Plan resulting from the participation of controlling shareholders such as the following:

(a) the participation of the controlling shareholders must be specifically approved by independent shareholders in separate resolutions for each such person; and

(b) in seeking such approval, clear justification as to their participation, the number of Shares comprised in the Award and the terms of the Award to be granted to the controlling shareholders must be provided.

The controlling shareholders who are entitled to participate in the Banyan Tree Performance Share Plan and the rationale for their participation is described below.

Proposed Participation of Mr Ho KwonCjan

We are proposing that Mr Ho KwonCjan be given the opportunity to participate in the Banyan Tree Performance Share Plan. Mr Ho KwonCjan is one of the founders of our Group and the brother of our Executive Chairman, Mr Ho KwonPing. He is currently one of our Executive Officers. He heads the architectural, interior design and project management team of our Group.

Mr Ho KwonCjan is involved in overseeing the interior design of each of our resorts, hotels and spas and ensuring that the refurbishment and retro-fitting of each of our resorts, hotels and spas are consistent with the standards and quality of our Banyan Tree or Angsana resorts, hotels and spas. He is currently our Managing Director of Design Services and was involved in the design and construction of the resorts and hotels in Laguna Phuket.

The involvement of Mr Ho KwonCjan in the construction and/or design of each Banyan Tree and Angsana resort, hotel and/or spa is essential to the continued success of our business in view of his expertise and experience by virtue of the fact that he been involved in the construction and/or design of our resorts, hotels and spas since 1985.

Mr Ho KwonCjan's aggregate annual remuneration (including salary, bonus and other incentives (both monetary and otherwise)) in the last two financial years ended 31 December 2005 from our Group in respect of the executive capacities held by him in our Group was in the range of S$250,000 to S$499,999 per year.

Proposed Participation of Ms Claire Chiang See Ngoh

We are proposing that Ms Claire Chiang See Ngoh be given the opportunity to participate in the Banyan Tree Performance Share Plan. Ms Claire Chiang See Ngoh is the spouse of our Executive Chairman, Mr Ho KwonPing and is currently our Managing Director of Retail Operations. She heads our Gallery operations and oversees the manufacture and acquisition of the various branded gifts, spa products, indigenous or cultural handicrafts and artefacts and souvenirs which are sold at our galleries.

The first Banyan Tree Gallery was opened in 1994 in the Banyan Tree Phuket. Since then our gallery operations have expanded and we now manage 53 Banyan Tree and Angsana galleries. One of the milestones for the gallery operations was the launch of two affiliated brands namely, Museum Shop by Banyan Tree and Elements by Banyan Tree. In 2003, we opened four Museum Shops which offer a collection of museum replicas, objects of art, ethnic crafts and apparel and jewellery modelled after pieces displayed in the Asian Civilisations Museum in Singapore, the Singapore Art Museum and the Singapore History Museum.

Our gallery operations are an integral part of our business and serve to promote the brands which we use in our business. The involvement of Ms Claire Chiang See Ngoh in our gallery operations is essential to the continued growth of these operations.

Ms Claire Chiang See Ngoh's aggregate annual remuneration (including salary, bonus and other incentives (both monetary and otherwise)) in the last two financial years ended 31 December 2005 from our Group in respect of the executive capacities held by her in our Group was in the range of S$250,000 to S$499,999 per year.

Financial Effects of the Schemes

(i) **Share Capital**

The Schemes will result in an increase in the Company's issued share capital when the Options are exercised into new Shares and when new Shares are issued to Participants pursuant to the grant of the Awards. This will in turn depend on, among others, the number of Shares comprised in the Options to be granted and the

Awards to be vested, the respective vesting schedules under the Options and the Awards and in the case of Options, the prevailing market price of our Shares on the SGX-ST.

However, with respect to the Share Option Scheme and the Banyan Tree Performance Share Plan, if existing Shares are purchased for delivery to Plan Participants in lieu of issuing new Shares to Plan Participants, there will be no impact on our Company's issued share capital.

(ii) **Net Tangible Assets**

Under the Share Option Scheme, the issue of new Shares upon the exercise of Options will increase the Company's consolidated NTA after minority interests by the aggregate exercise price of the new Shares issued. On a per Share basis, the effect is accretive if the exercise price is above the NTA per Share after minority interests but dilutive otherwise.

As described below, the Share Option Scheme and the Banyan Tree Performance Share Plan will result in a charge to the Company's profit and loss account equal to the market value at which the new Shares are issued. Accordingly, the consolidated NTA of our Company after minority interests would decrease by the amount charged (after any adjustment for tax).

Nonetheless, it should be noted that the delivery of Shares to Plan Participants is contingent upon the Plan Participants meeting prescribed performance targets and conditions. Accordingly, it would have resulted in significant added value to the Company's consolidated NTA after minority interests before our Shares are delivered.

(iii) **Costs to the Company**

The Singapore Financial Reporting Standards ("SFRS") 102 Share-based Payments will require listed companies to measure equity-settled share-based payments at fair value at the date of grant, which is then expensed off on a straight-line basis over the vesting period. SFRS 102 has limited retrospective application, resulting in the need for prior periods to be adjusted to reflect the effect of adopting the standard. SFRS 102 will apply retrospectively to share-based payment transactions which are granted on or after 22 November 2002 and had not vested by 1 January 2005.

We have made an application to the SGX-ST for permission to deal in and for quotation of our Shares, including the Management Shares and the Shares which may be issued pursuant to the grant of Awards under the Banyan Tree Performance Share Plan or upon the exercise of the Options to be granted under the Share Option Scheme or under the Founder's Grant. The approval of the SGX-ST is not to be taken as an indication of the merits of our Company, our subsidiaries, our Shares, the new Shares or our Shares arising from the grant of Awards pursuant to the Banyan Tree Performance Share Plan, the issue of new Shares arising from the exercise of Options pursuant to the Share Option Scheme or under the Founder's Grant.

Description of Material Indebtedness

The following is a summary only of the principal terms of our material indebtedness, other than our Preference Shares. For a description of our Preference Shares please see "Description of Our Shares — Ordinary and Preference Shares". Refer to the financial statements and the notes thereto elsewhere in this Prospectus for additional information with respect to our indebtedness.

Banyan Tree Holdings Limited

As at 31 March 2006, our total bank borrowings consisted of S$202.5 million consisting of US$19.5 million, S$9.4 million, LKR 75.6 million, RMB3.0 million and Baht 3834.7 million. As at the Latest Practicable Date, there has been no material adverse change to our material indebtedness.

Banyan Tree Holdings Limited's S$6.25 million term loan facility from Maybank

Use of Proceeds	Refinancing purposes
Maturity	2 February 2012
Interest rate	2 per cent. per annum above Maybank's cost of funds for 1, 2 or 3 months
Security	First legal mortgage of 211, Upper Bukit Timah Road, Banyan Tree House, Singapore 588182 (formerly known as Wah Chang House)
Covenants	Covenants include: • Banyan Tree Holdings Limited shall not create any encumbrances in respect of its properties or assets without Maybank's prior written consent • Banyan Tree Holdings Limited shall not dispose of assets unless in the ordinary course of business, and in a disposal on normal commercial terms, the value of assets being disposed shall not exceed the value which Maybank may deem reasonable
Events of default	Events of default include: • Banyan Tree Holdings Limited becoming or being declared insolvent • If any indebtedness of Banyan Tree Holdings Limited is not paid when it becomes due and payable • If Banyan Tree Holdings Limited fails to pay monies on the facility's due date • If proceedings are commenced for the winding up of Banyan Tree Holdings Limited • If, in the opinion of Maybank, securities created pursuant to the security documents are in jeopardy • If legal proceedings are instituted against Banyan Tree Holdings Limited or any event occurs (including changes in financial condition, operating environment, directorship or management of Banyan Tree Holdings Limited) which, in the opinion of Maybank, would materially adversely affect Banyan Tree Holdings Limited's ability to repay the loan or comply with provisions of the loan agreement
Amount drawndown as at 31 March 2006	S$6,250,000
Amount outstanding as at 31 March 2006	S$5,474,947

Banyan Tree Holdings Limited's US$4.5 million term loan facility from Maybank

Use of Proceeds	To fund/reimburse the company's investment and other costs relating to the Banyan Tree Ringha Project
Maturity	11 September 2010
Interest rate	2.25 per cent. per annum above Maybank's cost of funds for 1, 2, 3, 4, 5 or 6 months
Security	First legal mortgage of 211, Upper Bukit Timah Road, Banyan Tree House, Singapore 588182 (formerly known as Wah Chang House)
Covenants	Covenants include: • Banyan Tree Holdings Limited shall not create any encumbrances in respect of its properties or assets without Maybank's prior written consent • Banyan Tree Holdings Limited shall not dispose of assets unless in the ordinary course of business, and in a disposal on normal commercial terms, the value of assets being disposed shall not exceed the value Maybank may deem reasonable • Banyan Tree Holdings Limited shall procure that its subsidiary will not encumber assets in Banyan Tree Ringha during the currency of the loan without Maybank's prior written consent
Events of default	Events of default include: • Banyan Tree Holdings Limited becoming or being declared insolvent • If any indebtedness of Banyan Tree Holdings Limited is not paid when it becomes due and payable • If Banyan Tree Holdings Limited fails to pay monies on the facility's due date • If proceedings are commenced for the winding up of Banyan Tree Holdings Limited • If, in the opinion of Maybank, securities created pursuant to the security documents are in jeopardy • If legal proceedings are instituted against Banyan Tree Holdings Limited or any event occurs (including changes in financial condition, operating environment, directorship or management of Banyan Tree Holdings Limited) which, in the opinion of Maybank, would materially adversely affect Banyan Tree Holdings Limited's ability to repay the loan or comply with provisions of the loan agreement
Amount drawndown as at 31 March 2006	US$4.5 million (S$7.3 million)
Amount outstanding as at 31 March 2006	US$4.5 million (S$7.3 million)

Banyan Tree Holdings Limited's US$10.0 million Reducing Revolving Credit facility from The Hongkong and Shanghai Banking Corporation Limited ("HSBC")

Use of Proceeds	General corporate funding purposes
Maturity	31 December 2009
Interest rate	1.5 per cent. per annum above the Singapore inter-bank offered rate (SIBOR)
Security	None
Covenants	Covenants include: • Banyan Tree Holdings Limited shall have gearing (i.e. total external borrowings divided by tangible net worth of the company based on its latest audited accounts) of not more than 1.5 at all times • Banyan Tree Holdings Limited shall at all times maintain a minimum interest cover of 1.5 times • Banyan Tree Holdings Limited shall maintain at least a controlling 51.0 per cent. stake in LRH throughout the tenor of the facility • Banyan Tree Holdings Limited shall notify HSBC in writing within 30 days of the execution of any corporate guarantee or the creation of any encumbrance to secure borrowings of US$5 million or more • Banyan Tree Holdings Limited shall apply any proceeds from the repayment of a shareholders loan by Lijiang Banyan Tree Resorts Limited towards repayment of the facility, in reverse order of maturity • Banyan Tree Holdings Limited shall procure that Lijiang Banyan Tree Resorts Limited subordinates the portion of its shareholder loan provided by Banyan Tree Holdings Limited through Banyan Tree Holdings Limited's internal funds to the portion of its shareholder loan provided by Banyan Tree Holdings Limited through funds loaned by HSBC to Banyan Tree Holdings Limited under this facility • Banyan Tree Holdings Limited shall not create any encumbrance over its undertaking or assets and shall not transfer or sell the whole or any part of its undertaking, except for a sale at full value in the ordinary course of business, unless it retains full rights of ownership to such undertaking or assets which shall in aggregate have a net book value equivalent to twice the amount of its outstanding bank borrowings • Banyan Tree Holdings Limited shall not grant or extend any guarantee or indemnity or other form of contractual undertaking except in the ordinary course of business
Events of default	Events of default include: • Banyan Tree Holdings Limited fails to pay any sum payable by it under the agreement and where such non-payment is not rectified within three business days • Any other indebtedness of Banyan Tree Holdings Limited not being repaid when due or within any applicable grace period • Banyan Tree Holdings Limited is adjudicated or found to be insolvent

- Where there is, in HSBC's sole opinion, a material change in the business or shareholding of Banyan Tree Holdings Limited, without HSBC's consent
- Any other event occurs which, in HSBC's sole opinion, adversely affects Banyan Tree Holdings Limited's ability to perform its obligations under the loan

Amount drawndown as at 31 March 2006	US$6.0 million (S$9.8 million)
Amount outstanding as at 31 March 2006	US$6.0 million (S$9.8 million)

Banyan Tree Holdings Limited's S$3.0 million Revolving Credit Facility from Maybank

Use of Proceeds	Financing working capital, investments and expansion needs
Maturity	Nil
Interest rate	2 per cent. per annum above cost of funds for 1, 2, 3, 4, 5, or 6 months
Security	First legal mortgage of 211 Upper Bukit Timah Road, Banyan Tree House, Singapore 588182 (formerly known as Wah Chang House)
Covenants	Covenants include:

- Banyan Tree Holdings Limited shall not create any encumbrances in respect of its properties or assets without Maybank's prior written consent
- Banyan Tree Holdings Limited shall not dispose of assets unless in the ordinary course of business, and in a disposal on normal commercial terms, the value of assets being disposed shall not exceed the value which Maybank may deem reasonable

Events of default .... Events of default include:

- Banyan Tree Holdings Limited becoming or being declared insolvent
- If any indebtedness of Banyan Tree Holdings Limited is not paid when it becomes due and payable
- If Banyan Tree Holdings Limited fails to pay monies on the facility's due date
- If proceedings are commenced for the winding up of Banyan Tree Holdings Limited
- If, in the opinion of Maybank, securities created pursuant to the security documents are in jeopardy
- If legal proceedings are instituted against Banyan Tree Holdings Limited or any event occurs (including changes in financial condition, operating environment, directorship or management of Banyan Tree Holdings Limited) which, in the opinion of Maybank, would materially adversely affect Banyan Tree Holdings Limited's ability to repay the loan or comply with provisions of the loan agreement

Amount drawndown as at 31 March 2006	S$3.0 million
Amount outstanding as at 31 March 2006	S$3.0 million

Banyan Tree Hotels & Resorts Pte. Ltd.'s S$1.2 million term loan (1) facility from HSBC

Use of Proceeds	To finance the purchase of office space at Wayfoong Building
Maturity	30 October 2006
Interest rate	1.5 per cent. per annum above Singapore dollar Swap Cost
Security	First legal mortgage over the second floor of Wayfoong Building
Covenants	Covenants include: • Banyan Tree Holdings Limited shall retain 100.0 per cent. shareholding in Banyan Tree Hotels & Resorts Pte. Ltd. at all times • Banyan Tree Hotels & Resorts Pte. Ltd. shall have gearing (i.e. total bank borrowings divided by tangible net worth of the company) of not more than 1:1 at all times • Banyan Tree Hotels & Resorts Pte. Ltd. shall at all times maintain a minimum interest cover of 2 times • Banyan Tree Hotels & Resorts Pte. Ltd. shall at all times maintain a minimum tangible net worth of S$1.0 million
Events of default	Events of default include: • Banyan Tree Hotels & Resorts Pte. Ltd. fails to pay any sum payable by it under the agreement and where such non-payment is not rectified within three business days • Any other indebtedness of Banyan Tree Hotels & Resorts Pte. Ltd. not being repaid when due or within any applicable grace period • Banyan Tree Hotels & Resorts Pte. Ltd. is adjudicated or found to be insolvent • Where there is, in HSBC's sole opinion, a material change in the business or shareholding of Banyan Tree Hotels & Resorts Pte. Ltd., without HSBC's consent • Any other event occurs which, in HSBC's sole opinion, is likely to adversely affect Banyan Tree Hotels & Resorts Pte. Ltd.'s ability to perform its obligations under the loan
Other material provisions	If HSBC determines that the loan-to-security ratio exceeds 75.0 per cent. at any time during the currency of the facility, Banyan Tree Hotels & Resorts Pte. Ltd. shall undertake to partially repay the facility or furnish additional security acceptable to HSBC to restore security coverage
Amount drawndown as at 31 March 2006	S$1.2 million
Amount outstanding as at 31 March 2006	S$175,000

Banyan Tree Hotels & Resorts Pte. Ltd.'s S$1.0 million term loan (2) facility from HSBC

Use of Proceeds	To finance the purchase of office space at Wayfoong Building
Maturity	29 March 2010
Interest rate	1.5 per cent. per annum above Singapore dollar Swap Cost
Security	First legal mortgage over the first floor of Wayfoong Building

Covenants . . . . Covenants include:

- Banyan Tree Holdings Limited shall retain 100 per cent. shareholding in Banyan Tree Hotels & Resorts Pte. Ltd. at all times
- Banyan Tree Hotels & Resorts Pte. Ltd. shall have gearing (i.e. total bank borrowings divided by tangible net worth of the company) of not more than 1:1 at all times
- Banyan Tree Hotels & Resorts Pte. Ltd. shall at all times maintain a minimum interest cover of 2 times
- Banyan Tree Hotels & Resorts Pte. Ltd. shall maintain a minimum tangible net worth of S$1.0 million

Events of default . . . . Events of default include:

- Banyan Tree Hotels & Resorts Pte. Ltd. fails to pay any sum payable by it under the agreement and where such non-payment is not rectified within three business days
- Any other indebtedness of Banyan Tree Hotels & Resorts Pte. Ltd. not being repaid when due or within any applicable grace period
- Banyan Tree Hotels & Resorts Pte. Ltd. is adjudicated or found to be insolvent
- Where there is, in HSBC's sole opinion, a material change in the business or shareholding of Banyan Tree Hotels & Resorts Pte. Ltd., without HSBC's consent
- Any other event occurs which, in HSBC's sole opinion, is likely to adversely affect Banyan Tree Hotels & Resorts Pte. Ltd.'s ability to perform its obligations under the loan

Other material provisions . . . . If HSBC determines that the loan-to-security ratio exceeds 70.0 per cent. at any time during the currency of the facility, Banyan Tree Hotels & Resorts Pte. Ltd. shall undertake to partially repay the facility or furnish additional security acceptable to HSBC to restore security coverage

Amount drawndown as at 31 March 2006 . . . . S$1.0 million

Amount outstanding as at 31 March 2006 . . . . S$799,996

Banyan Tree Resorts and Spas (Thailand) Co. Limited (previously known as Banyan Tree Spa Co., Ltd) ("BTRS(T)") Baht 126 million loan (S$5.4 million) facility from Kasikorn Bank

Use of Proceeds . . . . To finance the development of new spa projects in the Maldives, the Great Barrier Reef, Sydney and Guam

Maturity . . . . 31 October 2007

Interest rate . . . . 2.0 per cent. under Kasikorn Bank's minimum lending rate

Security . . . .

- Pledge of 6.0 million shares in Laguna Resorts & Hotel Public Company Limited
- Corporate Guarantee from Banyan Tree Holdings Limited

Covenants	Covenants include: • Not to transfer, sell, lease out, dispose of or create any encumbrance on its assets unless it is made in the ordinary course of business • Maintain the shareholding proportion of its major shareholder
Events of default	Events of default include: • BTRS(T) fails to pay any sum when due • Any other debts of BTRS(T) become due prior to their maturity date, or are not settled when due • Any event occurs that may have a negative effect on BTRS(T)'s operations, assets, debts or status (financial or otherwise)
Amount drawndown as at 31 March 2006	Baht 126 million (S$5.4 million)
Amount outstanding as at 31 March 2006	Baht 55 million (S$2.3 million)

BTRS(T)'s Baht 100 million loan (S$4.3 million) facility from Kasikorn Bank

Use of Proceeds	To finance the construction costs and expenses of Banyan Tree Maldives Vabbinfaru
Maturity	30 September 2009
Interest rate	2.0 per cent. under Kasikorn Bank's minimum lending rate
Security	• Pledge of 10 million shares in Laguna Resorts & Hotel Public Company Limited. In addition, the rights to dividends in respect of these shares were also designated to the bank • Corporate Guarantee from Banyan Tree Holdings Limited
Covenants	Covenants include: • BTRS(T) shall not create any mortgage, pledge or other encumbrance over its property or assets • BTRS(T) shall not create or incur any debt or liabilities, including being a guarantor or borrowing money which would cause BTRS(T)'s indebtedness to any person to be higher than 60 per cent. of the value of shares pledged • BTRS(T) shall not enter into any contract which may have a material adverse effect on the ability of the Borrower to service its debt • BTRS(T) shall not pay dividends or other benefits to shareholders
Events of default	Events of default include failure to repay amounts under the agreement when due and dissolution, insolvency or failure of the company's business. An event of default will also exist if BTRS(T)'s position has materially changed in a manner that, in the opinion of Kasikorn Bank, would cause detriment to Kasikorn Bank
Amount drawndown as at 31 March 2006	Baht 100 million (S$4.1 million)
Amount outstanding as at 31 March 2006	Baht 85 million (S$3.5 million)

Beruwela Walk Inn Ltd's RS 72 million (S$1.2 million) overdraft facility from HSBC, Colombo Branch

Use of Proceeds	To finance working capital
Maturity	—
Interest rate	11.75 per cent. per annum
Security	• Corporate Guarantee from Banyan Tree Holdings Limited • Memorandum of Deposit from Banyan Tree Holdings Limited
Covenants	None
Events of Default	Failure by Beruwela Walk Inn Ltd to make payment of any amount, whether under this facility or any other facilities granted to Beruwela Walk Inn Ltd
Amount drawndown as at 31 March 2006	RS 65,513,177 (S$1.1 million)
Amount outstanding as at 31 March 2006	RS 65,513,177 (S$1.1 million)

Maldives Bay Pvt Ltd's US$7.0 million demand loan facility from Bank of Maldives PLC

Use of Proceeds	To pay off existing liabilities of MS Coco Huts Pvt Ltd with the Bank of Maldives as part of the acquisition of Velavaru Island Resort
Maturity	31 July 2012
Interest rate	8.5 per cent. per annum
Security	• Mortgage over the lease rights on Velavaru Island Resort and all assets constituting the resort • Corporate guarantee of Vabbinvest Maldives Pvt Ltd
Covenants	Covenants include insuring the mortgaged properties and submitting certain reports to Bank of Maldives PLC
Events of Default	None
Other material provisions	Bank of Maldives PLC has the right to cancel the facility and call on the entire outstanding amount due to "non-adjustment of the facility in time" or "violation of any terms of sanction". Bank of Maldives PLC may also at its absolute discretion cancel the facility in the event of a significant deterioration in Maldives Bay Pvt Ltd's financial and operating performances, a material change in shareholding structure, or a significant deterioration in the prevailing market value of the collateral security
Amount drawndown as at 31 March 2006	US$7.0 million (S$11.4 million)
Amount outstanding as at 31 March 2006	US$6.9 million (S$11.3 million)

Maldives Bay's Pvt Ltd's US$3.0 million demand loan facility from Bank of Maldives PLC

Use of Proceeds	To finance the acquisition of Velavaru Island Resort
Maturity	31 July 2006
Interest rate	8.5 per cent. per annum
Security	• Mortgage over the lease rights on Velavaru Island Resort and all assets constituting the resorts • Corporate guarantee of Vabbinvest Maldives Pvt Ltd

Covenants	Covenants include insuring the mortgaged properties and submitting certain reports to Bank of Maldives PLC
Events of Default	None
Other material provisions	Bank of Maldives PLC has the right to cancel the facility and call on the entire outstanding amount due to "non-adjustment of the facility in time" or "violation of any terms of sanction". Bank of Maldives PLC may also at its absolute discretion cancel the facility in the event of a significant deterioration in Maldives Bay Pvt Ltd's financial and operating performances, a material change in shareholding structure, or a significant deterioration in the prevailing market value of the collateral security
Amount drawndown as at 31 March 2006	US$3.0 million (S$4.9 million)
Amount outstanding as at 31 March 2006	US$2.0 million (S$3.3 million)

Gyalthang Dzong Hotel's RMB0.9 million (S$0.18 million) loan from Agricultural Bank of China

Use of Proceeds .... Financing working capital

Maturity .... 27 December 2006

Interest rate .... 6.696 per cent. per annum

Security ....

- Mortgage of land use right in relation to land situated at East Jiantang Road, Shangri-La County, Diqing Autonomous Prefecture, Yun'nan Province
- Mortgage of the building situated at the East side of Huang Cheng East Road

Covenants .... Covenants include:

- Gyalthang Dzong Hotel shall not enter into any merger, acquisition, division, joint venture, asset transfer, or petitioning the cessation of operations, dissolution, bankruptcy, or take any other actions which may affect the realisation of Agricultural Bank of China's interests (as lender) without the prior consent of Agricultural Bank of China
- Gyalthang Dzong Hotel shall give written notice to Agricultural Bank of China of its winding-up, the revocation of its business license or the occurrence of any other event which threatens the operation of its business or has a material adverse effect on its ability to repay the loan, and implement measures to ensure the repayment of the loan
- Gyalthang Dzong Hotel shall not provide any security to third parties which may affect its ability to repay the loan without the prior consent of Agricultural Bank of China
- Gyalthang Dzong Hotel and its shareholder shall not withdraw capital contribution or transfer shares or assets with a view to evading the debts owed to Agricultural Bank of China

Events of Default .... Events of Default include:

- The breach of any provision of the loan agreement (including but not limited to the failure to pay any amount due and payable under the loan agreement)

- The breach by a security provider of the relevant security documents, and the failure to cure such breach at the request of Agricultural Bank of China

Amount drawndown as at 31 March 2006	RMB0.9 million (S$0.18 million)
Amount outstanding as at 31 March 2006	RMB0.9 million (S$0.18 million)

Gyalthang Dzong Hotel's RMB 2.1 million (S$0.42 million) loan from Agricultural Bank of China

Use of Proceeds . . . . Financing working capital

Maturity . . . . 9 October 2008

Interest rate . . . . 6.039 per cent. per annum for the first year, thereafter subject to adjustment by reference to the applicable benchmark rate published by the People's Bank of China on a yearly basis

Security . . . .

- Mortgage of land use right in relation to land situated at East Jiantang Road, Shangri-La County, Diqing Autonomous Prefecture, Yun'nan Province
- Mortgage of the building situated at the East side of Huang Cheng East Road

Covenants . . . . Covenants include:

- Gyalthang Dzong Hotel shall not enter into any merger, acquisition, division, joint venture, asset transfer, or petitioning the cessation of operations, dissolution, bankruptcy, or take any other actions which may affect the realisation of Agricultural Bank of China's interests (as lender) without the prior consent of Agricultural Bank of China
- Gyalthang Dzong Hotel shall give written notice to Agricultural Bank of China of its winding-up, the revocation of its business license or the occurrence of any other event which threatens the operation of its business or has a material adverse effect on its ability to repay the loan, and implement measures to ensure the repayment of the loan
- Gyalthang Dzong Hotel shall not provide any security to third parties which may affect its ability to repay the loan without the prior consent of Agricultural Bank of China
- Gyalthang Dzong Hotel and its shareholder shall not withdraw capital contribution or transfer shares or assets with a view to evading the debts owed to Agricultural Bank of China

Events of Default . . . . Events of Default include:

- The breach of any provision of the loan agreement (including but not limited to the failure to pay any amount due and payable under the loan agreement)
- The breach by a security provider of the relevant security documents, and the failure to cure such breach at the request of Agricultural Bank of China

Amount drawndown as at 31 March 2006	RMB2.1 million (S$0.42 million)
Amount outstanding as at 31 March 2006	RMB2.1 million (S$0.42 million)

Vabbinvest Maldives Pvt Ltd's US$20 million term loan facility from Aareal Bank AG, The Mauritius Commercial Bank Limited and Aozora Bank, Ltd

Use of Proceeds	General purposes
Maturity	Seven years from first drawdown, not beyond 30 June 2013
Interest rate	2.75 per cent. per annum above three-month US Dollar LIBOR, subject to hedging, plus the cost of procuring an insurance policy in respect of Vabbinvest Maldives Pvt Ltd's obligations under this loan
Security	Security includes: • First priority mortgage over sublease interests on Vabbinfaru Island Resort • Charge over shares in Vabbinvest Maldives Pvt Ltd, Maldives Bay Pvt Ltd and Maldives Angsana Pvt Ltd • Charge over security accounts of Vabbinvest Maldives Pvt Ltd and Maldives Angsana Pvt Ltd • Charge of assets of Maldives Angsana Pvt Ltd • Subordination of debts of Vabbinvest Maldives Pvt Ltd
Covenants	Covenants include: • Vabbinvest Maldives Pvt Ltd shall ensure that its obligations under the loan agreement shall at all times rank first in priority with all other present and future unsecured, unsubordinated obligations • Vabbinvest Maldives Pvt Ltd shall obtain lenders' prior written consent for capital expenditure over US$2 million a year • Vabbinvest Maldives Pvt Ltd shall maintain an interest cover ratio of 2.5:1 and a loan to value ratio of 0.5:1 • Vabbinvest Maldives Pvt Ltd shall not create any encumbrance over its undertaking or assets nor incur or guarantee any indebtedness other than in relation to this loan, the US$30 million Maldives Bay Pvt loan and any subordinated loans • Vabbinvest Maldives Pvt Ltd shall not enter into any merger or consolidation, or sell, lease or otherwise transfer all or a substantial portion of its assets except for a sale in the exercise of good business judgement of assets no longer usable • Vabbinvest Maldives Pvt Ltd shall not reduce Banyan Tree Holdings Limited's shareholdings in it to less than 75 per cent. or its shareholding in Maldives Angsana Pvt Ltd to less than 100 per cent.
Events of Default	Events of Default include: • If Vabbinvest Maldives Pvt Ltd and/or Maldives Bay Pvt Ltd are in default of any payment obligation or if Vabbinvest Maldives Pvt Ltd, Maldives Bay Pvt Ltd, Maldives Angsana Pvt Ltd or Banyan Tree Resorts Ltd are in default of any other term, covenant or undertaking under this loan agreement or the US$30 million Maldives Bay Pvt Ltd loan agreement or any of the loans' security arrangements • If any indebtedness of Vabbinvest Maldives Pvt Ltd, Maldives Bay Pvt Ltd or Maldives Angsana Pvt Ltd other than under this loan agreement or the US$30 million Maldives Bay Pvt Ltd loan

agreement becomes due or capable of being declared due before its stated maturity

- If any security interest over any asset of Vabbinvest Maldives Pvt Ltd, Maldives Bay Pvt Ltd or Maldives Angsana Pvt Ltd becomes enforceable
- The insolvency, dissolution or failure in business of, or the institution of bankruptcy or other similar proceedings against, Vabbinvest Maldives Pvt Ltd, Maldives Bay Pvt Ltd, Maldives Angsana Pvt Ltd or Banyan Tree Resorts Limited
- If the position of Vabbinvest Maldives Pvt Ltd, Maldives Bay Pvt Ltd, Maldives Angsana Pvt Ltd or Banyan Tree Resorts Limited has changed materially, which in the lenders' opinion may cause detriment to the lenders

Maldives Bay Pvt Ltd's US$30 million term loan facility from Aareal Bank AG, The Mauritius Commercial Bank Limited and Aozora Bank, Ltd

Use of Proceeds .... To refinance the acquisition, costs and to finance the redevelopment and constructions costs of Velavaru Island Resort

Maturity .... Seven years from first drawdown, not beyond 30 June 2013

Interest rate .... 3 per cent. per annum above three-month US Dollar LIBOR, subject to hedging plus the cost of procuring an insurance policy in respect of Maldives Bay Pvt Ltd's obligations under this loan

Security .... Security includes:

- First priority mortgage over headlease interests on Velavaru Island Resort
- Construction Completion Guarantee by Banyan Tree Holdings Limited
- Charge over shares in Maldives Bay Pvt Ltd, Vabbinvest Maldives Pvt Ltd and Maldives Angsana Pvt Ltd
- Charge over security accounts of Maldives Bay Pvt Ltd
- Charge of assets of Maldives Angsana Pvt Ltd
- Subordination of debts of Maldives Bay Pvt Ltd

Covenants .... Covenants include:

- Maldives Bay Pvt Ltd shall ensure that its obligations under the loan agreement shall at all times rank first in priority with all other present and future unsecured, unsubordinated obligations
- Maldives Bay Pvt Ltd shall obtain the lenders' prior written consent for capital expenditure over US$2 million a year
- Maldives Bay Pvt Ltd shall maintain an interest cover ratio of 2:1
- Maldives Bay Pvt Ltd shall maintain a loan to value ratio of 0.5:1
- Maldives Bay Pvt Ltd shall not create any encumbrance over its undertaking or assets nor incur or guarantee any indebtedness other than in relation to this loan, the US$20 million Vabbinvest Maldives Pvt Ltd loan and any subordinated loans
- Maldives Bay Pvt Ltd shall not enter into any merger or consolidation, or sell, lease or otherwise transfer all or a substantial portion of its assets except for a sale in the exercise of good business judgement of assets no longer usable

- Maldives Bay Pvt Ltd shall not reduce its majority shareholder's shareholdings in it to less than 75 per cent.

Events of Default . . . . Events of Default include:

- If Maldives Bay Pvt Ltd and/or Vabbinvest Maldives Pvt Ltd and/or Banyan Tree Holdings Limited are in default of any payment obligation or if Maldives Bay Pvt Ltd, Vabbinvest Maldives Pvt Ltd, Banyan Tree Holdings Limited or Banyan Tree Resorts Ltd are in default of any other term, covenant or undertaking under this loan agreement or the US$20 million Vabbinvest Maldives Pvt Ltd loan agreement with Aareal Bank, or any of the loans' security arrangements.
- If any indebtedness of Maldives Bay Pvt Ltd, Vabbinvest Maldives Pvt Ltd or Banyan Tree Holdings Limited other than under this loan agreement or the US$20 million Vabbinvest Maldives Pvt Ltd loan agreement becomes due or capable of being declared due before its stated maturity
- If any security interest over any asset of Maldives Bay Pvt Ltd, Vabbinvest Maldives Pvt Ltd or Banyan Tree Holdings Limited becomes enforceable
- The insolvency, dissolution or failure in business of, or the institution of bankruptcy or other similar proceedings against, Vabbinvest Maldives Pvt Ltd, Maldives Bay Pvt Ltd or Banyan Tree Resorts Ltd or, during the period during which construction works are being undertaken, of Banyan Tree Holdings Limited
- If the position of Vabbinvest Maldives Pvt Ltd, Maldives Bay Pvt Ltd, Banyan Tree Resorts Ltd or Banyan Tree Holdings Limited has changed materially, which in the lenders' opinion may cause detriment to the lenders

As of the Latest Practicable Date, we have yet to draw down on the facilities granted to Vabbinvest Maldives Pvt Ltd and Maldives Bay Pvt Ltd. We expect to draw on these facilities prior to the Listing Date.

LRH

(a) Loan Facilities with Siam Commercial Bank ("SCB")

Total number of facilities and description of facilities . . . . Five comprising:

- Baht 800 million (S$32 million) term loan facility, maturing on 30 December 2006, with interest at 3.75 per cent. per annum from 15 January 2004 to 30 December 2006
- Baht 892 million (S$35.7 million) term loan facility, maturing on 30 April 2010 with interest, at SCB's minimum lending rate
- Baht 260 million (S$10.4 million) term loan facility, with interest at 2.0 per cent. per annum from 28 February 2005 to 28 February 2008; and the rate applied to other borrowers (expected to be SCB's money market rate, thereafter)
- Baht 100 million (S$4.0 million) term loan facility, maturing on 28 February 2008, with interest at 2.0 per cent. per annum
- Baht 30 million (S$1.2 million) overdraft facility, with interest at 2.0 per cent. per annum from 28 February 2005 to 28 February 2008; and SCB's minimum overdraft rate thereafter

Total Aggregate Facility Amount . . . . . . Baht 2,082 million (S$83.3 million)

Uses of Proceeds include . . . .
- Purchase of shares of Laguna Banyan Tree Limited ("LBTL")

- To finance working capital
- Refinancing purposes
- Renovating Dusit Laguna Resort Hotel, which was damaged by the 2004 tsunami

Security for Loans include	• Mortgage over certain land and structures at Laguna Phuket, Phuket province, Thailand • Pledge of shares over certain companies in the LRH Group • Guarantees from Laguna Grande Limited and from Bangtao Grande Limited (formerly known as Bangna Place Realty Ltd)
Covenants include	LRH shall: • Notify SCB of any creation of new debt, debt obligations or commitments beyond a certain threshold. • Not create any new rights in respect of any of the security except for a lease of space in the ordinary course of business, or with the prior written consent of SCB • Procure that Banyan Tree Holdings Limited continues to maintain the percentage of its shareholding in LRH throughout the period of the loan • Not pay dividends or distribute any benefit or remuneration to any shareholder unless LRH repays the loan or with the prior written consent of SCB • Maintain certain debt to equity and debt service coverage ratios.
Amount drawndown as at 31 March 2006	Baht 2,058 million (S$82.3 million)
Amount outstanding as at 31 March 2006	Baht 1,348 million (S$53.9 million)

(b) Loan facility with Bangkok Bank ("BBL")

Total number of facilities	One
Facility Amount	Baht 150 million (S$6.0 million) loan facility, with interest: (i) First Tranche consisting of Baht 25 million (S$1.0 million): 2.0 per cent. per annum from 14 March 2005 to 28 February 2008 and BBL's base rate plus 1.0 per cent. thereafter (ii) Second Tranche consisting of Baht 125 million (S$5.0 million): BBL's base rate plus 1.0 per cent.
Use of Proceeds	To finance working capital
Security for Loan	• Mortgage over certain land and structures at Laguna Phuket • Guarantees from Bangtao (1) Limited and from Bangtao (2) Limited
Amount drawndown as at 31 March 2006	Baht 25 million (S$1.0 million)
Amount outstanding as at 31 March 2006	Baht 25 million (S$1.0 million)

Laguna Banyan Tree Limited ("LBTL")

(a) Loan facilities with Kasikorn Bank ("Kbank")

Total number of facilities and description of facilities	Six comprising: • Baht 450 million (S$18.0 million) term loan facility, maturing on 31 October 2007, with interest at 2.0 per cent. per annum from 31 March 2005 to 31 October 2007 • Baht 200 million (S$8.0 million) term loan facility, maturing on 31 July 2009, with interest: (i) First tranche consisting of Baht 5.0 million (S$0.2 million): 2.0 per cent. per annum from 31 March 2005 to 28 February 2008 (ii) Second tranche consisting of Baht 195 million (S$7.8 million): 4.00 per cent. per annum from September 2004 to September 2007 and at 1.0 per cent. under KBank's minimum loan rate thereafter • Baht 100 million (S$4.0 million) term loan facility, maturing on 31 January 2009, with interest at 1.50 per cent. under KBank's minimum loan rate • Baht 50 million (S$2.0 million) term loan facility, maturing on 31 March 2007, with interest: (i) First tranche consisting of Baht 5 million (S$0.20 million): 2.0 per cent. per annum from 31 March 2005 to 31 March 2007 (ii) Second tranche consisting of Baht 45 million (S$1.8 million): 3.50 per cent. per annum • Baht 20 million (S$0.8 million) loan facility, with interest at 2.0 per cent. per annum from 31 March 2005 to 28 February 2008; and KBank's money market rate thereafter • Baht 10 million (S$0.4 million) overdraft facility, with interest at 1.0 per cent. over KBank's minimum overdraft rate
Total Aggregate Facility Amount	Baht 830 million (S$33.2 million)
Uses of Proceeds include	• Financing of the renovation and expansion of Banyan Tree Phuket and refinancing • To finance working capital
Security for Loans include	• Mortgage over certain land and structures at Laguna Phuket • Guarantee from Bangtao Development Limited
Covenants include	LBTL shall: • Not dispose, transfer or create any new rights in respect of its business or its assets unless done in the ordinary course of business • Procure that LRH Group maintain more than 50 per cent. of its shareholding in LBTL • Not create any new rights or encumbrances in respect of its assets and revenues except in the ordinary cause of business or in favour of any company within the LRH Group
Amount drawndown as at 31 March 2006	Baht 785 million (S$31.4 million)

Amount outstanding as at 31 March 2006	Baht 475 million (S$19.0 million)

(b) Loan facilities with SCB

Total number of facilities and description of facilities .... Five comprising:

- Baht 600 million (S$24.00 million) term loan facility, maturing on 30 June 2011, with interest at the higher of (1) 2.0 per cent. under SCB's minimum loan rate or (2) three months' fixed deposit plus 2.0 per cent.
- Baht 260 million (S$10.4 million) term loan facility, maturing on 31 January 2010, with interest at the higher of (1) 2.0 per cent. under SCB's minimum loan rate or (2) three months' fixed deposit plus 2.0 per cent.
- Baht 100 million (S$4.0 million) loan facility, with interest at 2.0 per cent. per annum from 21 February 2005 to 28 February 2008; and SCB's money market rate thereafter
- Baht 10 million (S$0.4 million) overdraft facility, with interest at 2.0 per cent. per annum from 28 February 2005 to 28 February 2008 and SCB's minimum overdraft rate thereafter
- Baht 220 million (S$8.8 million) term loan facility, maturing on 30 June 2011, with interest at 1.5% under SCB's minimum loan rate or three months' fixed deposit plus 2.5%, whichever is higher for the first two years after the first draw down, and 1.0% under SCB's minimum loan rate or three months' fixed deposit plus 2.5%, whichever is higher thereafter

Total Aggregate Facility Amount ...... Baht 1,190 million (S$47.6 million)

Uses of Proceeds include ....

- Financing of the expansion of Banyan Tree Phuket
- Investment in Lijiang Banyan Tree Hotel Co, Ltd.
- To finance working capital

Security for Loans include ....

- Mortgage over certain land and structures at Laguna Phuket
- Guarantee from LRH

Covenants include .... LBTL shall:

- Notify SCB for any creation of new debt, debt obligations or commitments beyond a certain threshold
- Not create any new rights in respect of any of the security except for a lease of space in the ordinary course of business or with the prior written consent of SCB
- Procure that LRH and/or any company in the LRH Group continues to maintain the percentage of its shareholding in LBTL throughout the period of the loan
- Not pay dividends or distribute any benefit or remuneration to any shareholder unless LBTL repays the loan or with the prior written consent of SCB
- Maintain certain debt to equity and debt service coverage ratios

Amount drawndown as at 31 March 2006	Baht 697 million (S$27.9 million)
Amount outstanding as at 31 March 2006	Baht 697 million (S$27.9 million)

Bangtao Grande Limited ("BGL")

Loan facilities with SCB

Total number of facilities and description of facilities	Five comprising: • Baht 180 million (S$7.2 million) term loan facility, maturing on 31 January 2009, with interest at 1.5 per cent. under SCB's minimum loan rate or three months' fixed deposit plus 2% whichever is higher • Baht 100 million (S$4.0 million) term loan facility, maturing on 30 June 2009, with interest at 1.5 per cent. under SCB's minimum loan rate or three months' fixed deposit plus 2.0 per cent. whichever is higher • Baht 50 million (S$2.0 million) term loan facility, maturing on 28 February 2008, with interest at 2.0 per cent. per annum • Baht 40 million (S$1.6 million) loan facility, with interest at 2.0 per cent. per annum from 4 February 2005 to 28 February 2008 and at SCB's money market rate thereafter • Baht 15 million (S$0.6 million) overdraft facility, with interest at SCB's minimum overdraft rate
Total Aggregate Facility Amount	Baht 385 million (S$15.4 million)
Uses of Proceeds include	• Financing of renovation and expansion of Sheraton Grande Laguna Phuket • To finance working capital
Security for Loans include	• Mortgage over certain land and structures at Laguna Phuket • Guarantee from LRH
Covenants include	BGL shall: • Notify SCB for any creation of new debt, debt obligations or commitments beyond a certain threshold • Not create any new rights in respect of any of the security except for a lease of space in the ordinary course of business or with the prior written consent of SCB • Procure that LRH and/or any company in the LRH Group continues to maintain the percentage of its shareholding in BGL throughout the period of the loan • Not pay dividends or distribute any benefit or remuneration to any shareholder unless BGL repays the loan or with the prior written consent of SCB • Maintain certain debt to equity and debt service coverage ratios
Amount drawndown as at 31 March 2006	Baht 142 million (S$5.7 million)
Amount outstanding as at 31 March 2006	Baht 142 million (S$5.7 million)

Laguna Holiday Club Limited (“LHC”)

Term Loan Facility with Kbank

Total number of facilities	One
Facility Amount	Baht 300 million (S$12.0 million) term loan facility, maturing on 30 June 2011, with interest at 1.0 per cent. under Kbank’s minimum loan rate
Use of Proceeds	• Financing of the development of Laguna Holiday Club Hotel
Security for Loan	• Mortgage over certain land and structures at Laguna Phuket • Guarantees from LRH, Bangtao (2) Limited and Bangtao (4) Limited
Covenants include	LHC shall: • Not fail to make payment for any of its obligations or commitment with other creditors when due • Not create any new rights or encumbrances in respect of any of the security, except in the ordinary course of business or in favour of LRH or any company within the LRH Group • Not lend, repay a loan, invest with or pay a dividend to LRH or any company within the LRH Group unless LHC repays the loan • Procure that LRH Group maintain more than 50 per cent. of its shareholding in LHC • Maintain certain debt service coverage ratio
Amount drawndown as at 31 March 2006	Baht 1 million (S$0.04 million)
Amount outstanding as at 31 March 2006	Baht 1 million (S$0.04 million)

Thai Wah Plaza Limited (“TWPL”)

Loan Facilities with SCB

Total number of facilities and description of facilities	Two comprising • Baht 1,104 million (S$44.2 million) term loan facility, maturing on 30 April 2014, with interest at SCB’s minimum loan rate • Baht 25.0 million (S$1.0 million) overdraft facility, with interest at SCB’s minimum overdraft rate
Total Aggregate Facility Amount	• Baht 1,129 million (S$45.2 million)
Use of Proceeds	• Refinancing purposes and renovation of Banyan Tree Bangkok • Working capital
Security for Loan	• Mortgage over condominium units of Thai Wah Tower 1 and land and structure of Thai Wah Tower (2) in Bangkok, Thailand
Covenants include	TWPL shall: • Notify SCB for any creation of new debt, debt obligations or commitments beyond a certain threshold

- Not create any new rights in respect of any of the security except for a lease of space in the ordinary course of business or with the prior written consent of SCB
- Procure that LRH and/or any company in the LRH Group continues to maintain the percentage of its shareholding in TWPL throughout the period of the loan
- Not pay dividends or distribute any benefit or remuneration to any shareholder unless TWPL repays the loan
- Maintain certain debt service coverage ratios

Amount drawndown as at 31 March 2006	Baht 1,004 million (S$40.2 million)
Amount outstanding as at 31 March 2006	Baht 969 million (S$38.8 million)

INTERESTED PERSON TRANSACTIONS

Details of the interested person transactions between our Group (i.e. our Company, its subsidiaries and its associated companies as at the Latest Practicable Date) and any of our interested persons (namely, our directors, chief executive officer or controlling shareholders or the associates (as defined in the Listing Manual) of such directors, chief executive officer or controlling shareholders) (''Interested Persons'' and each, an ''Interested Person'') for the last three financial years ended 31 December 2003, 2004 and 2005 and for the period from 1 January 2006 until the Latest Practicable Date which are material in the context of the Offering are set forth in ''Appendix B — Interested Person Transactions''.

ONGOING TRANSACTIONS WITH INTERESTED PERSONS

The ongoing transactions with Interested Persons, as described in ''Appendix B — Interested Person Transactions'' in further detail, are deemed to have been specifically approved by shareholders of our Company upon subscription and/or purchase of our Shares and are therefore not subject to Rules 905 and 906 of the Listing Manual.

SHAREHOLDERS' MANDATE

We anticipate that we would, in the ordinary course of business, enter into certain transactions with our Interested Persons, including but not limited to those categories of transactions described below. It is likely that such transactions will occur with some degree of frequency and could arise at any time and from time to time.

Chapter 9 of the Listing Manual allows a listed company to obtain a mandate (which is subject to renewal as described below) from its shareholders for recurrent interested person transactions of a revenue or trading nature or for those necessary for its day-to-day operations. These transactions may not include the purchase or sale of assets, undertakings or businesses.

In view of the time-sensitive nature of commercial transactions, it would be advantageous to us to obtain a shareholders' mandate to enter into certain interested person transactions in our normal course of business, provided that all such transactions are carried out on normal commercial terms and are not prejudicial to the Company and its minority shareholders. The mandate will eliminate, among others, the need for us to convene separate general meetings on each occasion to seek our shareholders' approval as and when potential transactions with Interested Persons arise. This will reduce substantially the administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising our corporate objectives and adversely affecting our business opportunities.

Pursuant to Rule 920(2) of the Listing Manual, we may treat a general mandate as having been obtained from our shareholders (the ''Shareholders' Mandate'') for us to enter into certain categories of interested person transactions with the classes of Interested Persons set out below, if the information required by Rule 920(1)(b) is included in this Prospectus. The information required by Rule 920(1)(b) is as follows:

(i) the class of Interested Persons with which the entity at risk will be transacting;

(ii) the nature of the transactions contemplated under the mandate;

(iii) the rationale for, and benefit to, the entity at risk;

(iv) the methods or procedures for determining transaction prices;

(v) the independent financial adviser's opinion on whether the methods or procedures in (iv) are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the issuer and its minority shareholders;

(vi) an opinion from the audit committee if it takes a different view to the independent financial adviser;

(vii) a statement from the issuer that it will obtain a fresh mandate from shareholders if the methods or procedures in (iv) become inappropriate; and

(viii) a statement that the Interested Person will abstain and has undertaken to ensure that its associates will abstain from voting on the resolution approving the transaction.

The Shareholders' Mandate will be effective until the earlier of the following: (i) our first annual general meeting following our admission to the Official List of the SGX-ST; or (ii) the first anniversary of the date of our admission to the Official List of the SGX-ST. Thereafter, we will seek the approval of our shareholders for a renewal of the Shareholders' Mandate at each subsequent annual general meeting.

In accordance with Rule 920(1)(b)(viii) of the Listing Manual, Interested Persons shall abstain and undertake that their associates shall abstain from voting on resolutions approving interested person transactions involving themselves and our Group. Furthermore, such Interested Persons shall not act as proxies in relation to such resolutions unless voting instructions have been given by the shareholder.

Classes of Interested Persons

The Shareholders' Mandate will apply to our Group's interested person transactions carried out with (i) the TRL Group (ie. TRL, its subsidiaries and associated companies); (ii) the LRH Group (ie. LRH, its subsidiaries and associated companies); (iii) Phuket Hotel Limited; (iv) Thai Wah Public; and (v) United Insulation Service Pte Ltd; (see ''Appendix B — Interested Person Transactions'' for details.)

Categories of Interested Person Transactions

The categories of ongoing transactions which will be covered by the Shareholders' Mandate are:

(i) provision of management and related services such as reservation and procurements services for the management of resorts, hotels, golf courses and spas;

(ii) consignment of merchandise for sale in the Banyan Tree and Angsana Gallery outlets;

(iii) retail sales of Banyan Tree gallery vouchers and ''Banyan Tree'' merchandise;

(iv) lease of premises for spa operations and office use;

(v) profit sharing returns in respect of units leased at resorts;

(vi) supply of goods such as guest amenities;

(vii) obtaining corporate secretarial services; and

(viii) reimbursement of expenses relating to costs and expenses incurred by us and/or on our behalf in connection with the provision of management and other services,

(the ''Mandated Interested Person Transactions'').

(See ''Appendix B — Interested Person Transactions'' for details of these transactions.)

Future transactions falling within the categories described above and entered into with the following classes of interested persons described above will also be covered by the Shareholders' Mandate.

Transactions with Interested Persons which do not fall within the ambit of the proposed Shareholders' Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual.

Rationale for and Benefits of the Shareholders' Mandate

The transactions with Interested Persons are entered into or to be entered into by us in our ordinary course of business. They are recurring transactions which are likely to occur with some degree of frequency and arise at any time and from time to time. The Shareholders' Mandate is intended to facilitate these transactions, provided that they are carried out on normal commercial terms and are not prejudicial to us and our minority shareholders.

Our Directors believe that our Group will be able to benefit from such transactions with Interested Persons. The Shareholders' Mandate and the renewal of the Shareholders' Mandate on an annual basis will eliminate the need to convene separate general meetings from time to time to seek shareholders' approval as and when potential interested person transactions with the Interested Persons arise, thereby reducing substantially, the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to us.

Disclosure will be made in our annual report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate and otherwise during the financial year under review, and in the annual reports for the subsequent financial years during which the Shareholders' Mandate is renewed and remains in force.

Opinion of the Independent Financial Adviser

PricewaterhouseCoopers Corporate Finance Pte Ltd (''PwCCF'') was appointed as the independent financial adviser pursuant to Rule 920(1)(b)(iv) of the Listing Manual, to opine on whether the methods and procedures for determining transaction prices, are sufficient to ensure that our Mandated Interested Person Transactions are on normal commercial terms which will not be prejudicial to our interests and the interests of our minority shareholders.

In arriving at their opinion as to whether the methods and procedures for determining transaction prices under the proposed Shareholders' Mandate are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and its minority shareholders, PwCCF has considered the rationale for and benefits of the Shareholders' Mandate, the guidelines and review procedures for the Mandated Interested Persons Transactions and the role of the Audit and Risk Committee, and is of the opinion that the current methods and procedures for determining transaction prices under the Shareholders' Mandate, if adhered to, are sufficient to ensure that such transactions are carried out on normal commercial terms and will not be prejudicial to the interests of our Company and its minority shareholders.

(See ''Appendix D — Letter from the Independent Financial Adviser to the Audit and Risk Committee of Banyan Tree Holdings Limited''.)

Guidelines and Review Procedures for Mandated Interested Person Transactions

Review procedures

We have implemented the following procedures to ensure that the Mandated Interested Person Transactions are undertaken on normal commercial terms and on an arm's length basis which will not be prejudicial to our interests and the interests of our minority shareholders:

(a) in respect of management agreements and/or technical assistance agreements for the management of resorts, hotels, golf courses and spas, spa lease/spa services agreements, consignment agreements supply of goods and the sale of retail products, we will make comparisons of the terms of these agreements with similar agreements entered into with unrelated third parties or in the absence of such agreements with unrelated third parties, we will seek advice from industry consultants on the prevailing market practice or industry norms, to ensure that all such transactions will be consistent with the prevailing market practice or industry norms or our Group's normal commercial terms and usual business practices and policies for the applicable transactions;

(b) in respect of any new or subsequent renewal of any leases, a valuation conducted by independent property valuers on the premises at the time of the entry or the renewal of leases to assess its open market rental value and information gathered from independent property agents as to the rental rates of comparable properties will be used as comparison, wherever possible. The new leases and any renewal of leases shall be at rentals not higher than market rentals;

(c) in respect of the provision of reservation services, procurement services or the receipt of corporate secretarial services or the recovery of costs associated with such services, we will make comparisons of the terms of these arrangements with similar arrangements entered into with unrelated third parties or in the absence of such arrangements with unrelated third parties, we will seek advice from industry consultants on prevailing market practice or industry norms, to ensure that, the provision of such services or receipt of such services shall be consistent with the prevailing market practice or industry norms or our Group's normal commercial terms and in accordance with our usual business practices and policies for the applicable transactions; and

(d) in cases where it is not possible to obtain comparables from unrelated third parties, we may enter into a transaction with an Interested Person, provided that the price and terms received from or given to the Interested Person are in accordance with prevailing business practices or industry norms and/or rates or prices which are consistent with our Group's usual margin associated with similar volume of business or on terms which our Audit and Risk Committee considers to be on normal commercial terms and are not prejudicial to us or our minority shareholders.

Threshold limits

In addition to our review procedures, we will review and approve the Mandated Interested Person Transactions as follows:

(a) transactions equal to or exceeding 3.0 per cent., but less than 5.0 per cent. of the latest audited consolidated NTA after minority interests of our Group, will be reviewed and approved by any two of our Directors; and

(b) transactions equal to or exceeding 5.0 per cent. of the latest audited consolidated NTA after minority interests of our Group, will be reviewed and approved by the Audit and Risk Committee and the Board, which may as it deems fit, request for additional information pertaining to the transaction from independent sources or advisers, including the obtaining of valuations from professional valuers.

Other review procedures

In addition, the Audit and Risk Committee will include the review of our interested person transactions as part of its standard procedures while examining the adequacy of our internal controls.

In the event that a member of the Board, a member of the Audit and Risk Committee or an authorised reviewing officer (where applicable) has a conflict of interests in relation to any interested person transaction, he will abstain from reviewing that particular transaction. In such instances, an alternative approving authority will be responsible for reviewing the transaction. The Board will also ensure that all disclosure requirements on interested person transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with. The annual internal audit plan shall incorporate a review of all interested person transactions entered into pursuant to the Shareholders' Mandate.

The Audit and Risk Committee shall review the internal audit reports to ascertain whether the guidelines and procedures established to monitor interested person transactions have been complied with. In addition, the Audit and Risk Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that the Mandated Interested Person Transactions are conducted on normal commercial terms. Further, if during these periodic reviews by the Audit and Risk Committee, the Audit and Risk Committee is of the view that the guidelines and procedures as stated above are not sufficient to ensure that these interested person transactions will be on normal commercial terms and will not be prejudicial to us and our minority shareholders, we will (pursuant to Rules 920(1)(b)(iv) and (vii) of the Listing Manual) revert to shareholders for a fresh mandate based on new guidelines and procedures for transactions with Interested Persons.

The Board shall have overall responsibility for the determination of the review procedures with the authority to sub-delegate to individuals or committees within our Company as they deem appropriate.

Identification and Recording of Interested Person Transactions

We have also implemented the following procedures for the identification of Interested Persons and the recording of all our interested person transactions:

(a) the Company Secretary will maintain a list of the directors and controlling shareholders of our Company and their respective associates (which is to be updated immediately if there are any changes), and disclose the list to relevant personnel to enable identification of Interested Persons. The master list of Interested Persons which is maintained shall be reviewed at least annually;

(b) the Company Secretary will also obtain signed letters of confirmation from key management personnel, controlling shareholders and the directors of our Company on an annual basis as to their interests in any transaction with our Group;

(c) following the review and verification by the Audit and Risk Department of our interested person transactions, the Company Secretary will compile all our interested person transactions prior to submission to the Audit and Risk Committee. Our subsidiaries and associated companies would be required to inform the Company Secretary of any significant upcoming transactions with Interested Persons to facilitate timely announcements and/or the obtaining of shareholders' approval, where necessary;

(d) the rationale for and analysis of interested person transactions shall be documented and filed in a register of interested person transactions (the "Interested Person Transactions Register");

(e) following the review and verification by the Audit and Risk Department of our interested person transactions, further review of the interested person transactions is to be conducted by the Group Managing Director of our Company as well as the Vice-President, Finance, and shall comprise the comparison of the interested person transactions arrangement with industry practice and other customers. If either the Group Managing Director of our Company or the Vice-President, Finance is interested in a transaction or if the Interested Person is related to either the Group Managing Director of our Company or the Vice-President, Finance, the review shall be conducted by our Executive Chairman. Notwithstanding the foregoing, the review shall be conducted by the Audit and Risk Committee under the following circumstances:

   (i) the Group Managing Director of our Company and the Vice-President, Finance are both interested in a transaction or if the Interested Person is related to both the Group Managing Director of our Company and the Vice-President, Finance; or

   (ii) where our Executive Chairman is required to conduct the review but is interested in the transaction or if the Interested Person is related to our Executive Chairman;

(f) the Audit and Risk Committee would be responsible for reviewing our Group's interested person transactions on a quarterly basis and the outcome of such review shall be documented and filed in the Interested Person Transactions Register; and

(g) the Board would also be responsible for obtaining shareholders' approval for recurring interested person transactions which are carried out in the normal course of business.

REVIEW OF NON-MANDATED INTERESTED PERSON TRANSACTIONS AND REVIEW BY OUR AUDIT AND RISK COMMITTEE

All other existing and future interested person transactions not subject to the Shareholders' Mandate will be reviewed and approved in accordance with the threshold limits set out above and where applicable, in accordance with the limits set out under Chapter 9 of the Listing Manual, to ensure that they are carried out on normal commercial terms and are not prejudicial to our interests and the interests of our minority shareholders. In the event that such interested person transactions require the approval of the Board and the Audit and Risk Committee, relevant information will be submitted to the Board or the Audit and Risk Committee for review. In the event that such interested person transactions require the approval of our shareholders, additional information may be required to be presented to shareholders and an independent financial adviser may be appointed for an opinion.

The Audit and Risk Committee will also review all interested person transactions to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Listing Manual of the SGX-ST) are complied with. We will also endeavour to comply with the recommendations set out in the Code of Corporate Governance.

POTENTIAL CONFLICTS OF INTERESTS

Tropical Resorts Limited

TRL was incorporated under the laws of Hong Kong in 1990. The TRL Group is principally engaged in the business of investing, owning and developing resorts. While the TRL Group is not involved in the business of managing resorts, hotels and spas, TRL has interests in a company which manages the common property of a development in Bintan, Indonesia and interests in Banyan Tree Bintan and Angsana Bintan, Indonesia, a golf course in Bintan, Indonesia, as well as the Angsana Great Barrier Reef in Cairns, Australia and land in Ahungalla, Sri Lanka. As far as the Directors are aware, TRL is not actively sourcing for investments and is currently not developing any resorts.

Our Executive Chairman, Mr Ho KwonPing and his immediate family members are deemed to have interests of approximately 51.2 per cent. in the total issued and paid-up share capital of TRL. The other shareholders of TRL are Thai Wah Public, TWR-Holdings Limited, a wholly owned subsidiary of LRH, various investment funds in respect of which Japan Asia Investment Co., Ltd acts as investment manager and Kilby Associates Limited, a subsidiary of NATSTEEL Ltd. Mr Ho KwonPing and his immediate family have aggregate direct and indirect interests of approximately 26.7 per cent. in the total issued share capital of Thai Wah Public.

As at the Latest Practicable Date, our Executive Chairman, Mr Ho KwonPing is a non-executive director of TRL and our Managing Director Mr Ariel P Vera is a non-executive director of TRL and some of its subsidiaries and associated companies. Accordingly, they are not involved in the day-to-day management of the TRL Group.

Mr Tee Hwee Liang is an executive director of TRL. He is also the chairman of the board of directors of two of our subsidiaries, Lijiang Banyan Tree Hotel Co. Ltd. and Jiwa Renga Resorts Limited but he is not involved in the day-to-day management of these subsidiaries.

In order to mitigate the conflicts of interests, Mr Ho KwonPing has undertaken that, for as long as he holds any direct or indirect shareholding interest in TRL and/or is a director of TRL, he will:

(a) refer to us all potential business opportunities relating to the management, investment or development of resorts, hotels and/or spas which he becomes aware of; and

(b) abstain from voting on any resolution to be passed by the directors of TRL in relation to the management, investment or development of any resorts, hotels and/or spas; and

(c) abstain from exercising the voting rights attached to any shares in the issued share capital of TRL in which he has an interest (whether direct or otherwise) in relation to the management, investment or development of any resorts, hotels and/or spas.

Mr Ariel P Vera and Mr Tee Hwee Liang have also separately undertaken to us that, during the period that each of them remains as a director in TRL, each of them will:

(a) refer to us all potential business opportunities relating to the management, investment or development of resorts, hotels and/or spas which he becomes aware of; and

(b) abstain from voting on any resolution to be passed by the directors of TRL in relation to the management, investment or development of any resorts, hotels and/or spas.

Our Executive Officers, Mr Ho KwonCjan and Ms Claire Chiang who are the sibling and spouse of our Executive Chairman, Mr Ho KwonPing respectively, have also separately undertaken that for as long as each of them has a shareholding interest (whether direct or otherwise) in TRL, each of them will:

(a) refer to us all potential business opportunities relating to the management, investment or development of resorts, hotels and/or spas which he/she becomes aware of; and

(b) abstain from exercising the voting rights attached to any shares in the issued share capital of TRL in which he has an interest (whether direct or otherwise) in relation to the management, investment or development of any resorts, hotels and/or spas.

In addition, Mr Ho KwonPing, Mr Ho KwonCjan and Ms Claire Chiang have undertaken to abstain and to procure that the companies in which they have interests in abstain from voting on any shareholders' resolutions of the Company for approval of transactions between our Group and the TRL Group.

Phuket Hotel Limited

Phuket Hotel Limited (''PHL'') was incorporated under the laws of Thailand and is principally engaged in the operation of various units in the Allamanda which it has leased (the ''Allamanda Units''). PHL has appointed us to manage and provide related services to the Allamanda Units — see ''Appendix B: Interested Person Transactions — Present and Ongoing Interested Person Transactions — (C) Transactions with Phuket Hotel Limited'' for further details. Mr Ariel P Vera and Mr Tee Hwee Liang are deemed to be interested in 49.0 per cent. of the shares in PHL and Mr Tee is also director of PHL. The remaining 51.0 per cent. of the total issued share capital in PHL is held by third parties.

To mitigate against any possible conflicts of interests, Mr Ariel P Vera and Mr Tee have undertaken to us that during the periods that each of them remains as a director and/or has an interest (whether direct or indirect) in PHL, each of them will:

(a) refer to us all potential business opportunities relating to the management, investment or development of resorts, hotels and/or spas which each of them becomes aware of; and

(b) abstain from voting on any resolution to be passed by the directors of PHL and/or from exercising the voting rights attached to any shares in the issued share capital of PHL in which each of them has an interest (whether direct or otherwise) in relation to PHL entering into any new transactions which compete with our business and the business of our subsidiaries.

Thai Wah Public

Thai Wah Public is a company incorporated in Thailand and listed on the Stock Exchange of Thailand. The core activities of Thai Wah Public and its group companies (''Thai Wah Group'') are the manufacture and sale of tapioca products. Thai Wah Public is also involved in the development of property for sale and lease and in the hotel business comprising the various resorts owned by LRH. Thai Wah Public is currently undergoing business rehabilitation pursuant to a rehabilitation plan approved by the Thai Courts on 21 August 2000. A court approved administrator has been appointed to rehabilitate the business.

Our Executive Chairman, Mr Ho KwonPing, his immediate family and companies owned by Mr Ho KwonPing and his immediate family have deemed and direct interests of approximately 26.7 per cent. of the total issued share capital of Thai Wah Public. As Thai Wah Public is currently undergoing business rehabilitation, Mr Ho KwonPing and his immediate family are not able to exercise voting rights attached to the shares in Thai Wah Public in which they have interests.

While Mr Ho KwonPing and our Managing Director, Mr Surapon Supratya still retain their respective executive appointments in Thai Wah Public, they are not involved in the day to day management of Thai Wah Public since the management of the business of Thai Wah currently rests with the court approved administrator.

Thai Wah Public presently has an interest in approximately 34.8 per cent of the total issued and paid-up share capital of our subsidiary LRH. For so long as the aggregate interests of Thai Wah Public in LRH amount to more than 5.0 per cent. of the total issued share capital of LRH and Mr Ho KwonPing and his immediate family remain as controlling shareholders of Thai Wah Public, Mr Ho KwonPing has undertaken to us the following:

(i) that he will not seek appointment as a director of any companies within the Thai Wah Group nor will he be involved in the day to day operations of the Thai Wah Group after the business rehabilitation of Thai Wah Public is completed; and

(ii) that he will and will procure that his immediate family members abstain from voting on any shareholders' resolutions which require shareholders' approval of Thai Wah Public relating to transactions between:

(a) our Group and LRH and its subsidiaries and associated companies (''LRH Group'');

(b) our Group and the Thai Wah Group;

(c) the LRH Group and Thai Wah Group; and

(d) the LRH Group and any other of our Interested Persons.

Our Managing Director, Mr Surapon Supratya, has also undertaken to us that for so long as he is an executive director of our Company, he will not seek appointment as a director of any companies within the Thai Wah Group nor will he be involved in the day to day operations of the Thai Wah Group after the business rehabilitation of Thai Wah Public is completed.

Mr Chia Chee Ming Timothy

Mr Chia Chee Ming Timothy, our Independent Director, is also an independent director of Fraser and Neave, Limited (''F&N''), a company listed on the SGX-ST. The F&N group has diversified businesses in the food and beverage, property and printing and publishing industries. With regard to its property business, the F&N group, among others, develops residential properties and owns and manages serviced residences globally, including in countries such as the United Kingdom, New Zealand, Thailand, Australia and the PRC. The F&N group also owns a boutique resort in Phetchaburi, Thailand. Mr Chia Chee Ming Timothy is not involved in the management of the F&N group. In the event that we and the F&N group propose to bid for land upon which to develop any resorts or hotels or residences, Mr Chia will not participate in any discussions of our Board of Directors and shall abstain from voting on any such proposals at any meeting of our Board of Directors.

Mrs Elizabeth Sam

Mrs Elizabeth Sam, our Independent Director, is also an independent director of Kasikorn Public Company Limited (''Kasikorn Bank''), a commercial bank in Thailand and listed on the Stock Exchange of Thailand. Kasikorn Bank is one of our lenders in Thailand. See ''Description of Material Indebtedness'' for more details on our borrowings from Kasikorn Bank. Mrs Elizabeth Sam is not involved in the management of Kasikorn Bank. In the event we propose to enter into loan transactions with Kasikorn Bank, Mrs Elizabeth Sam will not participate in any discussions of our Board of Directors and shall abstain from voting on any such proposals at any meeting of our Board of Directors.

Mr Dilhan Pillay Sandrasegara

Mr Dilhan Pillay Sandrasegara, our Independent Director, is one of three trustees of the Dynasty Trust, which has an interest in the hotels and serviced residences owned and/or managed by the Dynasty Hotels Group in New Zealand. In his capacity as a trustee of the Dynasty Trust, his duty is to protect the value of the investments made by the Dynasty Trust. Mr Pillay has no beneficial interest and is not involved in the management of the Dynasty Trust. He does not source for investments to be acquired by the Dynasty Trust (which is the duty of the board of directors of the Dynasty Trust). In the event that we and the Dynasty Trust propose to bid for land upon which to develop any resorts or hotels, Mr Pillay will not participate in any discussions of our Board of Directors and shall abstain from voting on any such proposals at any meeting of our Board of Directors.

SHARE CAPITAL OF OUR COMPANY

Our Company (Registration No. 200003108H) was incorporated in Singapore on 11 April 2000 under the Singapore Companies Act as a private limited company under the name of Banyan Tree Holdings Pte Ltd. We changed our name to Banyan Tree Holdings Limited on 17 May 2006 in connection with our conversion into a public company limited by shares. As at the Latest Practicable Date, our issued and paid-up ordinary share capital was S$30,096,359.80 comprising 300,963,598 ordinary shares and our issued and paid-up preference share capital was S$27,100,000 comprising 301,108 "A" Preference Shares, 216,559,114 "B" Preference Shares and 54,139,778 "B1" Preference Shares (collectively, the "Preference Shares").

Pursuant to written resolutions dated 1 March 2006, our shareholders approved, among other things, the following:

(a) the amendment of the Articles of Association of our Company pursuant to which the rights of the existing "A" Preference Shareholders and "B" Preference Shareholders were modified and the rights for "B1" Preference Shareholders were instituted; and

(b) the conversion of 54,139,778 "B" Preference Shares to 54,139,778 "B1" Preference Shares.

(See "Description of Our Shares — Ordinary Shares and Preference Shares" for more details.)

Pursuant to written resolutions dated 17 April 2006 and 28 April 2006 and at the annual general meeting and extraordinary general meeting of our Company held on 28 April 2006 and 22 May 2006 respectively, our shareholders approved, among other things, the following:

(a) the conversion of our Company to a public limited company and the change of name from "Banyan Tree Holdings Pte Ltd" to "Banyan Tree Holdings Limited";

(b) the adoption of a new set of Articles of Association;

(c) the sub-division of every one (1) ordinary share in the share capital of our Company into two (2) Shares;

(d) the allotment and issue of new Shares pursuant to the Management Share Grant (see "Management — Banyan Tree Share Based Incentives — Grant of Management Shares" for more details);

(e) the allotment and issue of new Shares to holders of the "B" Preference Shares pursuant to the redemption of the "B" Preference Shares by way of conversion into Shares;

(f) the allotment and issue of new Shares to TRMC pursuant to the acquisition of the Trademarks;

(g) the allotment and issue of the Issue Shares and any Additional Shares to be issued pursuant to the exercise of the Over-allotment Option, which are the subject of the Offering. The Issue Shares and any Additional Shares, when allotted, issued and fully paid-up, will rank pari passu in all respects with the existing Shares;

(h) that authority be given pursuant to Section 161 of the Singapore Companies Act to the Directors to allot and issue shares and/or convertible securities (where the maximum number of shares to be issued upon conversion is determinable at the time of the issue of such securities) in our Company (whether by way of rights, bonus, or otherwise) at any time and from time to time thereafter to such persons and on such terms and conditions for and such purposes as the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares and/or convertible securities to be issued shall not exceed 50.0 per cent. of the issued share capital of our Company, of which the aggregate number of shares and/or convertible securities to be issued other than on a pro rata basis to existing Shareholders shall not exceed 20.0 per cent. of the issued share capital of our Company (the percentage of issued share capital being based on the issued share capital at the time such authority is given after adjusting for new shares arising from the conversion of any convertible securities or employee share options in issue at the time such authority is given and any subsequent consolidation or subdivision of shares) and unless revoked or varied by our Company in general meeting and that such authority shall continue in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting of our Company is required by law to be held, whichever is the earlier;

(i) the adoption of the Banyan Tree Share Option Scheme, that authority be given to our Directors to allot and issue new Shares upon the exercise of options granted under the Banyan Tree Share Option Scheme and that authority be given to the Committee to grant Options at a discount up to a maximum of 20.0 per cent; and

(j) the adoption of the Banyan Tree Performance Share Plan.

At an extraordinary general meeting of our Company held on 2 May 2006, our independent shareholders, approved:-

(a) the adoption of the Founder's Grant to our Executive Chairman, Mr Ho KwonPing, pursuant to the approval of the employment agreement between our Company and Mr Ho; and

(b) the shareholders' mandate for interested person transactions.

On 22 May 2006, we converted 216,559,114 "B" Preference Shares into 22,848,000 Shares and as at the date of this Prospectus, there are three classes of shares in the capital of our Company, being ordinary shares, "A" Preference Shares and "B1" Preference Shares. The rights and privileges attached to our Shares, the "A" Preference Shares and "B1" Preference Shares are stated in our Articles of Association. A summary of the material provisions of our Articles of Association is set out in "Description of Our Shares" in this Prospectus.

Save for the Issue Shares, the Additional Shares, the Management Shares and new Shares (if any) to be issued pursuant to the redemption of "A" Preference Shares and "B1" Preference Shares, the Founder's Grant, the exercise of the Options under the Share Option Scheme and the grant of Awards under the Banyan Tree Performance Share Plan, there are no founder, management, deferred or unissued Shares reserved for issuance for any purpose.

As at the date of this Prospectus, the total issued and paid-up capital of our Company is S$105,196,359.80 comprising 640,327,196 Shares, 301,108 "A" Preference Shares and 54,139,778 "B1" Preference Shares. Upon the issue of the Management Shares and the Issue Shares after the completion of the Offering (assuming the Over-allotment Options are not exercised), the issued and paid-up share capital of our Company will increase to S$214,152,922.21 comprising 750,155,759 Shares, 301,108 "A" Preference Shares and 54,139,778 "B1" Preference Shares.

Details of the changes in our issued and paid-up capital in the three years prior to the Latest Practicable Date and up to the date of this Prospectus and the resultant issued and paid-up share capital immediately after the Offering (assuming that the Over-allotment Options are not exercised) are as follows:

Date	Purpose of issue	Issue price per share	Number of ordinary shares (unless otherwise stated)	Resultant issued share capital
		S$		S$
1 October 2003	Issue of "A" Preference Shares as capitalisation of debt	0.10	301,108 "A" Preference Shares	30,126,470.60
	Issue of "B" Preference Shares as capitalisation of debt	0.10	270,698,892 "B" Preference Shares	57,196,359.80
1 March 2006	Conversion of 54,139,780 "B" Preference Shares to "B1" Preference Shares	—	54,139,788 "B1" Preference Shares	57,196,359.80
28 April 2006	Sub-division of one (1) ordinary share into two (2) Shares	—	601,927,196	57,196,359.80
22 May 2006	Issue of new Shares to TRMC as part consideration for the acquisition of the Trademarks	1.25	15,552,000	76,636,359.80
22 May 2006	Conversion of 216,559,114 "B" Preference Shares into Shares	1.25	22,848,000	105,196,359.80
	Issue of Management Shares	—	8,000,000	105,196,359.80
	New Shares to be issued pursuant to the Offering(1)	1.07	101,828,563	214,152,922.21
	Issued and paid up share capital after the Offering (assuming that the Over-allotment Options are not exercised)	—	750,155,759	214,152,922.21

Note:

(1) Assuming that the 101,828,563 new Shares are issued at the Maximum Offering Price of S$1.07 each.

INTERESTS IN SHARES

The interest in Shares of our shareholders (the ''Shareholders''), both direct and deemed immediately before the Offering (as at the date of this Prospectus) and immediately after the Offering are set forth in the tables below:

	Number of Shares (as at the date of this Prospectus)			
	Direct Interest		Deemed Interest	
Shareholder	No. of our Shares,	%	No. of our Shares,	%
Tropical Resorts Limited(1)	12,921,626	2.02	5,049,408(13)	0.8
TRL Investments Ltd.(2)	270,460,582	42.24	—	—
PAMA Group Inc. (as Manager and on behalf of DIF Investment Trust)	61,531,884	9.61	—	—
Gesico International S.A.(3)	7,047,698	1.10	—	—
JAIC-1 Investment Fund(4)	2,697,660	0.42	—	—
JAIC-2(A) Investment Fund(4)	1,692,626	0.26	—	—
JAIC-2(B) Investment Fund(4)	1,692,626	0.26	—	—
JAIC-2(C) Investment Fund(4)	1,692,626	0.26	—	—
JAIC P-1A Investment Fund(4)	25,439,362	3.97	—	—
JAIC P-2(A) Investment Fund(4)	12,719,680	1.99	—	—
JAIC P-2(B) Investment Fund(4)	12,719,682	1.99	—	—
Ho KwonPing(5)	23,927,750	3.74	270,460,582(2)	42.24
	—	—	2,313,700(2),(10)	0.36
	—	—	7,493,486(9)	1.17
	—	—	1,188,096(12)	0.19
	—	—	251,328(14)	0.04
			15,552,000(16)	2.43
Ho KwonCjan(6)	18,979,078	2.96	270,460,582(2)	42.24
	—	—	2,313,700(2),(10)	0.36
	—	—	1,188,096(12)	0.19
	—	—	251,328(14)	0.04
			15,552,000(16)	2.43
Wah-Chang Offshore (Hong Kong) Company Limited.(7)	41,396,466	6.46	—	—
Freesia Investments Ltd(8)	20,540,698	3.21	—	—
Recourse Investments Ltd.(9)	7,493,486	1.17	—	—
Changfung Investments Ltd.(2),(10)	2,313,700	0.36	—	—
Kilby Associates Limited(11)	81,138,174	12.67	12,921,626(1)	2.02
			5,049,408(1),(13)	0.79
Chang Fung Company Limited(12)	1,188,096	0.19	—	—
Gold Sand Investments Ltd.(13)	5,049,408	0.79	—	—
Maypole Ltd.(14)	251,328	0.04	—	—
Li-Ho Holdings (Private) Limited(15)	11,880,960	1.86	—	—
Tropical Resorts Management Co Ltd.(16)	15,552,000	2.43	—	—
Ariel P Vera	—	—	—	—
Yeow Yew Keong	—	—	—	—
Surapon Supratya	—	—	—	—
Chia Chee Ming Timothy	—	—	—	—
Elizabeth Sam	—	—	—	—
Dilhan Pillay Sandrasegara	—	—	—	—
Chiang See Ngoh Claire(17)	—	—	270,460,582(2)	42.24
			7,493,486(9)	1.17
			2,313,700(2),(10)	0.36
Public (including Reserved Shares)	—	—	—	—
Total	640,327,196	100.00	—	—

Notes:

1. TRL is an investment holding company incorporated on 19 October 1990 in Hong Kong. As at the Latest Practicable Date, the issued share capital of TRL is held by the following:
   (a) Chang Fung Company Limited — 11.6 per cent.;
   (b) Thai Wah Public Company Limited — 19.8 per cent.;
   (c) TWR-Holdings Limited — 9.9 per cent. and Laguna Banyan Tree Limited — 9.9 per cent;
   (d) JAIC P-1A Investment Fund — 9.4 per cent.;
   (e) JAIC P-2(A) Investment Fund — 4.7 per cent.;
   (f) JAIC P-2(B) Investment Fund — 4.7 per cent.; and
   (g) Kilby Associates Limited — 30.0 per cent.

   Accordingly, Kilby is deemed to be interested in all our Shares held by TRL.

2. TRLI is an investment holding company incorporated on 4 April 2000 in the British Virgin Islands. As at the Latest Practicable Date, the issued share capital of TRLI is beneficially owned by the following:
   (a) Gold Sand Investments Ltd. — 19.8 per cent.;
   (b) TWR-Holdings Limited — 19.8 per cent.;
   (c) Chang Fung Company Limited — 11.6 per cent.; and
   (d) Changfung Investments Ltd. — 48.8 per cent.

   Ho KwonPing, his brother Ho KwonCjan, and his spouse Claire Chiang are deemed to be interested in the Shares held by TRLI by virtue of their beneficial interests in Changfung Investments Ltd.

3. Gesico is an investment holding company incorporated on 18 November 1963 in Panama. As at the Latest Practicable Date, the entire issued share capital of Gesico is beneficially owned by HSBC Guyerzeller Bank AG, Zurich.

4. Being an investment partnership under the Civil Code of Japan, with Japan Asia Investment Co., Ltd as investment manager.

5. Ho KwonPing is the brother of Ho KwonCjan and the son of Ho Lien Fung. Ho KwonPing is deemed to be interested in:
   (a) all our Shares held by TRLI, by virtue of his beneficial interest of 80.0 per cent. in Changfung Investments Ltd.;
   (b) all our Shares held by Changfung Investments Ltd., by virtue of his beneficial interest of 80.0 per cent. in Changfung Investments Ltd.; and
   (c) all our Shares held by Recourse Investments Ltd., by virtue of his 50.0 per cent. interest in Recourse Investments Ltd.

6. Ho KwonCjan is the brother of Ho KwonPing and the son of Ho Lien Fung. Ho KwonCjan is deemed to be interested in:
   (a) all our Shares held by TRLI, by virtue of his 20.0 per cent. interest in Changfung Investments Ltd.; and
   (b) all our Shares held by Changfung Investments Ltd., by virtue of his 20.0 per cent. interest in Changfung Investments Ltd.

7. WOFF(HK) is incorporated on 3 December 1985 in Hong Kong. As at the Latest Practicable Date, the issued share capital of WOFF(HK) is beneficially held by the following:
   (a) Ho KwonPing — 11.7 per cent.
   (b) Ho Lien Fung (the mother of Ho KwonPing) — 24.5 per cent.;
   (c) Ho KwonCjan — 11.7 per cent.; and
   (d) unrelated third parties — 52.1 per cent.

8. Freesia Investments Ltd is an investment holding company incorporated on 13 January 1998 in the British Virgin Islands. As at the Latest Practicable Date, the issued share capital of Freesia Investments Ltd is beneficially owned by the following:
   (a) Ho KwonPing — 1.0 per cent.;
   (b) Ho KwonCjan — 1.0 per cent.; and
   (c) Ho MinFong (the sister of Ho KwonPing) — 98.0 per cent.

9. Recourse Investments Ltd. is an investment holding company incorporated on 25 May 1999 in the British Virgin Islands. 1,493,486 of our Shares are held directly by Ho KwonPing for the benefit of Recourse Investments Ltd. As at the Latest Practicable Date, the issued share capital of Recourse Investments Ltd. is owned by the following:
   (a) Ho KwonPing — 50.0 per cent.; and
   (b) Claire Chiang — 50.0 per cent.

   Accordingly, Ho KwonPing and Claire Chiang are deemed to be interested in all our Shares held by Recourse Investments Ltd.

10. Changfung Investments Ltd. is an investment holding company incorporated on 30 September 1992 in the British Virgin Islands. As at the Latest Practicable Date, the issued share capital of Changfung Investments Ltd. is beneficially owned by the following:
    (a) Ho KwonPing and Claire Chiang — 80.0 per cent.; and
    (b) Ho KwonCjan — 20.0 per cent.

    Accordingly, each of Ho KwonPing, Ho KwonCjan and Claire Chiang are deemed to be interested in all our Shares held by Changfung Investments Ltd.

11. Kilby is a wholly-owned subsidiary of NATSTEEL Ltd. Kilby is deemed to be interested in:
    (a) all our Shares held by TRL, by virtue of its 30.0 per cent. interest in TRL; and
    (b) all our Shares held by Gold Sand Investments Ltd., by virtue of its 30.0 per cent. interest in TRL.

12. As at the Latest Practicable Date, the issued share capital of Chang Fung Company Limited is wholly owned by our Executive Chairman, Mr Ho KwonPing and his immediate family members as follows:
    (a) Ho KwonPing — 25.7 per cent.
    (b) Ho KwonCjan (the brother of Ho KwonPing) — 22.9 per cent.
    (c) Ho Lien Fung (the mother of Ho KwonPing) — 31.3 per cent.
    (d) Ho MinFong (the sister of Ho KwonPing) — 20.1 per cent.

    Accordingly Ho KwonPing and Ho KwonCjan are deemed interested in our Shares held by Chang Fung Company Limited.

13. Gold Sand Investments Ltd. is wholly-owned by Tropical Resorts Limited. Accordingly, Tropical Resorts Limited and Kilby (through its interest in Tropical Resorts Limited) are deemed interested in our Shares held by Gold Sand Investments Ltd.

14. As at the Latest Practicable Date, the issued share capital of Maypole Ltd. is owned by the following:
    (a) Ho KwonPing — 75.0 per cent.
    (b) Chang Fung Company Limited — 25.0 per cent.

    Accordingly, Ho KwonPing and Ho KwonCjan (through his interests in Chang Fung Company Limited) are deemed interested in our Shares held by Maypole Ltd.

15. As at the Latest Practicable Date, Li-Ho Holdings (Private) Limited is beneficially owned by the following:
    (a) Ho KwonPing — 16.0 per cent.
    (b) Ho KwonCjan — 16.0 per cent.
    (c) Ho Lien Fung — 52.0 per cent.
    (d) Ho MinFong — 16.0 per cent.

16. Tropical Resorts Management Co Ltd. is owned by the following:
    (a) Tropical Resorts Limited — 40.0 per cent.
    (b) Changfung Investments Ltd. — 60.0 per cent.

    According Ho KwonPing and Ho KwonCjan (through his interests in Changfung Investments Ltd.) are deemed interested in our Shares held by Tropical Resorts Management Co Ltd.

17. As mentioned in Notes (2), (9) and 10, Claire Chiang is deemed to be interested in our Shares held by the following companies:
    (a) TRLI
    (b) Recourse Investments Ltd.
    (c) Changfung Investments Ltd.

	Number of Shares (immediately after the Offering)[1] (assuming the Over-allotment Options are not exercised)			
	Direct Interest		Deemed Interest	
Shareholder	**No. of our Shares,**	**%**	**No. of our Shares,**	**%**
Tropical Resorts Limited	560,521	0.07	—	—
TRL Investments Ltd.	270,460,582	36.05	—	—
PAMA Group Inc. (as Manager and on behalf of DIF Investment Trust)	3,966,757	0.53	—	—
Gesico International S.A.	7,047,698	0.94	—	—
JAIC-1 Investment Fund	173,909	0.02	—	—
JAIC-2(A) Investment Fund	109,118	0.01	—	—
JAIC-2(B) Investment Fund	109,118	0.01	—	—
JAIC-2(C) Investment Fund	109,118	0.01	—	—
JAIC P-1A Investment Fund	1,639,991	0.22	—	—
JAIC P-2(A) Investment Fund	819,996	0.11	—	—
JAIC P-2(B) Investment Fund	819,996	0.11	—	—
Ho KwonPing	1,526,341	0.20	270,460,582[2]	36.05
			149,157[2]	0.02
			6,096,280[2]	0.81
Ho KwonCjan	16,192,051	2.16	270,460,582[3]	36.05
			149,157[3]	0.02
Wah-Chang Offshore (Hong Kong) Company Limited.	31,670,226	4.22	—	—
Freesia Investments Ltd	10,679,524	1.42	—	—
Recourse Investments Ltd.	6,096,280	0.81	—	—
Changfung Investments Ltd.	149,157	0.02	—	—
Kilby Associates Limited	9,908,376	1.32	560,521[4]	0.07
Chang Fung Company Limited	—	—	—	—
Gold Sand Investments Ltd.	—	—	—	—
Maypole Ltd.	—	—	—	—
Li-Ho Holdings (Private) Limited	—	—	—	—
Tropical Resorts Management Co Ltd.	—	—	—	—
Ariel P Vera[5]	489,200	0.06	—	—
Yeow Yew Keong[5]	285,000	0.04	—	—
Surapon Supratya[5]	225,000	0.03	—	—
Chia Chee Ming Timothy	—	—	—	—
Elizabeth Sam	—	—	—	—
Dilhan Pillay Sandrasegara	—	—	—	—

Shareholder	Number of Shares (immediately after the Offering)[1] (assuming the Over-allotment Options are not exercised)			
	Direct Interest		Deemed Interest	
	No. of our Shares,	%	No. of our Shares,	%
Chiang See Ngoh Claire	—	—	270,460,582[6]	36.05
			6,096,280[6]	0.81
			149,157[6]	0.02
Executive Officers (excluding Ho KwonCjan and Chiang See Ngoh Claire)[7]	1,515,000	0.20	—	—
Public (including the Management Shares[8] and the Reserved Shares)	385,602,800	51.40	—	—
Total	750,155,759	100.0	—	—

Notes:

(1) Assuming that the Over-allotment Options are not exercised and does not include any Offering Shares that our Shareholders may purchase in the Offering.

(2) Ho KwonPing is deemed interested in the Shares held by TRLI, Changfung Investments Ltd. and Recourse Investments Ltd.

(3) Ho KwonCjan is deemed interested in the Shares held by TRLI and Changfung Investments Ltd.

(4) Kilby is deemed interested in the Shares held by TRL.

(5) Includes the issue of Management Shares but does not include any Reserved Shares.

(6) Claire Chiang is deemed interested in the Shares held by TRLI, Recourse Investments Ltd. and Changfung Investments Ltd.

(7) Apart from Mr Ho KwonCjan and Ms Claire Chiang See Ngoh, our other Executive Officers are Bernold Olaf Schroeder, Emilio Llamas Carreras, Eddy See Hock Lye, Shankar Chandran, Michael Ramon Ayling, Dharmali Kusumadi, Foong Poh Mun, Susan Lo Hung and Joyce Khoo Phaik Lian. In conjunction with the Offering, we have issued Shares to our Executive Officers at no consideration in recognition of their contribution towards the growth of our Group and the Offering. See "Management — Banyan Tree Share Based Incentives — Grant of Management Shares" for more details.

(8) After the close of the Offering, we will issue Management Shares at no consideration to certain of our employees and persons who are employees of the resorts, spas and business units managed by our Group (but not necessarily employed by our Group) in recognition of their contribution towards the growth of our Group and/or the Offering. See "Management — Banyan Tree Share Based Incentives — Grant of Management Shares" for more details.

Name	Percentage of Issued Share Capital (assuming the Over-allotment Options are not exercised)[1]		Percentage of Issued Share Capital (assuming the Over-allotment Options are fully exercised)[1]	
	Direct Interest	Deemed Interest	Direct Interest	Deemed Interest
Tropical Resorts Limited	0.07	—	—	—
TRL Investments Ltd.	36.05	—	34.21	—
PAMA Group Inc. (as Manager and on behalf of DIF Investment Trust)	0.53	—	—	—
Gesico International S.A.	0.94	—	0.89	—
JAIC-1 Investment Fund	0.02	—	—	—
JAIC-2(A) Investment Fund	0.01	—	—	—
JAIC-2(B) Investment Fund	0.01	—	—	—
JAIC-2(C) Investment Fund	0.01	—	—	—
JAIC P-1A Investment Fund	0.22	—	—	—
JAIC P-2(A) Investment Fund	0.11	—	—	—
JAIC P-2(B) Investment Fund	0.11	—	—	—
Ho KwonPing	0.20	36.88[2]	—	34.97[2]
Ho KwonCjan	2.16	36.07[3]	2.02	34.21[3]
Wah-Chang Offshore (Hong Kong) Company Limited.	4.22	—	3.92	—
Freesia Investments Ltd	1.42	—	1.26	—
Recourse Investments Ltd.	0.81	—	0.76	—
Changfung Investments Ltd.	0.02	—	—	—
Kilby Associates Limited	1.32	0.07[4]	0.63	—
Chang Fung Company Limited	—	—	—	—
Gold Sand Investments Ltd.	—	—	—	—
Maypole Ltd.	—	—	—	—
Li-Ho Holdings (Private) Limited	—	—	—	—
Tropical Resorts Management Co Ltd.	—	—	—	—

Name	Percentage of Issued Share Capital (assuming the Over-allotment Options are not exercised)[1]		Percentage of Issued Share Capital (assuming the Over-allotment Options are fully exercised)[1]	
	Direct Interest	Deemed Interest	Direct Interest	Deemed Interest
Ariel P Vera[5]	0.06	—	0.06	—
Yeow Yew Keong[5]	0.04	—	0.04	—
Surapon Supratya[5]	0.03	—	0.03	—
Chia Chee Ming Timothy	—	—	—	—
Elizabeth Sam	—	—	—	—
Dilhan Pillay Sandrasegara	—	—	—	—
Chiang See Ngoh Claire	—	36.88[6]	—	34.97[6]
Executive Officers (excluding Ho KwonCjan and Chiang See Ngoh Claire)[7]	0.20	—	0.19	—
Public (including the Management Shares[8] and the Reserved Shares)	51.40	—	55.98	—

Notes:

(1) Does not include any Offering Shares that our Shareholders may purchase in the Offering.

(2) Ho KwonPing is deemed interested in the Shares held by TRLI, Changfung Investments Ltd. and Recourse Investments Ltd.

(3) Ho KwonCjan is deemed interested in the Shares held by TRLI and Changfung Investments Ltd.

(4) Kilby is deemed interested in the Shares held by TRL.

(5) Includes the issue of Management Shares but does not include any Reserved Shares.

(6) Claire Chiang is deemed interested in the Shares held by TRLI, Recourse Investments Ltd. and Changfung Investments Ltd.

(7) Apart from Ho KwonCjan and Claire Chiang See Ngoh, our other Executive Officers are Bernold Olaf Schroeder, Emilio Llamas Carreras, Eddy See Hock Lye, Shankar Chandran, Michael Ramon Ayling, Dharmali Kusumadi, Foong Poh Mun, Susan Lo Hung and Joyce Khoo Phaik Lian. In conjunction with the Offering, we have issued Shares to our Executive Officers at no consideration in recognition of their contribution towards the growth of our Group and the Offering. See "Management — Banyan Tree Share Based Incentives — Grant of Management Shares" for more details.

(8) After the close of the Offering, we will issue Management Shares at no consideration to certain of our employees and persons who are employees of the resorts, spas and business units managed by our Group (but not necessarily employed by our Group) in recognition of their contribution towards the growth of our Group and/or the Offering. See "Management — Banyan Tree Share Based Incentives — Grant of Management Shares" for more details.

Shares held by our substantial Shareholders do not carry different voting rights from the Offering Shares.

Significant Changes in Percentage of Ownership

The significant changes in the percentage of ownership of our Company directly held by the substantial Shareholders in the three years prior to the Latest Practicable Date and up to the date of this Prospectus are as follows:

Company	As at 25 April 2003	As at 24 November 2003[1]		As at the date of this Prospectus after the Share Split, the redemption of "B" Preference Shares by way of conversion into Shares and the issue of new Shares pursuant to the acquisition of the Trademarks	
	Number of Shares	Number of Shares	%	Number of Shares	%
TRL Investments Ltd.	—	135,230,291	44.9	270,460,582	42.2
Kilby Associates Limited	—	40,569,087	13.5	81,138,174	12.7

Note:

(1) Pursuant to a master restructuring exercise agreement dated 12 November 2003, certain of our direct and indirect Shareholders restructured their shareholdings in our Company. As a result, TRL Investments Ltd. acquired 135,230,291 ordinary shares and Kilby Associates Limited acquired 40,569,087 ordinary shares for nominal considerations.

VENDORS

Details of the existing Shareholders who will be selling Vendor Shares in the Offering are set out below:

Name/Address	Material Relationship with our Company	Shares Offered		Before the Offering[1]		After the Offering[2]	
		Number of Shares	% of issued share capital as at the date of this Prospectus	Number of Shares	%	Number of Shares	%
Ho KwonPing . . . . 36 King Albert Park Singapore 598320	Executive Chairman/ Shareholder	22,401,409	3.50	23,927,750	3.74	1,526,341	0.20
Ho KwonCjan . . . . 7 Leedon Park Singapore 267884	Senior Vice President, Developments/Shareholder	2,787,027	0.44	18,979,078	2.96	16,192,051	2.16
Tropical Resorts Limited . . . . . . 22nd Floor, Man Hing Commercial Building, 79-83 Queen's Road Central, Hong Kong	Shareholder	12,361,105	1.93	12,921,626	2.02	560,521	0.07
JAIC-1 Investment Fund . . . . . . Akasaka Eight-one Bld., 2-13-5 Nagata-Cho, Chiyoda-ku, Tokyo, 100-8972, Japan	Shareholder	2,523,751	0.39	2,697,660	0.42	173,909	0.02
JAIC-2(A) Investment Fund . . . Akasaka Eight-one Bld., 2-13-5 Nagata-Cho, Chiyoda-ku, Tokyo, 100-8972, Japan	Shareholder	1,583,508	0.25	1,692,626	0.26	109,118	0.01
JAIC-2(B) Investment Fund . . . . Akasaka Eight-one Bld., 2-13-5 Nagata-Cho, Chiyoda-ku, Tokyo, 100-8972, Japan	Shareholder	1,583,508	0.25	1,692,626	0.26	109,118	0.01
JAIC-2(C) Investment Fund . . . . Akasaka Eight-one Bld., 2-13-5 Nagata-Cho, Chiyoda-ku, Tokyo, 100-8972, Japan	Shareholder	1,583,508	0.25	1,692,626	0.26	109,118	0.01
JAIC P-1A Investment Fund . . . Akasaka Eight-one Bld., 2-13-5 Nagata-Cho, Chiyoda-ku, Tokyo, 100-8972, Japan	Shareholder	23,799,371	3.72	25,439,362	3.97	1,639,991	0.22
JAIC P-2(A) Investment Fund . . Akasaka Eight-one Bld., 2-13-5 Nagata-Cho, Chiyoda-ku, Tokyo, 100-8972, Japan	Shareholder	11,899,684	1.86	12,719,680	1.99	819,996	0.11
JAIC P-2(B) Investment Fund . . Akasaka Eight-one Bld., 2-13-5 Nagata-Cho, Chiyoda-ku, Tokyo, 100-8972, Japan	Shareholder	11,899,686	1.86	12,719,682	1.99	819,996	0.11
Kilby Associates Limited . . . . . P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Shareholder	71,229,798	11.12	81,138,174	12.67	9,908,376	1.32
Wah-Chang Offshore (Hong Kong) Company Limited. . . . 22nd Floor, Man Hing Commercial Building, 79-83 Queen's Road Central, Hong Kong	Shareholder	9,726,240	1.52	41,396,466	6.46	31,670,226	4.22

Name/Address	Material Relationship with our Company	Shares Offered: Number of Shares	Shares Offered: % of issued share capital as at the date of this Prospectus	Before the Offering[(1)]: Number of Shares	Before the Offering[(1)]: %	After the Offering[(2)]: Number of Shares	After the Offering[(2)]: %
Freesia Investments Ltd .... Tropic Isle Building, P.O. Box 438, Road Town, Tortola, British Virgin Islands	Shareholder	9,861,174	1.54	20,540,698	3.21	10,679,524	1.42
Recourse Investments Ltd. .... Tropic Isle Building, P.O. Box 438, Road Town, Tortola, British Virgin Islands	Shareholder	1,397,206	0.22	7,493,486	1.17	6,096,280	0.81
Chang Fung Company Limited 22nd Floor, Man Hing Commercial Building, 79-83 Queen's Road Central, Hong Kong	Shareholder	1,188,096	0.19	1,188,096	0.19	—	—
Changfung Investments Ltd. .... Tropic Isle Building, P.O. Box 438, Road Town, Tortola, British Virgin Islands	Shareholder	2,164,543	0.34	2,313,700	0.36	149,157	0.02
Tropical Resorts Management Co Ltd. .... Tropic Isle Building, P.O. Box 438, Road Town, Tortola, British Virgin Islands	Shareholder	15,552,000	2.43	15,552,000	2.43	—	—
Gold Sand Investments Ltd. .... Tropic Isle Building, P.O. Box 438, Road Town, Tortola, British Virgin Islands	Shareholder	5,049,408	0.79	5,049,408	0.79	—	—
Maypole Ltd. .... Tropic Isle Building, P.O. Box 438, Road Town, Tortola, British Virgin Islands	Shareholder	251,328	0.04	251,328	0.04	—	—
Li-Ho Holdings (Private) Limited .... 211, Upper Bukit Timah Road, Singapore 588182	Shareholder	11,880,960	1.86	11,880,960	1.86	—	—
PAMA Group Inc. (as Manager and on behalf of DIF Investment Trust) ...... P.O. Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands	Shareholder	57,565,127	8.99	61,531,884	9.61	3,966,757	0.53
		278,288,437	43.46	362,818,916	56.66	84,530,479	11.27

Notes:

(1) Based on the pre-Offering issued share capital of 640,327,196 Shares as at the date of this Prospectus.

(2) Based on the post-Offering issued share capital of 750,155,759 Shares (after the issue of Management Shares) and assuming the Over-allotment Options are not exercised.

PREFERENCE SHARES

As at the date of this Prospectus, the Preference Shareholders are as follows:

Name of Shareholder	Number of "A" Preference Shares held	Number of "B" Preference Shares held	Number of "B1" Preference Shares held	Total Number of Preference Shares held	Percentage of Preference Shares held (%)
Gold Sand Investments Ltd.	66,666	—	11,986,667	12,053,333	22.14
Tropical Resorts Limited	55,555	—	9,988,889	10,044,444	18.45
Maypole Ltd.	3,333	—	599,333	602,666	1.11
Ho KwonPing	3,333	—	599,333	602,666	1.11
Chang Fung Company Limited	15,526	—	2,791,619	2,807,145	5.16
Li-Ho Holdings (Private) Limited	156,695	—	28,173,937	28,330,632	52.04
	301,108		54,139,778	54,440,886	100.00

MORATORIUM

Our Company and certain Shareholders have agreed with the Joint Global Co-ordinators on certain lock-up arrangements as discussed in ''Plan of Distribution — Restrictions on Disposals and Issues of Shares''.

CHANGE IN CONTROL OF THE COMPANY

To our knowledge, our Company will not be owned or controlled by any corporation (other than as described in ''Principal Shareholders'') immediately after the completion of the Offering. Other than as described in ''Principal Shareholders'', our Company is not owned or controlled by any government or other natural or legal person.

We are not currently aware of any arrangements, the operation of which may at a subsequent date result in a change of control of our Company.

Description of Our Shares

The following statements are brief summaries of the more important rights and privileges of shareholders conferred by the laws of Singapore and our Articles of Association. These statements summarise the material provisions of our Articles of Association but are qualified in their entirety by reference to our Articles of Association and the laws of Singapore. (See "General and Statutory Information — Documents Available for Inspection".)

The section below describes, among other things, the principal objects of our Company as set out in our Memorandum of Association, a summary of the main provisions in our Articles of Association which relate to the Directors' borrowing powers and remuneration, Directors' retirement and restrictions on voting powers of Directors in interested transactions. It also describes shareholders' voting rights, restrictions on the transferability of shareholdings and shareholders' rights to share in any surplus in the event of liquidation and provides certain information about our share capital.

ORDINARY SHARES AND PREFERENCE SHARES

Our Articles of Association provide that we may issue shares of a different class with preferential, deferred, qualified or other special rights, privileges or conditions as our Board of Directors may determine and may issue preference shares which are, or at our option are, subject to redemption, subject to certain limitations.

As at the date of this Prospectus, the total issued and paid-up capital of our Company is S$105,196,359.80 comprising 640,327,196 Shares, 301,108 "A" Preference Shares, and 54,139,778 "B1" Preference Shares. All of our shares are in registered form. We may, subject to the provisions of the Singapore Companies Act and the rules of the SGX-ST, purchase our own Shares. However, we may not, except in circumstances permitted by the Singapore Companies Act, grant any financial assistance for the acquisition or proposed acquisition of our ordinary shares.

REDEMPTION OF PREFERENCE SHARES

In this part, the following expressions shall have the following meanings:

"Listing" means the listing and quotation of Shares on the SGX-ST;

"Post-Offering Price" means the price of the Shares calculated on the basis of the average closing prices of the past 14 Trading Days of the Shares;

"Pre-Offering Price" means the indicative issue price for each Offering Share in connection with the Listing;

"Trading Day" means a day on which the Shares are being traded on the SGX-ST; and

"Valuation Price" means the price of each Share based on a mutually agreed valuation between the Company and the "A" Preference Shareholders or "B" Preference Shareholders or "B1" Preference Shareholders as the case may be, or otherwise on a valuation by an independent valuer to be mutually appointed by the Company and the "A" Preference Shareholders or "B" Preference Shareholders or "B1" Preference Shareholders as the case may be.

Redemption of "A" Preference Shares

Under the terms of issue of the "A" Preference Shares, the Company is bound to redeem the "A" Preference Shares on the date falling 3 years after the Listing Date (the "A" Mandatory Redemption Date) and the Company may elect to redeem the "A" Preference Shares as follows:

(a) to pay the "A" Preference Shareholders in cash the aggregate redemption amount for the "A" Preference Shares to be redeemed (the "A" Redemption Amount"), being the sum of the subscription price paid for each "A" Preference Share and a premium of S$10.00 for each "A" Preference Share (the "A" Cash Redemption"); or

(b) to allot and issue to the "A" Preference Shareholders in respect of the "A" Preference Shares to be redeemed, such number of new fully paid Shares to be determined as follows:

$$N = \frac{A}{B}$$

Where:

N = the number of Shares to be issued and allotted,

A = the aggregate "A" Redemption Amount in relation to the "A" Preference Shares held,

B = the Post-Offering Price.

The Company also has the option (the "A" Optional Redemption") to redeem all or any portion of the "A" Preference Shares at any time prior to the "A" Mandatory Redemption Date as follows:

(a) the "A" Cash Redemption; or

(b) to allot and issue to the "A" Preference Shareholders in respect of the "A" Preference Shares to be redeemed, such number of new fully paid Shares to be determined as follows:

$$N = \frac{A}{B}$$

Where:

N = the number of Ordinary Shares to be issued and allotted,

A = the aggregate "A" Redemption Amount in relation to the "A" Preference Shares held,

B = (I) the Offering Price, in the event the "A" Optional Redemption occurs on a date falling within 14 Trading Days from the Listing Date; or

(II) the Post-Offering Price, in the event the "A" Optional Redemption occurs on a date falling after 14 Trading Days from Listing Date.

Redemption of "B" Preference Shares

Under the terms of issue of the "B" Preference Shares, the Company is bound to redeem the "B" Preference Shares on the date falling 6 years after 1 October 2003 ("B" Mandatory Redemption Date") and the Company may elect to redeem the "B" Preference Shares as follows:

(a) to pay the "B" Preference Shareholders in cash the aggregate redemption amount (the "B" Redemption Amount") for the "B" Preference Shares to be redeemed, being the sum of the subscription price paid for each "B" Preference Share and any unpaid fixed cumulative preference dividend on each "B" Preference Share (the "B" Cash Redemption"); or

(b) to allot and issue to the "B" Preference Shareholder in respect of the "B" Preference Shares to be redeemed, such number of new fully paid ordinary shares in the Company to be determined as follows:

$$N = \frac{A}{B}$$

Where:

N = the number of Shares to be issued and allotted,

A = the aggregate "B" Redemption Amount in relation to the "B" Preference Shares held,

B = (I) the Offering Price, in the event the "B" Mandatory Redemption Date occurs on a date falling within 14 Trading Days from the Listing Date; or

(II) the Post-Offering Price, in the event the "B" Mandatory Redemption Date occurs on a date falling after 14 Trading Days from the Listing Date; or

(III) the Valuation Price, in the event that the Listing has not occurred.

The Company also has the option (the "B" Optional Redemption") to redeem all or any portion of the "B" Preference Shares at any time prior to the "B" Mandatory Redemption Date as follows:

(a) the "B" Cash Redemption;

(b) to allot and issue to the "B" Preference Shareholder in respect of the "B" Preference Shares to be redeemed, such number of new fully paid Shares to be determined as follows:

$$N = \frac{A}{B}$$

Where:

N = the number of Shares to be issued and allotted,

A = the aggregate "B" Redemption Amount in relation to the "B" Preference Shares held,

B = (I) the Offering Price, in the event the "B" Optional Redemption occurs on a date falling within 14 Trading Days from the Listing Date; or

(II) the Post-Offering Price, in the event the "B" Optional Redemption occurs on a date falling after 14 Trading Days from the Listing Date; or

(III) the Pre-Offering Price, in the event that the B" Optional Redemption occurs before the Listing Date; or

(IV) the Valuation Price, in the event that the Listing has not occurred and the Pre-Offering Price is unavailable.

Redemption of "B1" Preference Shares

Under the terms of issue of the "B1" Preference Shares, the Company is bound to redeem the "B1" Preference Shares on the date falling 6 years after 1 October 2003 ("B1" Mandatory Redemption Date) and the Company may elect to redeem the "B1" Preference Shares as follows:

(a) to pay the "B1" Preference Shareholders in cash the aggregate redemption amount for the "B1" Preference Shares (the "B1" Redemption Amount") to be redeemed, being the sum of the subscription price paid for each "B1" Preference Share and any unpaid fixed cumulative preference dividend on each "B1" Preference Share (the "B1" Cash Redemption"); or

(b) to allot and issue to the "B1" Preference Shareholder in respect of the "B1" Preference Shares to be redeemed, such number of new fully paid Shares to be determined as follows:

$$N = \frac{A}{B}$$

Where:

N = the number of Shares to be issued and allotted,

A = the aggregate "B1" Redemption Amount in relation to the "B1" Preference Shares held,

B = (I) the Offering Price, in the event the "B1" Mandatory Redemption Date occurs on a date falling within 14 Trading Days from the Listing Date; or

(II) the Post-Offering Price, in the event the "B1" Mandatory Redemption Date occurs on a date falling after 14 Trading Days from the Listing Date; or

(III) the Valuation Price, in the event that the Listing has not occurred.

Where all the "B" Preference Shares have been redeemed prior to "B" Mandatory Redemption Date based on the Pre-Offering Price ("Redeemed "B" Preference Shares"), the Company has the option to redeem all and not some only of the "B1" Preference Shares ("Redeemed "B1" Preference Shares") as follows:

(a) if the Company elects to redeem the "B1" Preference Shares in cash, an amount as determined by the following formula:

$$R = (P + Q) + (0.018 \times M) - (0.98 \times M \times \text{IPO Price})$$

Where:

R = the amount to be paid by the Company, provided that it shall not exceed the aggregate subscription price of the "B1" Preference Shares to be redeemed (the "Adjustment "B1" Amount"),

P = The "B" Redemption Amount,

Q = the "B1" Redemption Amount,

M = the number of Shares issued and allotted pursuant to the "B" Optional Redemption based on the Pre-Offering Price, or

(b) if the Company elects to redeem the Redeemed "B1" Preference Shares in Shares, the Company shall issue and allot to the "B1" Preference Shareholder (or such person as he may designate) such number of Shares credited as fully paid, to be determined as follows:

$$V = \frac{R}{\text{Offering Price}}$$

Where:

V = the number of Shares to be issued,

R = the Adjustment ''B1'' Amount.

Unless earlier redeemed above, the Company also has the option ("B1" Optional Redemption") to redeem all or any portion of the "B1" Preference Shares at any time prior to the "B1" Mandatory Redemption Date as follows:

(a) the "B1" Cash Redemption;

(b) to allot and issue to the "B1" Preference Shareholder in respect of the "B1" Preference Shares to be redeemed, such number of new fully paid Shares to be determined as follows:

$$N = \frac{A}{B}$$

Where:

N = the number of Shares to be issued and allotted,

A = the aggregate "B1" Redemption Amount in relation to the "B1" Preference Shares held,

B = (I) the Offering Price, in the event the "B1" Optional Redemption occurs on a date falling within 14 Trading Days from the Listing Date; or

(II) the Post-Offering Price, in the event the "B1" Optional Redemption Date occurs on a date falling after 14 Trading Days from the Listing Date; or

(III) the Pre-Offering Price, in the event that the "B1" Optional Redemption occurs before the Listing Date; or

(IV) the Valuation Price, in the event that the Listing does not occur and the Pre-Offering Price is unavailable.

The fixed cumulative dividend payable on each "B" Preference Share and "B1" Preference Shares is (a) S$0.016 payable on 31 December 2003 and (b) an amount equal to eight per cent. per annum of the subscription price for each "B" Preference Share and "B1" Preference which is payable for the period after 31 December 2003 up (but excluding) the respective date of redemption of the "B" Preference Shares and "B1" Preference Shares. As at the Latest Practicable Date, this dividend remains unpaid.

NEW SHARES

New ordinary shares may only be issued with the prior approval in a general meeting of our ordinary shareholders. Our Shareholders have given our Board of Directors authority to allot and issue shares and/or convertible securities in our Company. Where the maximum number of shares to be issued upon conversion is determinable at the time of the issue of such securities (whether by way of rights, bonus or otherwise) at any time and from time to time thereafter to such persons and on such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares and/or convertible securities to be issued shall not exceed 50.0 per cent. of the issued share capital of our Company, of which the aggregate number of shares and/or convertible securities to be issued other than on a pro rata basis to existing Shareholders shall not exceed 20.0 per cent. of the issued share capital of our Company (the percentage of issued share capital being based on the issued share capital at the time such authority is given after adjusting for new shares arising from the conversion of any convertible securities or employee share options in issue at the time such authority is given and any subsequent consolidation or subdivision of shares). Unless revoked or varied by us in general meeting, such authority shall continue in force until the conclusion of the next Annual General

Meeting or the expiration of the period within which the next Annual General Meeting of our Company is required by law to be held, whichever is the earlier.

Subject to the foregoing, the provisions of the Singapore Companies Act and any special rights attached to any class of shares currently issued, our Board of Directors control the allotment and issue of all new ordinary shares and may impose such rights and restrictions as they think fit.

SHAREHOLDERS

Only persons who are registered in our register of shareholders and, in cases in which the person so registered is the CDP, the persons named as the depositors in the depository register maintained by the CDP for our shares, are recognised as shareholders.

For the purpose of determining the number of votes which a shareholder who is an account-holder directly with the CDP or a depository agent, or his proxy, may cast at any general meeting on a poll, the reference to shares held or represented shall, in relation to shares of that shareholder, be the number of shares entered against his name in the register maintained with the CDP 48 hours before the time of the relevant general meetings as supplied by the CDP to us.

We will not, except as required by law, recognise any equitable, contingent, future or partial interest in any share or other rights for any share other than the absolute right thereto of the registered holder of the share or of the person whose name is entered in the depository register for ordinary share.

We may close the register of shareholders for any time or times if we provide the Accounting and Corporate Regulatory Authority in Singapore with at least 14 days' notice and the SGX-ST with at least ten clear Market Days' notice. However, the register may not be closed for more than 30 days in aggregate in any calendar year. We would typically close the register to determine shareholders' entitlement to receive dividends and other distributions.

RIGHTS OF PREFERENCE SHAREHOLDERS

Generally, our preference shareholders have the same rights and interest as our ordinary shareholders, apart from voting rights, the right to dividends and the right to be paid out of the available distributable assets of the Company on a return of capital by, or on liquidation of the Company.

TRANSFER OF SHARES

Our Board of Directors may decline to register any transfer of shares which are not fully paid shares or shares on which we have a lien. Our Board of Directors may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. Shares may be transferred by a duly signed instrument of transfer in any form approved by any stock exchange on which we are listed. There is no restriction on the transfer of fully paid shares except where required by law or the listing rules or bye-laws of any stock exchange on which we are listed. A shareholder may transfer any shares held through the SGX-ST book entry settlement system by way of a book-entry transfer without the need for any instrument of transfer.

We will replace lost or destroyed certificates for shares if we are properly notified and if the applicant pays a fee which will not exceed S$2.00 and furnishes any evidence and indemnity that our Board of Directors may require.

VOTING RIGHTS OF SHAREHOLDERS

Except as otherwise provided in our Articles of Association, two or more shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Articles of Association:

- on a show of hands, every shareholder present in person or by proxy shall have one vote (provided that in the case of a shareholder who is represented by two proxies, only one of the two proxies as determined by that shareholder or, failing such determination, by the chairman of the meeting (or by a person authorised by the chairman) in his sole discretion shall be entitled to vote on a show of hands); and

- on a poll, every shareholder present in person or by proxy shall have one vote for each Share which he holds or represents.

A poll may be demanded in certain circumstances, including:

- by the chairman of the meeting;
- not less than five members having the right to vote at the meeting; or
- by any shareholder present in person or by proxy and representing not less than 10.0 per cent. of the total voting rights of all shareholders having the right to attend and vote at the meeting.

However, no poll may be demanded on a question of the choice of the chairman of the meeting or on a question of adjournment of the meeting. In the case of a tied vote, whether on a show of hands or a poll, the chairman of the meeting shall be entitled to a casting vote.

An ordinary shareholder is entitled to attend, speak and vote at any general meeting,

A preference shareholder is entitled to receive notices of general meetings which an ordinary shareholder is entitled to receive but is not entitled to attend or vote at any such general meeting except where the resolution to be passed varies the rights of the preference shareholder or the resolution to be passed is in relation to the winding-up of the Company. A preference shareholder is entitled to attend, speak and vote at a class meeting in respect of the class of preference shares held by the preference shareholder.

Shareholders may exercise their voting rights in person or by proxy. Proxies need not be a shareholder. A person who holds shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a shareholder if his name appears on the depository register maintained by the CDP 48 hours before the general meeting.

GENERAL MEETINGS OF SHAREHOLDERS

We are required to hold an annual general meeting every year. Our Board of Directors may convene an extraordinary general meeting whenever it thinks fit and must do so if shareholders representing not less than 10.0 per cent. of the total voting rights of all shareholders request in writing that such a meeting be held. In addition, two or more shareholders holding not less than 10.0 per cent. of our issued share capital may call a meeting. Unless otherwise required by law or by our Articles of Association, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75.0 per cent. of the votes cast at the meeting, is necessary for certain matters under Singapore law, such as the voluntary winding up of our Company, amendments to our Memorandum and Articles of Association, a change of our corporate name and a reduction in our share capital, share premium account or capital redemption reserve fund.

We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to the SGX-ST and every shareholder holding shares conferring the right to attend and vote at the meeting and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

LIMITATIONS ON RIGHTS TO HOLD OR VOTE SHARES

Singapore law and our Articles of Association do not impose any limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights attached to our Shares.

BONUS AND RIGHTS ISSUE

Our Board of Directors may, with the approval of our ordinary shareholders at a general meeting, capitalise any reserves or profits (including profit or monies carried and standing to any reserve or to the share premium account) and distribute the same as bonus shares credited as paid-up to the ordinary shareholders in proportion to their shareholdings. Our Board of Directors may also issue rights to take up additional ordinary shares to ordinary shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue.

TAKEOVERS

The Singapore Companies Act, the Securities and Futures Act and the Singapore Code on Takeovers and Mergers regulate the acquisition of ordinary shares of public companies and contain certain provisions that may delay, deter or prevent a future takeover or change in control of the Company. Any person acquiring an interest resulting in him — either on his own or together with parties acting in concert with him — carrying 30.0 per cent.

or more of our voting shares, or, if such person holds, either on his own or together with parties acting in concert with him, between 30.0 per cent. and 50.0 per cent. (both inclusive) of our voting shares, any acquisition by him (or parties acting in concert with him) of more than 1.0 per cent. of our voting shares in any six-month period, must extend a takeover offer for the remaining voting shares in accordance with the provisions of the Singapore Code on Takeovers and Mergers. These provisions may discourage or prevent certain types of transactions involving an actual or threatened change of control of our Company. Some of our shareholders may therefore be disadvantaged as a transaction of that kind might have allowed the sale of Shares at a price above the prevailing market price.

''Parties acting in concert'' comprise individuals or companies who, pursuant to an arrangement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Certain persons are presumed (unless the presumption is rebutted) to be acting in concert with each other. They are as follows:

- a company and its related and associated companies and companies whose associated companies include any of these companies;
- a company and its directors (including their close relatives, related trusts and companies controlled by any of the directors, their close relatives and related trusts);
- a company and its pension funds and employee share schemes;
- a person and any investment company, unit trust or other fund whose investment such person manages on a discretionary basis;
- a financial or other professional adviser and its clients in respect of shares held by the adviser and persons controlling, controlled by or under the same control as the adviser and all the funds managed by the adviser on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10.0 per cent. or more of the client's equity share capital;
- directors of a company (including their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for the company may be imminent;
- partners; and
- an individual and his close relatives, related trusts, any person who is accustomed to act in accordance with his instructions and companies controlled by the individual, his close relatives, his related trusts or any person who is accustomed to act in accordance with his instructions.

A mandatory offer for consideration other than cash must, subject to certain exceptions, be accompanied by a cash alternative at not less than the highest price paid by the offeror or parties acting in concert with the offeror within the six months preceding the acquisition of shares that triggered the mandatory offer obligation.

Under the Singapore Code on Takeovers and Mergers, where effective control of a company is acquired or consolidated by a person, or persons acting in concert, a general offer to all other shareholders is normally required. An offeror must treat all shareholders of the same class in an offeree company equally. A fundamental requirement is that shareholders in the company subject to the takeover offer must be given sufficient information, advice and time to consider and decide on the offer.

LIQUIDATION OR OTHER RETURN OF CAPITAL

If our Company liquidates or in the event of any other return of capital (save for the redemption of the ''A'' Preference Shares), the assets of the Company available for distribution among shareholders shall be applied in the following order:

- firstly, in paying to the holders of ''B'' Preference Shares and ''B1'' Preference Shares, pari passu as between themselves, an amount equivalent to any arrears and accruals of the dividend payable on such ''B'' Preference Shares and ''B1'' Preference Shares;
- secondly, in paying to the holders of ''A'' Preference Shares, ''B'' Preference Shares and ''B1'' Preference Shares, pari passu as between themselves, an amount which is pro rata to the aggregate subscription price of all the preference shares; and
- thirdly, in paying to the holders of ordinary shares in proportion to their shareholdings, the balance of such assets and profits.

INDEMNITY

As permitted by Singapore law, our Articles of Association provide that, subject to the Singapore Companies Act, we will indemnify our Board of Directors and officers against any liability incurred in defending any proceedings, whether civil or criminal, which relate to anything done or omitted to have been done as an officer, director or employee and in which judgment is given in his favour or if the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in which he is acquitted or in connection with any application for relief which is granted to him by the court.

We may not indemnify directors and officers against any liability which by law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to the Company.

SUBSTANTIAL SHAREHOLDINGS

The Singapore Companies Act and the Securities and Futures Act require our substantial shareholders to give notice to us and the SGX-ST respectively, including particulars of their interest and the circumstances by which they have acquired such interest, within two business days of their becoming our substantial shareholders and of any change in the percentage level of their interest. "Percentage level", in relation to a substantial shareholder, is the percentage figure ascertained by expressing the aggregate of the nominal amount of the voting shares in which the substantial shareholder has an interest (or interests) immediately before or (as the case may be) immediately after the relevant time as a percentage of the nominal amount of all the voting shares in our Company, and if it is not a whole number, rounding that figure down to the next whole number.

Under the Singapore Companies Act, a person has a substantial shareholding in our Company if he has an interest (or interests) in one or more of the voting shares in our Company and the nominal amount of that share (or the aggregate amount of the nominal amounts of those shares) is not less than 5.0 per cent. of the aggregate of the nominal amount of all voting shares in our Company.

MINORITY RIGHTS

The rights of minority shareholders of Singapore-incorporated companies are protected under Section 216 of the Singapore Companies Act, which gives the Singapore courts a general power to make any order, upon application by any shareholder of the Company, as they think fit to remedy any of the following situations:

- our affairs being conducted or the powers of our Board of Directors being exercised in a manner oppressive to, or in disregard of the interests of, one or more of our shareholders; or
- we take an action, or threaten to take an action, or the shareholders pass a resolution, or threaten to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of our shareholders, including the applicant.

Singapore courts have wide discretion as to the relief they may grant and that relief is in no way limited to the relief listed in the Singapore Companies Act. Without prejudice to the foregoing, Singapore courts may among other things:

- direct or prohibit any act or cancel or vary any transaction or resolution;
- regulate our affairs in the future;
- authorise civil proceedings to be brought in the name of, or on behalf of, the company by a person or persons and on such terms as the court may direct;
- provide for the purchase of a minority shareholder's shares by our other shareholders or by us and, in the case of a purchase of shares by us, a corresponding reduction of our share capital; or
- provide that our company be wound up.

MEMORANDUM OF ASSOCIATION AND REGISTRATION NUMBER

We are registered in Singapore with the Accounting and Corporate Regulatory Authority. Our company registration number is 200003108H. Our Memorandum of Association sets out the objects for which the Company was formed, including acting as a holding and investment company, and the powers of the Company.

SUMMARY OF OUR ARTICLES OF ASSOCIATION

1. Directors

(a) Ability of interested directors to vote

A Director shall not vote in respect of any contract, proposed contract or arrangement or any other proposal in which he has any personal material interest, and he shall not be counted in the quorum present at the meeting.

(b) Remuneration

Fees payable to non-executive Directors shall be a fixed sum (not being a commission on or a percentage of profits or turnover of the Company) as shall from time to time be determined by the Company in general meeting. Fees payable to Directors shall not be increased except at a general meeting convened by a notice specifying the intention to propose such increase.

Any Director who holds any executive office, or who serves on any committee of the Directors, or who performs services outside the ordinary duties of a Director, may be paid extra remuneration by way of salary, commission or otherwise, as the Directors may determine.

The remuneration of a Managing Director shall be fixed by the Directors and may be by way of salary or commission or participation in profits or by any or all of these modes but shall not be by a commission on or a percentage of turnover. The Directors shall have power to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits, to contribute to any scheme or fund or to pay premiums.

(c) Borrowing

Our Directors may exercise all the powers of our Company to raise or borrow money, to mortgage or charge its undertaking, property and uncalled capital, and to secure any debt, liability or obligation of our Company.

(d) Retirement Age Limit

There is no retirement age limit for Directors under our Articles of Association. Section 153(1) of the Singapore Companies Act however, provides that no person of or over the age of 70 years shall be appointed a director of a public company, unless he is appointed or re-appointed as a director of the Company or authorised to continue in office as a director of the Company by way of an ordinary resolution passed at an annual general meeting of the Company.

(e) Shareholding Qualification

There is no shareholding qualification for Directors in the Memorandum and Articles of Association of the Company.

2. Share rights and restrictions

Prior to the redemption of the Preference Shares, our Company has five classes of shares, namely, ordinary shares, "A" Preference Shares, "B" Preference Shares and "B1" Preference Shares. Generally, the rights and interest attached to the preference shares are the same as those of the ordinary shares, save for the voting rights and the right to the distribution of the Company's assets in the event of liquidation or return of capital.

Following the redemption of the Preference Shares, our Company will have one class of shares, namely, ordinary shares, which have identical rights in all respects and rank equally with one another.

Only persons who are registered in our register of shareholders and in cases in which the person so registered is the CDP, the persons named as the depositors in the depository register maintained by the CDP for the shares, are recognised as our shareholders.

(a) Dividends and distribution

We may, by ordinary resolution of our shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board of Directors. We must pay all dividends out of our profits; however, we may capitalise our share premium account and apply it to pay dividends, if such dividends are satisfied by the issue of shares to our shareholders.

Notwithstanding the above, holders of "B" Preference Shares and "B1" Preference Shares, ranking pari passu as between themselves, have the right in priority to any dividend or distribution in favour of holder of any other classes of shares in the Company. The fixed cumulative dividend payable on each "B" Preference Share and "B1" Preference Shares is (a) S$0.016 payable on 31 December 2003 and (b) an amount equal to eight per cent. per annum of the subscription price for each "B" Preference Share and "B1" Preference which is payable for the period after 31 December 2003 up (but excluding) the respective date of redemption of the "B" Preference Shares and "B1" Preference Shares (the "Preference Dividend"). The Preference Dividend is due from and immediately payable by our Company on each relevant payment date within the need for declaration by our Company or our Board. No dividend on any other classes shares in the capital of our Company shall be made unless our Company has sufficient distributable profits to pay the Preference Dividend.

Save as set out above, all dividends are paid pro-rata amongst our ordinary shareholders in proportion to the amount paid up on each shareholder's ordinary shares, unless the rights attaching to an issue of any ordinary share provide otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each shareholder at his registered address. Notwithstanding the foregoing, the payment by us to the CDP of any dividend payable to a shareholder whose name is entered in the depository register shall, to the extent of payment made to the CDP, discharge us from any liability to that shareholder in respect of that payment.

The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company. Any dividend unclaimed after a period of six (6) years after having been declared may be forfeited and shall revert to the Company but the Directors may thereafter at their discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. The Directors may retain any dividends or other moneys payable on or in respect of a share on which our Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

(b) Voting rights

An ordinary shareholder is entitled to attend, speak and vote at any general meeting.

A preference shareholder is entitled to receive notices of general meetings which an ordinary shareholder is entitled to receive but is not entitled to attend or vote at any such general meeting except where the resolution to be passed varies the rights of the preference shareholder or the resolution to be passed is in relation to the winding-up of the Company. A preference shareholder is entitled to attend, speak and vote at a class meeting in respect of the class of preference shares held by the preference shareholder.

Shareholders may exercise their voting rights in person or by proxy. Proxies need not be a shareholder. A person who holds shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a shareholder if his name appears on the depository register maintained by the CDP 48 hours before the general meeting.

Except as otherwise provided in our Articles of Association, two or more shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Articles of Association, on a show of hands, every shareholder present in person and by proxy shall have one vote, and on a poll, every shareholder present in person or by proxy shall have one vote for each ordinary share which he holds or represents. A poll may be demanded in certain circumstances, including by the Chairman of the meeting or by any shareholder present in person or by proxy and representing not less than 10.0 per cent. of the total voting rights of all shareholders having the right to attend and vote at the meeting or by any two shareholders present in person or by proxy and entitled to vote. In the case of a tie vote, whether on a show of hands or a poll, the Chairman of the meeting shall be entitled to a casting vote.

3. Change in capital

Changes in the capital structure of our Company (for example, an increase, consolidation, cancellation, sub-division or conversion of our share capital) require shareholders to pass an ordinary resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to each of our shareholders who have supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting. However, we are required to obtain our shareholders' approval by way of a special resolution for any reduction of our share capital, capital redemption reserve, fund or any share premium account or other undistributable reserve, subject to the conditions prescribed by law.

4. Variation of rights of existing shares or classes of shares

Subject to the Singapore Companies Act, whenever the share capital of our Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of our Articles of Association relating to general meetings of our Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third in nominal value of the issued shares of the class, and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, provided always that where the necessary majority for such a special resolution is not obtained at such general meeting, consent in writing if obtained from the holders of three-quarters in nominal value of the issued shares of the class concerned within two months of such general meeting shall be as valid and effectual as a special resolution carried at such general meeting. These provisions shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied or abrogated. The relevant Article does not impose more significant conditions than the Singapore Companies Act in this regard.

5. Limitations on foreign or non-resident shareholders

There are no limitations imposed by Singapore law or by our Articles of Association on the rights of our shareholders who are regarded as non-residents of Singapore, to hold or vote their shares.

SINGAPORE TAXATION

The following is a summary of certain Singapore income tax, estate duty, stamp duty and goods and services tax consequences of purchasing or disposing of our shares. This summary is based on current tax laws in Singapore and is not intended to be and does not constitute legal or tax advice. This summary also takes into account the relevant tax proposals as announced by the Prime Minister and Minister of Finance Mr Lee Hsien Loong in his Budget Statement of 17 February 2006.

While this summary is considered to be a correct interpretation of existing laws in force as at the Latest Practicable Date, no assurance can be given that the courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such law (which may be retrospective) will not occur. The summary is limited to a general description of certain tax consequences in Singapore with respect to ownership of our Shares by Singapore investors, and does not purport to be a comprehensive nor exhaustive description of all of the tax considerations that may be relevant in a decision to purchase our Shares. This summary does not take into account the effect of any applicable double tax treaty.

Prospective investors should consult their own tax advisers regarding Singapore income tax and other tax consequences of owning and disposing of our Shares. It is emphasised that neither we, our Directors nor any other persons involved in the Offering accepts the responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of our Shares.

Income tax

General

In general, Singapore resident taxpayers are subject to Singapore income tax on:

- income accruing in or derived from Singapore; and
- certain foreign income received in Singapore.

From a corporate resident taxpayer perspective, all foreign-sourced dividends, branch profits and services income received/remitted are tax exempt in Singapore provided that certain prescribed conditions are met, including the condition that the foreign-sourced dividends, branch profits and service income have been subject to tax in a jurisdiction with a headline (or highest published) rate of tax of at least 15.0 per cent., and on which tax has been imposed.

For individual tax residents of Singapore, all foreign-sourced income of individuals (except received through a partnership in Singapore) is exempt from Singapore tax.

A corporate taxpayer is generally regarded as tax resident in Singapore if the company's business is controlled and managed in Singapore (for example, if the board of directors meets and conducts the company's business in Singapore).

An individual is regarded as resident in Singapore in a year of assessment if, in the preceding calendar year, the individual is physically present in Singapore or exercises an employment in Singapore (other than as a director of a company) for 183 days or more, or if the individual resides in Singapore.

In general, non-Singapore resident corporate taxpayers are subject to Singapore income tax only on:

- income accruing in or derived from Singapore; and
- foreign income received in Singapore, where such income is effectively connected to any business operated in or from Singapore.

In general, non-Singapore resident individuals are subject to Singapore income tax only on income accruing in or derived from Singapore.

The corporate tax rate in Singapore is currently 20.0 per cent. after allowing for tax exemption on three-quarters of up to the first S$10,000 and up to one-half of the next S$90,000 of a company's chargeable income. The above tax exemption does not apply to Singapore dividends received by companies. The remaining chargeable income (after the tax exemption) is taxed at 20.0 per cent.

For a Singapore tax resident individual, the rate of tax will vary according to the individual's chargeable income but is subject to a maximum rate of 21.0 per cent. for the Year of Assessment 2006 (reducing to a maximum rate of 20.0 per cent. with effect from the Year of Assessment 2007).

Dividend distributions

Singapore currently operates on a "one-tier" corporate tax system, under which the tax collected from corporate profits is final and Singapore dividends are tax-exempt in the hands of the immediate shareholder, regardless of whether the shareholder is a corporate or individual shareholder or, whether the shareholder is a Singapore tax resident.

Gains on disposal of our ordinary shares

Singapore does not currently impose tax on capital gains. However, certain gains may be construed to be revenue in nature and subject to income tax where they are derived from activities which the IRAS regards as constituting a trade or business carried on in Singapore.

Profits arising from the disposal of our ordinary shares are not generally taxable in Singapore unless the seller is deemed to be dealing or trading in shares in Singapore, in which case, the gains on sale would be taxable as revenue profits.

Estate Duty

Singapore estate duty is imposed on the value of all immovable property situated in Singapore and on all movable property wherever situated, owned by individuals who are domiciled in Singapore, subject to specific exemption limits.

Individuals who are non-domiciled in Singapore will only be subject to Singapore estate duty on the value of immovable assets situated in Singapore. Our ordinary shares are considered to be movable property situated in Singapore as we are a company incorporated in Singapore.

Our ordinary shares held by an individual domiciled in Singapore are subject to Singapore estate duty upon the individual's death. Singapore estate duty is payable to the extent that the value of our ordinary shares aggregated with any other assets subject to Singapore estate duty exceeds S$600,000. Unless other exemptions apply to the other assets, for example, the special treatment of CPF balances and the separate exemption limit for residential properties, any excess beyond S$600,000 will be taxed at 5.0 per cent. on the first S$12,000,000 of the individual's Singapore net chargeable assets and thereafter at 10.0 per cent. Individuals should consult their own tax advisors regarding the Singapore estate duty consequences of their ownership of our ordinary shares.

Goods and Services Tax ("GST")

The sale of the shares by a GST-registered investor belonging in Singapore in the course or furtherance of any business carried on by that investor to another person belonging in Singapore is an exempt sale not subject to GST. Any GST (for example, GST on brokerage charges) incurred by the investor in respect of the shares sold by him is likely to be an additional cost to the investor.

Where the shares are sold by a GST-registered investor belonging in Singapore in the course or furtherance of any business carried on by that investor to a person belonging outside Singapore, the sale would be treated as a taxable supply subject to GST at zero rate. Consequently, any GST (for example GST on brokerage charges) incurred in respect of the shares sold by the investor should be available as a credit against the GST chargeable on the sale of any goods or supply of services made in the course or furtherance of that business. Any excess input tax should be claimable as a refund from the IRAS.

Services such as brokerage, handling and clearing services rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase or sale of the shares will be subject to GST at the current rate of 5.0 per cent. Such services contracted with and directly for the benefit of an investor belonging outside Singapore are subject to GST at zero rate.

Stamp Duty

There is no stamp duty payable on the subscription of our Shares.

Stamp duty is payable on every instrument of transfer of our Shares at the rate of S$2.00 for every S$1,000 or part thereof, computed on the consideration or market value of our Shares, whichever is the higher. The purchaser is liable for stamp duty, unless there is an agreement to the contrary.

No stamp duty is payable if no instrument of transfer is executed or the instrument of transfer is executed outside Singapore. However, stamp duty would be payable if the instrument of transfer which is executed outside Singapore is received in Singapore. Stamp duty is not applicable to electronic transfers of our Shares through the CDP.

UNITED STATES FEDERAL INCOME TAXATION

THE DISCUSSION OF US TAX MATTERS SET FORTH IN THIS PROSPECTUS WAS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THIS OFFERING AND WAS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY PROSPECTIVE INVESTOR, FOR THE PURPOSES OF AVOIDING TAX-RELATED PENALTIES UNDER US FEDERAL, STATE OR LOCAL TAX LAW. EACH PROSPECTIVE INVESTOR SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

The following is a summary of the material US federal income tax considerations of the acquisition, ownership and disposition of our Shares by a US Holder (as defined below). This summary deals only with initial purchasers of our Shares that are US Holders and that will hold our Shares as ''capital assets'' (generally, property held for investment) under the US Internal Revenue Code of 1986, as amended. The discussion does not cover all aspects of US federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of our Shares by particular investors, and does not address non-US, state or local tax considerations. In particular, this summary does not address all tax considerations applicable to investors that own (directly, indirectly or constructively) 10.0 per cent. or more of our voting stock, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the US federal income tax laws (such as financial institutions, insurance companies, regulated investment companies, investors liable for the alternative minimum tax, certain US expatriates, individual retirement accounts and other tax-deferred accounts, real estate investment trusts, partnerships or other pass-through entities for US federal income tax purposes, tax-exempt organisations, dealers in securities or currencies, securities traders that elect mark-to-market tax accounting, investors that will hold our Shares as part of constructive sales, straddles, hedging, integrated or conversion transactions for US federal income tax purposes or investors whose ''functional currency'' is not the US dollar). In addition, this discussion does not address the ''foreign personal holding company'' rules. The summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended (the ''Code''), its legislative history, existing and proposed Treasury regulations thereunder, published rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect.

As used herein, the term ''US Holder'' means a beneficial owner of our Shares that is (i) an individual who is a citizen or resident of the United States for US federal income tax purposes, (ii) a corporation, or other entity treated as a corporation for US federal income tax purposes, created or organised under the laws of the United States, any State thereof or the District of Columbia, (iii) an estate the income of which is subject to US federal income tax without regard to its source or (iv) a trust if it is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or if a valid election is in effect under applicable United States Treasury regulations to be treated as a United States person. If a partnership (or other entity treated as a partnership for US federal income tax purposes) holds our Shares, the US federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. A partner of a partnership holding our Shares should consult its tax advisors. ''Non-US Holder'' means a beneficial owner of our Shares that is not a US Holder.

THE SUMMARY OF US FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE INVESTORS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Dividends

Subject to the passive foreign investment company rules discussed below, distributions paid by us out of current or accumulated earnings and profits (as determined for US federal income tax purposes), will generally be taxable to a US Holder as foreign source ordinary dividend income, and will not be eligible for the dividends received deduction allowed to corporations or for the special reduced tax rate available to certain US individuals on qualified dividend income. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the US Holder's basis in our Shares and thereafter as capital gain. We do not maintain calculations of our earnings and profits under US federal income tax principles. US Holders should therefore assume that any such distribution will constitute ordinary dividend income.

Under both the imputation system and the new one-tier corporate tax system (both described above in "Singapore Taxation — Income Tax"), a US Holder will generally not be entitled to a credit against its US federal income tax liability for Singapore income taxes paid by us whether or not they are deemed to be paid by the US Holder, and the amount of the distribution for US tax purposes will not include any such Singapore income taxes paid by us. Prospective purchasers should consult their tax advisers concerning the applicability of the foreign tax credit and source of income rules to dividends on our Shares.

Dividends paid in Singapore dollars will be includible in the gross income of a US Holder in the US dollar amount calculated by reference to the exchange rate in effect on the day the dividends are actually or constructively received by the US Holder, regardless of whether the Singapore dollars are converted into US dollars at that time. If any Singapore dollars are not converted into US dollars on the date or receipt, the US Holder will have a tax basis in the Singapore dollars equal to their US dollar value on the date of receipt. Any gain or loss realised on a subsequent sale, conversion or other disposition of the Singapore dollars will be treated as US source ordinary income or loss.

Sale or other Disposition

Subject to the passive foreign investment company rules discussed below, upon a sale or other disposition of our Shares, a US Holder generally will recognise capital gain or loss for US federal income tax purposes equal to the difference, if any, between the US dollar amount realised on the sale or other disposition and the US Holder's adjusted tax basis in our Shares (generally their cost in US dollars). This capital gain or loss will be long-term capital gain or loss if the US Holder's holding period in our Shares exceeds one year. Deductions of capital loss is subject to limitation.

A US Holder that receives Singapore dollars on the sale or other disposition of Shares will realise an amount equal to the US dollar value of the Singapore dollar on the date of sale (or, in the case of cash basis and electing accrual basis US Holders, the settlement date). An accrual basis US Holder that does not elect to determine the amount realised using the spot rate on the settlement date will recognise foreign currency gain or loss (taxable as US source ordinary income or loss) equal to the difference (if any) between the US dollar value of the amount received based on the spot exchange rates in effect on the date of sale or other disposition and the settlement date. A US Holder will have a tax basis in the Singapore dollars received equal to the US dollar value of the Singapore dollar on the settlement date. Any gain or loss on a subsequent conversion of the Singapore dollars into US dollars for a different amount generally will be US source ordinary income or loss.

Passive Foreign Investment Company Rules

Based upon an analysis of our current assets and income and the manner in which we intend to operate our business in future years, we do not expect that we will be treated as a passive foreign investment company (a "PFIC") for US federal income tax purposes. Our possible status as a PFIC is determined annually and therefore is subject to change. A non-US company is a PFIC in any taxable year in which, after taking into account the income and assets of certain subsidiaries, either (i) at least 75 per cent. of its gross income is passive income or (ii) at least 50 per cent. of the value (determined on a quarterly basis) of its assets is attributable to assets that produce or are held to produce passive income. If we were treated as a PFIC in any year in which a US Holder owns Shares, US Holders would be subject to the special US federal income tax rules as set forth below, regardless of whether we continued to be a PFIC in subsequent years.

The PFIC provisions of the Code impose additional taxes on gains from the sale or the disposition of, and "excess distributions" with respect to, shares of a PFIC owned directly (or deemed to be owned directly or indirectly under certain attribution rules) by a US Holder. In general, an excess distribution is any distribution to the US Holder that is greater than 125.0 per cent. of the average annual distributions received by the US Holder (including return of capital distributions) during the three preceding taxable years or, if shorter, the US Holder's holding period for our Shares. If we were a PFIC in any year in which a US Holder held our Shares (i) the gain or excess distribution would be allocated rateably over the US Holder's holding period for our Shares, (ii) the amount allocated to the taxable year in which the gain or excess distribution was realised would be taxable as ordinary income, (iii) the amount allocated to each prior year, with certain exceptions, would be subject to tax at the highest rate in effect for that year and (iv) the interest charge generally applicable to underpayments of tax would be imposed in respect of the tax attributable to each such year. For these purposes, a US Holder who uses our Shares as security for a loan would be treated as having prior disposed of such Shares.

In some cases, holders of shares in a PFIC may be able to avoid the rules described above by electing to treat the PFIC as a ''qualified electing fund'' (''QEF''). This option will not be available to US Holders because we do not intend to comply with certain calculation and reporting requirements necessary to permit US Holders to make this election.

Generally, if we were a PFIC for any taxable year during a US Holder's holding period, we would be treated as a PFIC with respect to that US Holder. If, however, we cease to satisfy the requirements for PFIC classification, such US Holder could avoid for such year and each subsequent year in which the US Holder owns Shares such classification for years after such cessation if the US Holder elects to recognise gain based on the unrealised appreciation in the shares through the close of the tax year in which we cease to be a PFIC.

If we were a PFIC, it may be possible in certain circumstances for US Holders to avoid being subject to the excess distribution rules discussed above by making a mark-to-market election with respect to our Shares, provided that our Shares are regularly traded on a qualified exchange. If the SGX-ST is a qualified exchange and our Shares are considered to be regularly traded on the SGX-ST, it is expected that US Holders should be eligible to make a mark-to-market election with respect to the shares. Such election cannot be revoked without the consent of the Internal Revenue Service (''IRS'') unless our Shares cease to be marketable. A US Holder that makes a mark-to-market election generally would, subject to certain limitations, be required to take into account the difference, if any, between the fair market value and the adjusted tax basis that it has in our Shares, at the end of a taxable year, as ordinary income (or ordinary loss to the extent of the net amount previously included as income by the US Holder as a result of the mark-to-market election) in calculating its income for such year. In the case of a mark-to-market election, gains from an actual sale or other disposition of our Shares would be treated as ordinary income, any losses incurred on a sale or other disposition of our Shares would be treated as an ordinary loss to the extent of any net mark-to-market gains for prior years and any additional loss would be capital loss.

US Holders are urged to consult their tax advisors concerning the United States federal income tax consequences of holding our Shares if we are considered to be a PFIC in any taxable year.

Non-US Holders

In general, subject to the discussion below of backup withholding, distributions to Non-US Holders in respect of the shares will not be subject to US federal income or withholding tax, and gain realised by a Non-US Holder on the sale or exchange of the shares will not be subject to US federal income tax or withholding tax, provided that such Non-US Holder is not (i) engaged in a US trade or business, (ii) a corporation which accumulates earnings to avoid US federal income tax, or (iii) an individual who is present in the United States for 183 days or more during a taxable year and certain other conditions are met.

Backup Withholding and Information Reporting

Payments of dividends and sale proceeds with respect to our Shares, by a US paying agent or other US intermediary, or made into the United States, will be reported to the US Internal Revenue Service and to the US Holder unless the US Holder is a corporation or otherwise establishes a basis for exception. Backup withholding may apply to reportable payments if the US Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its US federal income tax returns. Certain US Holders (including, among others, corporations) are not subject to backup withholding. US Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption. Non-US Holders may be required to comply with applicable certification procedures to establish that they are not US Holders in order to avoid the application of such information reporting requirements and backup withholding. Any amounts withheld under the backup withholding rules from a payment to a US Holder will be refunded (or credited against such US Holder's US federal income tax liability, if any), provided the required information is furnished to the US Internal Revenue Service.

Plan of Distribution

THE OFFERING

The Offering consists of: (i) the Placement to investors, including institutional and other investors in Singapore (including the Reserved Shares) and (ii) the Public Offer in Singapore. The minimum size of the Public Offer is 20,000,000 Offering Shares. Shares may be reallocated between the Placement and the Public Offer in the event of excess applications in one and a deficit of applications in the other.

The Joint Global Co-ordinators, the Vendors and the Company are expected, upon agreement of the Offering Price between themselves and among themselves, to enter into the placement agreement on or about the Price Determination Date (the ''Placement Agreement''). They have entered into an offer agreement dated 26 May 2006 (the ''Offer Agreement'') relating to the Public Offer. Subject to the terms and conditions contained in the Placement Agreement and the Offer Agreement, the Company and the Vendors have agreed (in respect of the Offering Shares under the Offer Agreement) and are expected to agree (in respect of the Offering Shares under the Placement Agreement) to issue or sell respectively to the Joint Global Co-ordinators, and each of the Joint Global Co-ordinators have agreed (in respect of the Offering Shares under the Offer Agreement) and are expected to severally agree (in respect of the Offering Shares under the Placement Agreement) to subscribe or purchase and/or procure the subscription or purchase of the number of Offering Shares set forth opposite its name below.

Joint Global Co-ordinators	Number of Offering Shares
DBS Bank Ltd	190,058,500
UBS AG, acting through its business group, UBS Investment Bank	190,058,500
Total	380,117,000

Shares are being offered and sold outside the United States to non-US persons (including institutional and other investors in Singapore) in reliance on Regulation S and within the United States to ''qualified institutional buyers'' in reliance on Rule 144A.

Prior to the Offering, there has been no public market for the Offering Shares. The Offering Price will be determined following a book-building process by agreement between the Company, the Vendors and the Joint Global Co-ordinators on the Price Determination Date, which date is subject to change. If for any reason, the Offering Price is not agreed between the Joint Global Co-ordinators, the Vendors and the Company, the Placement and the Public Offer will not proceed. The factors that will be considered in such determination include:

- the indications of interest, in terms of price and quantity, received from institutional investors;
- prevailing market conditions;
- our historical performance;
- estimates of our business potential and earning prospects; and
- the market valuation of publicly traded shares of comparable companies.

Notice of the Offering Price will be published in one or more major Singapore newspapers, such as *The Straits Times, The Business Times* and *Lianhe Zaobao*, not more than two calendar days after the Price Determination Date. Neither the Company nor the Vendors can provide you with any assurance that an active trading market will develop for the Offering Shares or that the Offering Shares will trade in the public market after the Offering at or above the Offering Price.

Each of the Company and the Vendors will pay the Joint Global Co-ordinators, as compensation for their services in connection with the offer and sale of the Offering Shares, a combined underwriting and selling commission (the ''Commission'') based on the total gross proceeds of the Offering (the ''Offering Proceeds''). The Commission will be 2.0 per cent. of the Offering Price and (assuming the Over-allotment Options are not exercised and the Offering Price is the Maximum Offering Price) will be, on a per Offering Share basis, S$0.0214. The amount of the Commission will be less than the amount mentioned above if the Offering Price is lower than the Maximum Offering Price. The Commission will be borne by the Company and the Vendors in the proportion in which the number of Offering Shares offered by each of them pursuant to the Offering bears to the total number of Offering Shares. The Company and the Vendors may also pay the Joint Global Co-ordinators an incentive fee of up to a maximum of 0.75 per cent. of an amount equal to the aggregate of (i) the total number of

Offering Shares and (ii) any Additional Shares that are issued and/or sold pursuant to the Over-allotment Options, multiplied by the Offering Price.

Purchasers of our Shares may be required to pay brokerage (and if so required such brokerage will be up to 1.0 per cent. of the Offering Price), stamp taxes and other similar charges in accordance with the laws and practices of the country of purchase, to the Offering Price.

THE PLACEMENT

Upon agreement of the Offering Price between the Joint Global Co-ordinators, the Vendors and the Company, the Joint Global Co-ordinators, the Vendors and the Company are expected to enter into the Placement Agreement, under which the Joint Global Co-ordinators are expected to severally agree, subject to the terms and conditions set forth in that agreement, to subscribe or purchase, and/or procure the subscription or purchase of, Offering Shares being offered in the Placement. The Placement Agreement may be terminated pursuant to the terms thereof, at any time before dealings in the Offering Shares first commence on the SGX-ST, or in respect of the Additional Shares, at any time before the time on the closing date applicable to the Additional Shares when payment would otherwise be due in respect of the Additional Shares, upon the occurrence of certain events, including, amongst other things, certain force majeure events. The closing of the Offering is conditional upon, among other things, the closing of the transactions contemplated by the Placement Agreement. The Joint Global Co-ordinators shall be at liberty at their own expense to make sub-underwriting arrangements in respect of their respective obligations under the Placement Agreement, upon such terms and conditions as they deem fit.

Subject to certain conditions, the Company and each of the Vendors will agree to indemnify each of the Joint Global Co-ordinators against certain liabilities, including liabilities under the US Securities Act. The Company and each of the Vendors will also agree to reimburse the Joint Global Co-ordinators for certain expenses incurred in connection with the Offering.

THE PUBLIC OFFER

In the Offer Agreement, the Joint Global Co-ordinators have severally agreed, subject to the terms and conditions set forth in that agreement, to subscribe or purchase and/or procure the subscription or purchase of Offering Shares being offered pursuant to the Public Offer. The Offer Agreement will be terminated upon termination of the Placement Agreement. The Public Offer is conditional upon the conditions to the Placement set out in the Placement Agreement being satisfied. The closing of the Offering is conditional upon, among other things, the closing of the transactions contemplated by the Offer Agreement.

Subject to certain conditions, the Company and each of the Vendors have agreed to indemnify the Joint Global Co-ordinators against certain liabilities.

OVER-ALLOTMENT OPTIONS

In connection with the Offering, the Company and certain of the Vendors will grant to UBS, on behalf of the Joint Global Co-ordinators, the Over-allotment Options exercisable by UBS, in consultation with DBS Bank, in full or in part on one occasion but no later than the earliest of (i) the date falling 30 days from the commencement of trading of the Shares on the SGX-ST, (ii) the date when UBS has bought, on the SGX-ST an aggregate of 57,017,000 Shares representing not more than 15.0 per cent. of the total Offering Shares to undertake stabilising action, and (iii) the date falling 30 days after the date of adequate public disclosure of the Offering Price, to purchase up to an aggregate of 57,017,000 Shares (representing not more than 15.0 per cent. of the total Offering Shares) at the Offering Price, solely to cover the over-allotment of the Offering Shares, if any. If the Over-allotment Options are exercised, UBS will first exercise the options granted by the Vendors and thereafter (if necessary) the option granted by the Company. The Vendors are expected to agree amongst themselves that Additional Shares will first be sold by JAIC, Kilby and PAMA (if necessary, on a pro rata basis), before any of the other Vendors.

PRICE STABILISATION

In connection with the Offering, UBS, the stabilising manager (or persons acting on behalf of UBS), in consultation with DBS Bank, may over-allot Shares or effect transactions that stabilise or maintain the market price of our Shares at levels that might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the Securities and Futures Act and any regulations thereunder. The number of Shares that UBS may buy, in consultation with DBS Bank, to undertake stabilising action, shall not exceed an aggregate of 57,017,000 Shares representing not more than 15.0 per cent. of the total Offering Shares. However, there is no assurance that UBS (or persons acting on behalf of UBS) will undertake stabilisation action. Such transactions may commence on or after the commencement of trading of the Shares on the SGX-ST and, if commenced, may be discontinued at any time and shall not be effected after the earliest of (i) the date falling 30 days from the commencement of trading of the Shares on the SGX-ST, (ii) the date when UBS has bought on the SGX-ST, an aggregate of 57,017,000 Shares representing not more than 15.0 per cent. of the total Offering Shares to undertake stabilising action or (iii) the date falling 30 days after the date of adequate public disclosure of the Offering Price.

None of the Company, the Vendors or any of the Joint Global Co-ordinators makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our Shares. In addition, none of the Company, the Vendors or any of the Joint Global Co-ordinators makes any representation that UBS will engage in such transactions or that such transactions once commenced, will not be discontinued without notice (unless such notice is required by law). UBS, the stabilising manager, will be required to make a public announcement through the SGX-ST on the cessation of the stabilising action and the amount of the Over-allotment Options that have been exercised not later than the start of the trading day of the SGX-ST immediately after the day of cessation of stabilising action.

SHARE LENDING

In connection with settlement and stabilisation, UBS, as stabilising manager, is expected to enter into a share lending agreement (the "Share Lending Agreement") with TRL Investments Ltd. pursuant to which UBS may borrow up to 57,017,000 ordinary shares allowing UBS to settle over-allocations, if any, made in connection with the Offering. If UBS borrows ordinary shares pursuant to the Share Lending Agreement it is required to return equivalent securities to TRL Investments Ltd. by no later than five business days following the earlier of (i) the last date for exercising the Over-allotment Options and (ii) the date on which the Over-allotment Options are exercised.

RESERVED SHARES

Up to 5,146,000 Offering Shares in the Placement have been reserved for purchase at the Offering Price by Directors, our employees and Business Partners. The Reserved Shares will be offered otherwise on the same terms as the other Offering Shares in the Placement. If any of the Reserved Shares are not taken up, they will be made available to satisfy over-subscription (if any) for the Offering Shares in the Placement and/or the Public Offer. Reserved Shares purchased will, except as restricted by applicable securities laws, be available for resale following the Offering.

RESTRICTIONS ON DISPOSALS AND ISSUES OF SHARES

Disposals in the Lock-up Period

Each of JAIC, Kilby, PAMA, Tropical Resorts Limited, Mr. Ho KwonPing, Mr. Ho KwonCjan and the Ho Family Companies has agreed with the Joint Global Co-ordinators that from the date of the Offer Agreement until the date falling three months (in the case of JAIC, Kilby and PAMA), six months (in the case of Tropical Resorts Limited) and 12 months (in the case of Mr. Ho KwonPing, Mr. Ho KwonCjan and each Ho Family Company) from the Listing Date, he/it will not:

- offer, sell, contract to sell, grant any option to purchase, grant security over, encumber or otherwise dispose of, directly or indirectly, any of our Shares (or any securities convertible into or exchangeable for Shares or which carry rights to subscribe or purchase Shares);
- enter into a transaction (including a derivative transaction) with a similar economic effect to a sale of Shares;
- deposit any Shares (or any securities convertible into or exchangeable for Shares or which carry rights to subscribe or purchase Shares) in any depository receipt facilities; or
- publicly announce any intention to do any of the above.

This restriction shall apply to all Shares (or any interest therein) held by the foregoing persons as at the Listing Date.

Gesico International S.A. which holds 7,047,698 Shares (or 1.1 per cent. of our Shares as at the date of this Prospectus), will not be subject to any lock-up arrangement, and may therefore sell Shares without any restrictions.

Each of Mr. Ho KwonPing, his spouse, Ms. Claire Chiang, his brother, Mr. Ho KwonCjan, his mother, Mrs. Ho Lien Fung, and his sister, Ms. Ho MinFong (each a "Ho Family Member" and together, the "Ho Family Members") has agreed that from the date of the Offer Agreement until the date falling 12 months from the Listing Date, he/she will not:

- offer, sell, contract to sell, grant any option to purchase, grant security over, encumber or otherwise dispose of, directly or indirectly, any of his/her shares (or any securities convertible into or exchangeable for shares or which carry rights to subscribe or purchase shares) in a Ho Family Company and Chang Fung Company Limited;
- enter into a transaction (including a derivative transaction) with a similar economic effect to a sale of shares of a Ho Family Company or Chang Fung Company Limited;
- deposit any of his/her shares (or any securities convertible into or exchangeable for shares or which carry rights to subscribe or purchase shares) in a Ho Family Company or Chang Fung Company Limited in any depository receipt facilities; or
- publicly announce any intention to do any of the above.

This restriction shall apply to all shares (or any interest therein) held by a Ho Family Member in a Ho Family Company or Chang Fung Company Limited as at the Listing Date.

Each of Chang Fung Company Limited and Changfung Investments Ltd. has agreed with the Joint Global Co-ordinators that from the date of the Offer Agreement until the date falling 12 months from the Listing Date, it will not:

- offer, sell, contract to sell, grant any option to purchase, grant security over, encumber or otherwise dispose of, directly or indirectly, any of its shares (or any securities convertible into or exchangeable for shares or which carry rights to subscribe or purchase shares) in TRL Investments Ltd. or Tropical Resorts Limited (as applicable);
- enter into a transaction (including a derivative transaction) with a similar economic effect to a sale of shares of TRL Investments Ltd. or Tropical Resorts Limited (as applicable);
- deposit any of its shares (or any securities convertible into or exchangeable for shares or which carry rights to subscribe or purchase shares) in TRL Investments Ltd. or Tropical Resorts Limited (as applicable) in any depository receipt facilities; or
- publicly announce any intention to do any of the above.

This restriction shall apply to all shares (or any interest therein) held by Chang Fung Company Limited and Changfung Investments Ltd. in TRL Investments Ltd. and Tropical Resorts Limited as at the Listing Date.

Mr. Ho KwonPing has agreed to procure (to the extent that he exercises control over them) that each Ho Family Company and Chang Fung Company Limited will comply with and will not breach its obligations under the undertakings described above.

The restrictions above do not apply:

(a) to disposals which are made with the prior written consent of each of the Joint Global Co-ordinators (which consent may be refused at their absolute discretion, and in the case of JAIC, PAMA and Kilby, such consent not to be unreasonably withheld or delayed);

(b) (in the case of the aforementioned Vendors) in respect of the Offering Shares and the Additional Shares that are sold pursuant to the Over-allotment Options granted by the relevant Vendors to UBS, on behalf of the Joint Global Co-ordinators;

(c) to the transfer of Shares by TRL Investments Ltd. as contemplated under the Share Lending Agreement;

(d) (in the case of JAIC, PAMA, Kilby and Tropical Resorts Limited) to disposals to any of its Permitted Transferees of all Shares then held by it, subject to the provision by the Permitted Transferee of a lock-up undertaking on substantially the same terms for the unexpired term of the relevant period mentioned herein and the re-transfer of the Shares to such Vendor if the Permitted Transferee ceases to be a Permitted Transferee of such Vendor; and

(e) (in the case of the Ho Family Companies, Chang Fung Company Limited and the Ho Family Members) to disposals to any Ho Family Company or Chang Fung Company Limited or any Ho Family Member or any of their Permitted Transferee of all relevant shares then held by it, subject to the provision by Chang Fung Company Limited or the relevant Ho Family Company or Ho Family Member or Permitted Transferee of a lock-up undertaking on substantially the same terms for the unexpired term of the relevant period mentioned herein and (in the case of the Permitted Transferees) the re-transfer of the relevant shares to Chang Fung Company Limited or such Ho Family Company or Ho Family Member if the Permitted Transferee ceases to be a Permitted Transferee of Chang Fung Company Limited or such Ho Family Company or Ho Family Member.

Company Lock-up

The Company has agreed with the Joint Global Co-ordinators that, from the date of the Offer Agreement until the date falling six months from the Listing Date, it will not:

- issue, offer, sell, contract to sell or grant any option to purchase or otherwise dispose of, directly or indirectly, any Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase Shares);
- enter into a transaction (including a derivative transaction) having an economic effect similar to that of a sale of Shares;
- deposit any Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase Shares) in any depositary receipt facilities; or
- publicly announce any intention to do any of the above,

without the prior written consent of the Joint Global Co-ordinators (which consent shall not be unreasonably withheld or delayed).

The foregoing restrictions shall not apply in respect of the Offering Shares, the Management Shares, the Additional Shares that are issued pursuant to the Over-allotment Option granted by the Company to UBS, on behalf of the Joint Global Co-ordinators and Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase Shares) issued, offered, allotted, appropriated, modified or granted under the Share Option Scheme and Shares issued under the Banyan Tree Performance Share Plan.

OTHER RELATIONSHIPS

The Joint Global Co-ordinators and their affiliates engage in transactions with, and perform services for, us and the Vendors and the affiliates of the Vendors in the ordinary course of business and have engaged, and may in the future engage, in commercial banking and investment banking transactions with the Vendors and us, for which they have received, and may in the future receive, customary compensation.

PERSONS INTENDING TO PURCHASE IN THE OFFERING

We are not aware of any person who intends to purchase more than 5.0 per cent. of the Offering Shares offered pursuant to the Offering.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Offering Shares being offered outside Singapore, or the possession, circulation or distribution of this Prospectus or any other material relating to us or the Offering Shares in any jurisdiction where action for the purpose is required. Accordingly, the Offering Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisements in connection with the Offering Shares may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

DISTRIBUTION AND SELLING RESTRICTIONS

The distribution of this Prospectus or any offering material and the offering, sale or delivery of our Shares is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Prospectus or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Prospectus may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

United States of America

The Offering Shares have not been and will not be registered under the US Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, US persons except in accordance with Regulation S or pursuant to an exemption from the registration requirements under the US Securities Act. Each Joint Global Co-ordinator, severally and not jointly, has agreed that it has offered and sold the Offering Shares, and that it will offer and sell the Offering Shares (i) as part of their distribution at any time (ii) otherwise until 40 days after the later of the commencement of the Offering and the Closing Date (the ''distribution compliance period''), only in accordance with Rule 903 of Regulation S or Rule 144A.

Each Joint Global Co-ordinator, severally and not jointly, has agreed that, at or prior to the confirmation of the sale of Offering Shares (other than a sale pursuant to Rule 144A), it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Offering Shares from it during the distribution compliance period a confirmation or notice to substantially the following effect:

> ''The Offering Shares covered hereby have not been registered under the US Securities Act of 1933, as amended (the ''US Securities Act''), and may not be offered or sold within the United States or to, or for the account or benefit of, US persons (i) as part of their distribution at any time and (ii) otherwise and until 40 days after the later of the commencement of the Offering and the closing date, in either case only in accordance with Regulation S or Rule 144A under the US Securities Act. Terms used above have the meanings given to them by Regulation S under the US Securities Act.''

Terms used in this paragraph have the meanings given to them by Regulation S under the US Securities Act.

Each Joint Global Co-ordinator, severally and not jointly, has represented and warranted that such initial purchaser to whom Offering Shares are sold directly or through their respective US broker-dealer affiliates in accordance with Rule 144A under the US Securities Act is a qualified institutional buyer as defined in Rule 144A.

In addition, until 40 days after the later of the commencement of the Offering and the completion of the distribution of the Offering Shares, an offer or sale of Offering Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with an exemption from, or in a transaction not subject to, such requirements or in accordance with Rule 144A.

The Offering Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of the Prospectus relating to the Offering. Any representation to the contrary is a criminal offence in the United States.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a ''Relevant Member State'') an offer to the public of any Offering Shares contemplated by this Prospectus may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any Offering Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(c) by the Joint Global Co-ordinators to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Shares shall result in a requirement for the publication by us or any Joint Global Co-ordinator of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an ''offer to the public'' in relation to any Offering Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Offering Shares to be offered so as to enable an investor to decide to purchase any Offering Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression ''Prospectus Directive'' means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each of the Joint Global Co-ordinators has represented, warranted and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated ay invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended (the ''FSMA'')) received by it in connection with the issue or sale of any Offering Shares in circumstances in which section 21(1) of the FSMA does not apply to us; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Offering Shares in, from or otherwise involving the United Kingdom.

Hong Kong

Each Joint Global Co-ordinator has represented, warranted and agreed, severally and not jointly, that (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Offering Shares other than (i) to ''professional investors'' as defined in the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the ''SFO'') and any rules made thereunder or (ii) to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent, or (iii) in circumstances which do not result in the document being a ''prospectus'' as defined in the Companies Ordinance, Chapter 32 of the Laws of Hong Kong and; (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Offering Shares, which is directed at, or the contents of which are likely to be accessed or read by the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Offering Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to ''professional investors'' as defined in the SFO and any rules made thereunder.

Japan

Each Joint Global Co-ordinator has represented, warranted and agreed, severally and not jointly, that the Offering Shares have not been registered under the Securities and Exchange Law of Japan and the Offering Shares which it subscribes or purchases will be subscribed or purchased by it as principal and that, in connection with the Offering, it will not, directly or indirectly, offer or sell any Offering Shares in Japan or to, or for the benefit of, any resident of Japan (which terms as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law of Japan and other relevant laws and regulations of Japan.

Canada

Each Joint Global Co-ordinator has represented, warranted and undertaken, severally and not jointly, that (i) it has not offered or sold, and will not offer or sell, the Offering Shares in Canada by means of any advertisement in any printed media of general or regular paid circulation or through any radio, television or telecommunication broadcast, including electronic display, or any other form of advertising, or by means of any document other than the Canadian Offering Memorandum; (ii) it has not offered or sold, and will not offer or sell, the Offering Shares in Canada without first being properly registered as a dealer under applicable provincial securities laws or, alternatively, without the availability of an exemption from the dealer registration requirement in the applicable province of Canada in which such offer or sale is made; (iii) it has not offered or sold, and will not offer or sell, the Offering Shares in Canada by means other than in reliance on an exemption from the requirement that the Company and the Vendors prepare and file a prospectus with the local provincial securities regulator; and (iv) it has not offered or sold, and will not offer or sell, directly or indirectly, Offering Shares in

Canada to any Canadian purchaser other than: (A) in the case of a purchaser resident in the province of British Columbia, Alberta, Saskatchewan, Manitoba or Quebec, a purchaser who qualifies as an ''accredited investor'' within the meaning of section 1.1 of National Instrument 45-106 Prospectus and Registration Exemptions (''NI 45-106''); and (B) in the case of a purchaser resident in Ontario, (I) a purchaser, or any ultimate purchaser for which such purchaser is acting as agent, that is an ''accredited investor'', other than an individual, as that term is defined in NI 45-106 or (II) an ''accredited investor'', including an individual, as defined in NI 45-106 in the event the Global Co-ordinator is a fully registered dealer within the meaning of section 98 of the Regulation to the US Securities Act (Ontario).

Italy

The offering of the Offering Shares has not been registered with the Commissione Nazionale per la Società e la Borsa (''CONSOB'') pursuant to Italian securities legislation and, accordingly, the Offering Shares cannot be offered, sold or delivered in the Republic of Italy (''Italy'') nor may any copy of this Prospectus or any other document relating to the Offering Shares be distributed in Italy other than to professional investors (operatori qualificati) as defined in Article 31, second paragraph, of CONSOB Regulation No. 11522 of 1 July, 1998 as subsequently amended. Any offer, sale or delivery of the Offering Shares or distribution of copies of this Prospectus or any other document relating to the Offering Shares must be made:

(a) by an investment firm, bank or intermediary permitted to conduct such activities in Italy in accordance with Legislative Decree No. 58 of 24 February 1998 and Legislative Decree No. 385 of 1 September 1993 (the ''Banking Act'');

(b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy; and

(c) in compliance with any other applicable laws and regulations and other possible requirements or limitations which may be imposed by Italian regulatory authorities.

The requirements described above are based on laws and regulations which may be superseded at any time pursuant to the full implementation of the Prospectus Directive in Italy. In such a case, these requirements shall be deemed to be automatically replaced by requirements complying with the Prospectus Directive as implemented.

Switzerland

The Offering Shares will not be distributed and offered, directly or indirectly, to the public in Switzerland and this Prospectus or any other document relating to the Offering Shares may not be publicly distributed or otherwise made publicly available in Switzerland. This Prospectus does not constitute a public offering prospectus as that term is understood pursuant to art. 652a or art. 1156 of the Swiss Code of Obligations. The Company has not applied nor will they apply for a listing of the Offering Shares on the SWX Swiss Exchange or any other exchange or regulated securities market in Switzerland, and consequently, the information presented in this Prospectus does not necessarily comply with the information standards set out in the relevant listing rules. The Offering Shares are being offered pursuant to this Prospectus and have not been registered with the Swiss Federal Banking Commission under the Swiss Investment Fund Act. Therefore, investors do not benefit from protection under the Swiss Investment Fund Act or supervision by the Swiss Federal Banking Commission.

The Offering Shares will be distributed and offered in Switzerland, and this Prospectus will be distributed or otherwise made available in Switzerland on a private placement basis to a limited number of individually selected and approached institutional investors with a professional treasury without any public distribution, offering or marketing in or from Switzerland.

United Arab Emirates

This Prospectus is not intended to constitute an offer, sale or delivery of shares or other securities under the laws of the United Arab Emirates (''UAE''). The Offering Shares have not been and will not be registered under Federal Law No. 4 of 2000 Concerning the Emirates Securities and Commodities Authority and the Emirates Security and Commodity Exchange, or with the UAE Central Bank, the Dubai Financial Market, the Abu Dhabi Securities market or with any other UAE exchange.

The Offering, the Offering Shares and interests therein have not been approved or licensed by the UAE Central Bank or any other relevant licensing authorities in the UAE, and do not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law, Federal Law No. 8 of 1984 (as amended) or otherwise.

This Prospectus is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the Offering Shares may not be offered or sold directly or indirectly to the public in the UAE.

Transfer Restrictions

Because the following restrictions will apply to the Placement, purchasers are advised to consult their own legal counsel prior to making any offer, resale, pledge or transfer of our Shares.

RULE 144A SHARES

Each purchaser of our Shares in the Offering within the United States pursuant to Rule 144A, by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged that:

(1) It is not an affiliate of ours or acting on behalf of an affiliate of ours and it is (a) a qualified institutional buyer within the meaning of Rule 144A, (b) acquiring such Shares for its own account or for the account of a qualified institutional buyer, and (c) aware, and each beneficial owner has been advised, that the sale of such Shares to it is being made in reliance on Rule 144A.

(2) It understands that our Shares in the Offering have not been and will not be registered under the US Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a qualified institutional buyer purchasing for its own account or for the account of a qualified institutional buyer, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (c) pursuant to an exemption from registration under the US Securities Act provided by Rule 144 (if available), in each case in accordance with any applicable securities laws of any State of the United States.

(3) It understands that our Shares in the Offering purchased pursuant to Rule 144A (to the extent they are in certificated form), unless we determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

“THESE SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933 (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THESE SHARES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE SHARES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK.”

(4) We, the Vendors, the Joint Global Co-ordinators and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Shares in the Offering for the account of one or more qualified institutional buyers, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Prospective purchasers are hereby notified that sellers of our Shares in the Offering may be relying on the exemption from the provisions of Section 5 of the US Securities Act provided by Rule 144A.

REGULATION S SHARES

Each purchaser of our Shares in the Offering outside the United States pursuant to Regulation S and each subsequent purchaser of those Shares in resales prior to the expiration of the distribution compliance period, by accepting delivery of this Prospectus and those Shares, will be deemed to have represented, agreed and acknowledged that:

(1) It is, or at the time our Shares in the Offering are purchased pursuant to Regulation S will be, the beneficial owner of such shares and (a) it is not a US person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of us or a person acting on behalf of such an affiliate.

(2) It understands that our Shares in the Offering have not been and will not be registered under the US Securities Act and that, prior to the expiration of the period ending 40 days after the later of the commencement of the Offering and the Closing Date, it will not offer, sell, pledge or otherwise transfer such shares except (a) in accordance with Rule 144A under the US Securities Act to a person that it and any person acting on its behalf reasonably believe is a qualified institutional buyer purchasing for its own account or the account of a qualified institutional buyer or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.

(3) We, the Vendors, the Joint Global Co-ordinators and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

GENERAL

Each purchaser of our Shares in the Offering will be deemed to have represented and agreed that it is relying on this Prospectus and not on any other information or representation concerning us or our Shares and none of us, the Vendors, nor any other person responsible for this Prospectus or any part of it, nor the Joint Global Co-ordinators, will have any liability for any such other information or representation.

Clearance and Settlement

A letter of eligibility has been obtained from the SGX-ST for the listing and quotation of our Shares on the Main Board of the SGX-ST. For the purpose of trading on the SGX-ST, a board lot for our Shares will comprise 1,000 Shares. Upon listing and quotation on the SGX-ST, our Shares will be traded under the book-entry settlement system of the CDP, and all dealings in and transactions of our Shares through the SGX-ST will be effected in accordance with the terms and conditions for the operation of securities accounts with the CDP, as amended from time to time.

The CDP, a wholly-owned subsidiary of the Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. The CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with the CDP.

Our Shares will be registered in the name of the CDP or its nominees and held by the CDP for and on behalf of persons who maintain, either directly or through depository agents, securities accounts with the CDP. Persons named as direct securities account holders and depository agents in the depository register maintained by the CDP, rather than the CDP itself, will be treated, under the Singapore Companies Act and our Articles of Association, as our members in respect of the number of our Shares credited to their respective securities accounts.

Persons holding our Shares in a securities account with the CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will not, however, be valid for delivery pursuant to trades transacted on the SGX-ST, although they will be prima facie evidence of title and may be transferred in accordance with our Articles of Association. A fee of S$10.00 for each withdrawal of 1,000 Shares or less and a fee of S$25.00 for each withdrawal of more than 1,000 Shares will be payable upon withdrawing our Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of S$2.00 (or such other amounts as our Directors may decide) will be payable to our share registrar for each share certificate issued, and stamp duty of S$10.00 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares, or S$0.20 per S$100.00 or part thereof of the last-transacted price where our Shares are withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on the SGX-ST must deposit with the CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of the CDP, and have their respective securities accounts credited with the number of our Shares deposited before they can effect the desired trades. A fee of S$20.00 is payable upon the deposit of each instrument of transfer with the CDP.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's securities account being debited with the number of our Shares sold and the buyer's securities account being credited with the number of our Shares acquired. No transfer stamp duty is currently payable for the transfer of our Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on the SGX-ST is payable at the rate of 0.05 per cent. of the transaction value, subject to a maximum of S$200.00 per transaction. The clearing fee, instrument of transfer deposit fees and share withdrawal fee are subject to GST of 5.0 per cent.

Dealings in our Shares will be carried out in Singapore dollars and will be effected for settlement in the CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following day. The CDP holds securities on behalf of investors in securities accounts. An investor may open a direct securities account with the CDP or a securities sub-account with a depository agent. A depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

Legal Matters

Certain legal matters with respect to the Offering will be passed upon for us by Wong Partnership with respect to Singapore law, Clifford Chance Wong Pte Ltd with respect to English and United States federal law; and for the Joint Global Co-ordinators by Freshfields Drew & Napier Pte Ltd as to Singapore, English and United States federal law.

Each of Wong Partnership, Clifford Chance Wong Pte Ltd, Freshfields Drew & Napier Pte Ltd, and Allen & Gledhill, legal advisers to JAIC, Kilby and PAMA as to Singapore law does not make, or purport to make, any statement in this Prospectus and is not aware of any statement in this Prospectus which purports to be based on a statement made by it and each of them makes no representation, expressed or implied, regarding, and takes no responsibility for, any statement in or omission from this Prospectus.

Independent Certified Public Accountants

Our consolidated financial statements as at and for the years ended 31 December 2003, 2004 and 2005 included in this Prospectus have been audited by, and our unaudited consolidated interim financial statements for the three months ended 31 March 2005 and 2006 included in this Prospectus have been reviewed by, Ernst & Young, Singapore, independent certified public accountants as stated in their reports appearing in this Prospectus. Our unaudited pro forma consolidated financial information for the year ended 31 December 2005 and three months ended 31 March 2006 included in this Prospectus have been reported on by Ernst & Young as stated in their report appearing in this Prospectus.

For the purpose of complying with the Securities and Futures Act only, Ernst & Young has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of, and all references to (i) its name, (ii) its Report dated 8 May 2006 on the audit of our consolidated financial statements as at and for the years ended 31 December 2003, 2004 and 2005, (iii) its Report dated 8 May 2006 on our unaudited consolidated interim financial statements for the three months ended 31 March 2005 and 2006 and (iv) its Report dated 8 May 2006 on our unaudited pro forma consolidated financial information for the year ended 31 December 2005 and three months ended 31 March 2006 in the form and context in which they are respectively included in this Prospectus. A written consent under the Securities and Futures Act is different from a consent filed with the US Securities and Exchange Commission under Section 7 of the US Securities Act, which is applicable only to transactions involving securities registered under the US Securities Act. As our Shares in the Offering have not and will not be registered under the US Securities Act, Ernst & Young has not filed a consent under Section 7 of the US Securities Act.

For the purposes of offers and sales outside the United States to non-US persons as defined under Regulation S of the US Securities Act in reliance on Regulation S and within the United States to "qualified institutional buyers" in reliance on Rule 144A under the US Securities Act, Ernst & Young has agreed to the reference to (i) its name in the sections of this Prospectus headed "Summary Financial Information and Operating Data", "Selected Financial Information and Operating Data" and "Independent Certified Public Accountants", (ii) the inclusion in this Prospectus of its Report dated 8 May 2006 on our consolidated financial statements for the years ended 31 December 2003, 2004 and 2005 and (iii) the inclusion in this Prospectus of its Report dated 8 May 2006 on our unaudited consolidated interim financial statements for the three months ended 31 March 2005 and 2006.

INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS

1. Save as disclosed below, none of our Directors or Executive Officers is or was involved in any of the following events:

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

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

   (iii) any unsatisfied judgments against him;

   (iv) a conviction of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;

   (v) a conviction of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware of) for such breach;

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

   (vii) a conviction in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;

   (viii) disqualification from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;

   (ix) the subject of any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;

   (x) to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of

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

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

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

      (d) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

   in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; and

   (xi) the subject of any current or past investigation or disciplinary proceedings, or been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

In 1977, our Executive Chairman, Mr Ho KwonPing was convicted of an offence under Section 2 of the Emergency (Essential Powers) Act, Chapter 90 of Singapore, Essential (Control of Publication and Safeguarding of Information) Regulations pursuant to which he was required to pay a fine of S$7,500.

In 1990, Mr Ho KwonPing was a director of United Insulation Services Pte. Ltd. ("UIS") when UIS was required to pay a fine of S$45,000 for violation of insider trading laws in Singapore. A director of UIS had authorised the purchase, by UIS, of shares in Wepco Ltd (a company listed on the SGX-ST) during negotiations to dispose of UIS's stake in Wepco Ltd. Mr Ho assisted the relevant authorities in the investigations. He was not charged or prosecuted in relation to this offence.

Mr Ho KwonPing, Mr Ho KwonCjan and Mr Surapon Supratya were directors of Thai Wah Public, which had not been able to meet its loan and interest repayments. In July 2000, Thai Wah Public filed a business reorganisation petition with the Central Bankruptcy Court in Thailand. In January 2001, Thai Wah Public's business reorganisation plan was adopted by a special resolution at the creditors' meeting and was approved by the Central Bankruptcy Court in February 2001. Implementation of the business reorganisation plan is currently in progress.

Mr Surapon Supratya and Mr Ho KwonCjan are directors of TWPL, which has not been able to meet its loan and interest repayments. In April 2000, TWPL filed a business reorganisation plan with the Central Bankruptcy Court in Thailand. Mr Ho KwonPing was a director of TWPL at that time. In August 2000, TWPL's business reorganisation plan was adopted by a special resolution at the creditors' meeting and was approved by the Central Bankruptcy Court in December 2000. In June 2003, the Central Bankruptcy Court approved the amended business reorganisation plan. In June 2004, the Central Bankruptcy Court ordered the cancellation of TWPL's business reorganisation plan.

In connection with the business reorganisation of Thai Wah Public and TWPL (the "Thai Wah Companies") as set out above, Thai Wah Group Planner Company Limited ("Thai Wah Planner") was appointed as the plan administrator of the Thai Wah Companies. In May 2004, a creditor of the Thai Wah Companies lodged a complaint with the police in Thailand against Thai Wah Planner and its directors (comprising amongst others, our Executive Chairman, Mr Ho KwonPing and our Managing Director, Mr Surapon Supratya) alleging that Thai Wah Planner and its directors had committed an offence under the Thai Bankruptcy Act and Penal Code. The main basis of the allegation was that Thai Wah Planner and its directors, by not voting in favour of the repayment plan proposed by the said creditor, had not acted in the best interests of the Thai Wah Companies and their respective creditors. This complaint was made notwithstanding the fact that the majority of the creditors, including Thai Wah Planner, had voted in favour of an alternative repayment plan. In February 2005, the Office of the Attorney General in Thailand issued an absolute order of non-prosecution against Thai Wah Planner and its directors. The Chief of the Police Department in Thailand also issued an order concurring with the Attorney General.

In 2001, our subsidiary LRH, which is listed on the Stock Exchange of Thailand, and its two managing directors, one of whom is our Executive Officer, Mr Ho KwonCjan, were each fined approximately Baht 330,000 as a consequence of a breach of the Thai Securities and Exchange Act for reporting errors of certain figures, some of which relate to LRH's interested person transactions, in LRH's annual filings to the Stock Exchange of Thailand for 1999.

In February 2004, the Tambol Cherng Talay Local Administrative Office in Phuket filed a complaint with the local police in Thailand against Phang Nga Resorts Limited ("PNR") and two directors of PNR in their capacity as directors, one of whom is Mr Surapon Supratya, alleging that PNR had encroached on state property. The property in dispute (the "Disputed Property") forms a walkway which allows the guests of Banyan Tree Phuket access to the beach. The local police has since referred the case to the Public Prosecutor but as at the Latest Practicable Date, the Public Prosecutor has not made a decision whether to refer the case to the Criminal Court and the case has not come up for hearing. If convicted, the penalty for the offence is a term of imprisonment not exceeding three years and/or a fine not exceeding Baht 10,000. To assert its ownership over the Disputed Property, PNR had filed lawsuits against the Talang District Officer and the Governor at both the Administrative Court and the Provincial Civil Court to request that the Talang District Office's announcement declaring that part of the Disputed Property is for common use by the public be revoked. The proceedings for the lawsuits brought by PNR are still ongoing. PNR is not part of our Group. Mr Surapon Supratya has sought legal advice on this matter and will continue to defend the case vigorously.

2. Save as disclosed in "Management — Banyan Tree Share Based Incentives" and save for the Over-allotment Options, as at the Latest Practicable Date, no person (including a Director or Executive Officer) has been, or is entitled to be, given an option to subscribe for any Shares in or debentures of our Company.

SUBSIDIARIES AND ASSOCIATED COMPANIES

The details of our Group's subsidiaries and associated companies are as follows:

Name	Date and Place of Incorporation/Principal Place of Business	Principal Activities	Effective Ownership Interest*	Issued and Paid Up/Registered Capital
Singapore				
Architrave Design & Project Services Pte Ltd	27 October 2000, Singapore/Singapore	Providing consultancy services	49.0%(1)	S$2
Banyan Tree Gallery (Singapore) Pte Ltd	16 November 1994, Singapore/Singapore	Sale of merchandise	75.0%(2)	S$432,000
Banyan Tree Hotels & Resorts Pte. Ltd.	26 October 1991, Singapore/Singapore	Providing resort, spa, project and golf management services	100.0%	S$50,000
Banyan Tree Spas Pte. Ltd.	5 December 2002, Singapore/Singapore	Operating spas	100.0%	S$2
Hotelspa Pte. Ltd.	15 April 2003, Singapore/Singapore	Investment Holding	100.0%	S$2
Banyan Tree Properties Pte. Ltd.	22 January 1985, Singapore/Singapore	Property holding	100.0%	S$3,048,515
Banyantravel.com Pte Ltd.	21 March 2000, Singapore/Singapore	Providing travel agency services	100.0%	S$1,150,000
Hong Kong				
Banyan Tree Resorts Limited	22 January 1991, Hong Kong/Hong Kong	Providing resort management services	100.0%(3)	US$220,000
Banyan Tree Spa (HK) Limited	30 December 1996, Hong Kong/Hong Kong	Providing spa management services	100.0%(3)	HK$2
Triumph International Holdings Limited	20 January 2003, Hong Kong/Hong Kong	Investment holding	80.0%(4)	HK$10,000
Thailand				
Banyan Tree Gallery (Thailand) Limited	22 December 1994, Thailand/Thailand	Sale of merchandise	75.0%(5)	Baht 7,750,000
Banyan Tree Resorts & Spas (Thailand) Company Limited	4 October 1996, Thailand/Thailand	Spa services	49.0%(6)	Baht 20,041,000
Laguna Resorts & Hotels Public Company Limited	30 April 1986, Thailand/Thailand	Hotel and tourism business	52.0%(7)	Baht 846,701,430
British Virgin Islands				
Banyan Tree Seychelles Holdings Limited	23 December 1998, British Virgin Islands/British Virgin Islands	Investment holding	30.0%(8)	US$43,000
Seychelles Tropical Resorts Holdings Limited	7 January 1998, British Virgin Islands/British Virgin Islands	Investment holding	50.0%(9)	US$2

Name	Date and Place of Incorporation/Principal Place of Business	Principal Activities	Effective Ownership Interest*	Issued and Paid Up/Registered Capital
Seychelles				
Banyan Tree Resorts (Seychelles) Limited	7 April 1999, Seychelles/Seychelles	Resort development	30.0%[10]	SR[25]100,000
Seytropical Resorts Limited	7 April 1999, Seychelles/Seychelles	Resort development	50.0%[11]	SR2
Maldives				
Maldives Angsana Pvt Ltd.	14 September 2000, Maldives/Maldives	Operating holiday resorts	97.0%[12][13]	MRF[26]20
Vabbinvest Maldives Pvt Ltd	31 July 1985, Maldives/Maldives	Operating holiday resorts	97.0%[14]	MRF35,360,000
Maldives Bay Pvt Ltd.	28 March 2004, Maldives/Maldives	Development and management of resorts, hotels and spas	77.0%[15]	US$5,100,002
Maldives Cape Pvt Ltd.	28 March 2004, Maldives/Maldives	Development and management of resorts, hotels and spas	100.0%[16]	MRF20
Maldives Sun Pvt Ltd.	16 May 2006, Maldives/Maldives	Property Investment	49.0%	MRF10,000
Maldives Sand Pvt Ltd.	16 May 2006, Maldives/Maldives	Property Investment	49.0%	MRF10,000
Maldives Shore Pvt Ltd.	16 May 2006, Maldives/Maldives	Property Investment	49.0%	MRF10,000
New Zealand				
Maypole New Zealand Limited	14 December 1994, New Zealand/New Zealand	Rental of apartments	100.0%	NZ$100
Mauritius				
Noy Holdings Limited	25 March 1992, New Zealand/Mauritius *(deregistered in New Zealand on 15 March 2006 and registered by continuation in Mauritius on 14 March 2006)*	Investment holding	100.0%	NZ$1,101,000
Guam				
Banyan Tree Guam Limited	17 May 2002, Guam/Guam	Providing spa and other associated services	100.0%[17]	US$257,000
Sri Lanka				
Beruwela Walk Inn Limited	13 March 1973, Sri Lanka/Sri Lanka	Operating hotel resorts	80.0%[18]	LKR[27]9,000,000
Banyan Tree (Private) Limited	10 May 2004, Sri Lanka/Sri Lanka	Operating spas	100.0%[19]	LKR20
Australia				
Keelbay Pty Ltd.	6 February 2002, Australia/Australia	Operating spas	100.0%	A$2
PRC				
Lijiang Banyan Tree Hotel Co. Ltd.	5 September 2003, PRC/PRC	Hotel construction and operation	66.0%[20]	US$14,900,000
Jiwa Renga Resorts Limited	12 January 2004, PRC/PRC	Hotel construction and operation	96.0%[21]	RMB39,900,000
Wanyue Leisure Health (Shanghai) Co., Ltd.	8 December 2004 PRC/PRC	Operating spas	100.0%	US$350,000

Name	Date and Place of Incorporation/Principal Place of Business	Principal Activities	Effective Ownership Interest*	Issued and Paid Up/Registered Capital
Gyalthang Dzong Hotel	29 December 1997, PRC/PRC	Hotel services	79.0%[22]	RMB6,000,000
Malaysia				
Banyan Tree Spas Sdn. Bhd.	1 March 2004, Malaysia/Malaysia	Operating spas	100.0%	RM[28]500,000
Japan				
Banyan Tree Japan Yugen Kaisha	12 April 2004, Japan/Japan	Operating spas	100.0%	Yen 3,000,000
Egypt				
Heritage Spas Egypt LLC	22 November 2004, Egypt/Egypt	Operating and investing in resorts, spas and retail outlets	100.0%[23]	LE[29]50,000
United Arab Emirates				
Heritage Spas Dubai LLC	24 November 2004, UAE/UAE	Operating spas	100.0%[24]	AED[31]300,000
South Africa				
Heritage Spas South Africa (Pty) Ltd	29 June 2004, South Africa/South Africa	Operating and investing in resorts, spas and retail outlets	100.0%	ZAR[32]100
Indonesia				
PT. Heritage Resorts & Spa	30 March 2005[30], Indonesia/Indonesia	Develop, own and operate hotels and resorts	100.0%	—
Mexico				
Mayakoba Thai S.A. de C.V.	8 March 2006, Mexico/Mexico	Develop, own and operate spas	20.0%	MXP[33]50,000

Notes:

* All percentages have been rounded to the nearest per cent.

(1) Architrave Design & Project Services Pte Ltd is wholly-owned by Banyan Tree Resorts & Spas (Thailand) Company Limited, which is 49.0 per cent. held by our Company.

(2) Banyan Tree Gallery (Singapore) Pte Ltd is 75.0 per cent. held by our Group, comprising 49.0 per cent. held by our Company and 51.0 per cent. held by our subsidiary LRH.

(3) Our Executive Chairman Mr Ho KwonPing, holds one share on trust for our Company.

(4) Triumph International Holdings Limited is 80.0 per cent. held by our wholly-owned subsidiary, Banyan Tree Hotels and Resorts Pte. Ltd. The remaining 20.0 per cent. ownership interest in Triumph International Holdings Limited is held by unrelated third parties.

(5) Banyan Tree Gallery (Thailand) Limited is 75.0 per cent. held by our Group, comprising 49.0 per cent. held by our Company and 51.0 per cent. held by our subsidiary LRH.

(6) Banyan Tree Resorts & Spas (Thailand) Company Limited is 49.0 per cent. held by our Company. Pursuant to the Articles of Association, our Company holds 94.9 per cent. of the voting power and is entitled to the dividends declared by Banyan Tree Resorts & Spas (Thailand) Company Limited after deducting the amount of Thai Baht 1,022,190 to be paid to preference shareholders (being 10.0 per cent. of the par value of the total preference shares). The remaining 51.0 per cent. interest is held by a company in which our Executive Chairman, Mr Ho KwonPing and his family members have an aggregate interest of 48.0 per cent.

(7) LRH is listed on the Stock Exchange of Thailand and is 51.8 per cent. held by our Group, which comprises our direct and indirect interests. The other major shareholder in LRH is Thai Wah Public, a company listed on the Stock Exchange of Thailand, which has a direct interest of approximately 35.0 per cent. in LRH. Our Executive Chairman, Mr Ho KwonPing and his family members have aggregate direct and indirect interests of approximately 26.7 per cent. in Thai Wah Public.

(8) Banyan Tree Seychelles Holdings Limited is a joint venture company, which is 30 per cent. held by our Company and 70.0 per cent. held by Immobiliere Sorento S.A, our joint venture partner.

(9) Seychelles Tropical Resorts Holdings Limited is a joint venture company, which is 50.0 per cent. held by our Company and 50.0 per cent. held by Immobiliere Sorento S.A., our joint venture partner.

(10) Banyan Tree Seychelles Holdings Limited, which is 30.0 per cent. held by our Company, has an interest of 100.0 per cent. in Banyan Tree Resorts (Seychelles) Limited. One share in Banyan Tree Resorts (Seychelles) Limited is held by our Group Managing Director, Mr Ariel P Vera, on trust for Banyan Tree Seychelles Holdings Limited.

(11) Seytropical Resorts Limited is wholly owned by Seychelles Tropical Resorts Holdings Limited and 50.0 per cent. of the shares in Seytropical Resorts Limited is held by our Group Managing Director, Mr Ariel P Vera, in trust for Seychelles Tropical Resorts Holdings Limited, which is 50.0 per cent. held by our Company.

(12) Maldives Angsana Pvt Ltd is wholly owned by our subsidiary Vabbinvest Maldives Pvt Ltd, in which we have an effective interest of 97.0 percent.

(13) Our Group Managing Director, Mr Ariel P Vera holds one share in Maldives Angsana Pvt Ltd on trust for Vabbinvest Maldives Pvt Ltd.

(14) The remaining 3.0 per cent. is held by Vabbin Pte Ltd, an unrelated third party. Our Group Managing Director, Mr Ariel P Vera holds one share in Vabbinvest Maldives Pvt Ltd on trust for the Company.

(15) The remaining 23.0 per cent. is held by individuals unrelated to us.

(16) Our Group Managing Director, Mr Ariel P Vera holds shares representing 50.0 per cent. of the capital in Maldives Cape Pvt Ltd. on trust for our Company.

(17) Banyan Tree Guam Limited is wholly owned by our wholly-owned subsidiary, Banyan Tree Spas Pte. Ltd. Each of Mr Ariel P Vera, Mr Tee Hwee Liang and Ms Yeo Suat Lay holds one share on trust for Banyan Tree Spas Pte. Ltd.

(18) Beruwela Walk Inn Limited is listed on the Colombo Stock Exchange of Sri Lanka.

(19) Banyan Tree (Private) Limited is wholly owned by our wholly owned subsidiary, Banyan Tree Spas Pte. Ltd. One share is held on trust for Banyan Tree Spas Pte. Ltd. by our Group Managing Director, Mr Ariel P Vera.

(20) Lijiang Banyan Tree Hotel Co. Ltd is 66.0 per cent. held by our Group, comprising 30.0 per cent. held by our Company and 70.0 per cent. held by Laguna Banyan Tree Limited, a subsidiary of LRH.

(21) The remaining 4.0 per cent. is held by an unrelated third party.

(22) Gyalthang Dzong Hotel is 99.0 per cent. held by our subsidiary, Triumph International Holdings Limited. The remaining 1.0 per cent. is held by an unrelated third party.

(23) Heritage Spas Egypt LLC is wholly owned by our wholly-owned subsidiary Banyan Tree Spas Pte. Ltd. Our Group Managing Director, Mr. Ariel P Vera, holds 5 quotas representing 1.0 per cent of the share capital in Heritage Spas Egypt LLC, on trust for Banyan Tree Spas Pte. Ltd.

(24) Heritage Spas Dubai LLC is wholly owned by our wholly-owned subsidiary Banyan Tree Spa (HK) Limited. 51.0 per cent. of the interest in Heritage Spas Dubai LLC is held by our local shareholder under a trust and sponsorship arrangement for Banyan Tree Spa (HK) Limited.

(25) "SR" means Seychelles Rupees.

(26) "MRF" means Maldivian Rufiyaa.

(27) "LKR" means Sri Lankan Rupees.

(28) "RM" means Malaysian Ringgit.

(29) "LE" means Egyptian Pounds.

(30) As at the date of this Prospectus, PT. Heritage Resorts & Spa has been established, but pending approval from the Minister of Justice, its incorporation is not yet completed under Indonesian law.

(31) "AED" means United Arab Emirates Dirham.

(32) "ZAR" means South African Rand.

(33) "MXP" means Mexican Pesos.

The details of LRH's subsidiaries are as follows:

Name	Date and Place of Incorporation/ Principal Place of Business	Principal Activities	Effective Ownership Interest*	Issued and Paid Up Capital
Bangtao Grande Company Limited	30 November 1993 Thailand/Thailand	Hotel operations	100.0%	Baht 1,546,000,000
Bangtao(1) Limited	22 August 1988 Thailand/Thailand	Property development	100.0%	Baht 20,930,000
Bangtao(2) Limited	22 August 1988, Thailand/Thailand	Property development	100.0%	Baht 19,100,000
Bangtao(3) Limited	22 August 1988, Thailand/Thailand	Property development	100.0%	Baht 7,750,000
Bangtao(4) Limited	23 August 1988, Thailand/Thailand	Property development	100.0%	Baht 14,550,000
Bangtao Development Limited	30 July 1987, Thailand/Thailand	Property development	100.0%	Baht 80,000,000
Banyan Tree Gallery (Singapore) Pte Ltd	16 November 1994, Singapore/Singapore	Sale of merchandise	51.0%	S$432,000
Banyan Tree Gallery (Thailand) Limited	22 December 1994, Thailand/Thailand	Sale of merchandise	51.0%(1)	Baht 7,750,000
Cheer Golden Limited	1 March 2002, Hong Kong/Hong Kong	Property investment holding	100.0%(2)	HK$2
Laguna(1) Limited	9 March 1988, Thailand/Thailand	Property development	60.0%	Baht 15,000,000

Name	Date and Place of Incorporation/ Principal Place of Business	Principal Activities	Effective Ownership Interest*	Issued and Paid Up Capital
Laguna(3) Limited	9 March 1988, Thailand/Thailand	Property development	100.0%	Baht 100,000
Laguna Beach Club Limited	29 November 1988, Thailand/Thailand	Hotel operations	60.0%(3)	Baht 200,000,000
Laguna Banyan Tree Limited	9 January 1991, Thailand/Thailand	Hotel operations	100.0%	Baht 500,000,000
Laguna Central Limited	29 August 2001, Thailand/Thailand	Not yet commenced operations	100.0%	Baht 1,000,000
Laguna Excursions Limited	25 November 2005, Thailand/Thailand	Not yet commenced operations	49.0%	Baht 5,000,000
Laguna Grande Limited	24 February 1988, Thailand/Thailand	Golf club operations and property development	100.0%	Baht 1,000,000,000
Laguna Holiday Club Limited	4 May 1994, Thailand/Thailand	Real estate business and membership sale commission agent	100.0%	Baht 330,000,000
Laguna Services Company Limited	13 November 1990, Thailand/Thailand	Providing utilities and other services to the hotels of the Group	89.0%	Baht 90,500,000
Lijiang Banyan Tree Hotel Co. Ltd.	5 September 2003, PRC/PRC	Hotel construction and operation	70.0%	US$14,900,000
Mae Chan Property Company Limited . .	16 October 1989, Thailand/Thailand	Property development	100.0%	Baht 232,300,000
Ownrep Project Services Pte Ltd.	24 March 1992, Singapore/Singapore	Dormant	50.0%(4)	S$2,000,000
Phuket Resort Development Limited	4 July 1983, Thailand/Thailand	Property development	100.0%	Baht 41,400,000
Pai Samart Development Company Limited	22 November 1990, Thailand/Thailand	Property development	100.0%	Baht 28,400,000
PT. AVC Indonesia	8 July 2003, Indonesia/Indonesia	Not yet commenced operations	100.0%	US$700,000
Talang Development Company Limited	26 October 1990, Thailand/Thailand	Property development	50.0%(5)	Baht 251,000,000
Thai Wah Plaza Limited	20 March 1989, Thailand/Thailand	Hotel operations	100.0%	Baht 1,500,000,000
Thai Wah Tower Company Limited	8 June 1989, Thailand/Thailand	Office rental	100.0%	Baht 455,000,000
Thai Wah Tower(2) Company Limited . .	2 December 1988, Thailand/Thailand	Office rental	100.0%	Baht 21,000,000
Twin Waters Development Company Limited	22 June 1989, Thailand/Thailand	Property development	100.0%	Baht 214,370,000
TWR-Holdings Limited	14 June 1988, Thailand/Thailand	Investment holding	100.0%	Baht 1,250,000,000
Wenco-Thai Limited	9 February 1993, Thailand/Thailand	Dormant	100.0%(6)	Baht 1,000,000

Notes:

* All percentages have been rounded to the nearest per cent.

(1) Banyan Tree Gallery (Thailand) Limited is 51.0 per cent. held by LRH and 49.0 per cent. held by our Company, which collectively hold 100.0 per cent. of the voting power and are entitled to 100.0 per cent. of the dividends declared by Banyan Tree Gallery (Thailand) Limited.

(2) Cheer Golden Limited is wholly owned by LRH's wholly owned subsidiary, Laguna Holiday Club Limited. Michael Ramon Ayling holds one share on trust for Laguna Holiday Club Limited.

(3) Laguna Beach Club Limited is 60.0 per cent. held by LRH and TWR-Holdings Limited, which in aggregate, hold 60.0 per cent. of the voting power and are entitled to 50.0 per cent. of the dividends declared by Laguna Beach Club Limited, pursuant to its Articles of Association.

(4) Ownrep Project Pte Ltd is 50.0 per cent. held by Tropical Resorts Limited and 50.0 per cent. held by TWR-Holdings Limited.

(5) Talang Development Company Limited is 50.0 per cent. held by TWR-Holdings Limited (which holds 50.0 per cent. of the voting power and is entitled to 50.0 per cent. of the dividends declared by Talang Development Co., Ltd) and 50.0 per cent. held by an unrelated third party.

(6) Wenco-Thai Limited is 100.0 per cent. held by LRH and TWR-Holdings Limited, which collectively hold 100.0 per cent. of the voting power and are entitled to 100.0 per cent. of the dividends declared by Wenco-Thai Limited..

SHARE CAPITAL

1. Save as disclosed below and in the section on ''Share Capital of the Company'', there were no changes in the issued and paid-up capital of the Company and its subsidiaries within the three years preceding the Latest Practicable Date.

Banyan Tree Seychelles Holdings Limited

Date of Issue	Number of shares issued	Issue Price per share	Purpose of Issue	Resultant issued share capital
30 June 2003	1,261 ordinary shares	US$1.00	Subscription of shares	US$37,456
31 December 2003	447 ordinary shares	US$1.00	Subscription of shares	US$37,903
24 October 2005	5,097 ordinary shares	US$1.00	Subscription of shares	US$43,000

Maldives Bay Pvt Ltd

Date of Issue	Number of shares issued	Issue Price per share	Purpose of Issue	Resultant issued share capital
28 March 2004	2 ordinary shares	MRF10	Subscriber shares	MRF20
21 July 2005	5,100,000 shares	US$*1.00	Subscription of shares	US$5,100,002

* The currency denomination of the capital of Maldives Bay Pvt Ltd was changed from MRF to US$ in June 2005.

Maldives Cape Pvt Ltd

Date of Issue	Number of shares issued	Issue Price per share	Purpose of Issue	Resultant issued share capital
28 March 2004	2 ordinary shares	MRF 10.00	Subscriber shares	MRF20.00

Banyan Tree Guam Limited

Date of Issue	Number of shares issued	Issue Price per share	Purpose of Issue	Resultant issued share capital
30 December 2005	255,000 ordinary shares	US$1.00	Capitalisation of US$255,000 by way of issue of 255,000 fully paid ordinary shares of US$1.00 as repayment of debt	US$257,000

Banyan Tree (Private) Limited

Date of Issue	Number of shares issued	Issue Price per share	Purpose of Issue	Resultant issued share capital
10 May 2004	2 ordinary shares	LKR10	Subscriber shares	LKR20

Lijiang Banyan Tree Hotel Co. Ltd.

Date	Purpose	Registered capital contributed	Resultant registered capital
5 September 2003	Investment contribution	US$6,400,000	US$6,400,000
3 February 2005	Investment contribution	US$1,750,000	US$8,150,000
21 June 2005	Investment contribution	US$2,750,000	US$10,900,000
7 February 2006	Investment contribution	US$4,000,000	US$14,900,000

Jiwa Renga Resorts Limited

Date	Purpose	Registered capital contributed	Resultant registered capital
12 January 2004	Investment contribution	RMB5,000,000	RMB5,000,000
14 March 2005	Investment contribution	RMB17,400,000	RMB22,400,000
16 August 2005	Investment contribution	RMB7,000,000	RMB29,400,000
15 February 2006	Investment contribution	RMB10,500,000	RMB39,900,000

Wanyue Leisure Health (Shanghai) Co., Ltd

Date	Purpose	Registered capital contributed	Resultant registered capital
8 December 2004	Investment contribution	US$350,0000	US$350,000

Heritage Spas Egypt LLC

Date of Issue	Number of shares issued	Issue Price per share	Purpose of Issue	Resultant issued share capital
22 November 2004	500 quotas	100 LE	Subscriber shares	LE50000

Heritage Spas Dubai LLC

Date of Issue	Number of shares issued	Issue Price per share	Purpose of Issue	Resultant issued share capital
24 November 2004	300 ordinary shares	AED 1,000	Subscriber shares	AED300,000

Heritage Spas South Africa (Pty) Ltd

Date of Issue	Number of shares issued	Issue Price per share	Purpose of Issue	Resultant issued share capital
29 June 2004	100 ordinary shares	ZAR 1.00	Subscriber shares	ZAR100

Banyan Tree Spas Sdn. Bhd.

Date of Issue	Number of shares issued	Issue Price per share	Purpose of Issue	Resultant issued share capital
1 March 2004	2 ordinary shares	RM1.00	Subscriber shares	RM2.00
27 September 2004	499,998 ordinary shares	RM1.00	Capitalisation of RM499,998 by way of issue of 499,998 fully paid ordinary shares of RM 1.00 each as repayment of amount owed to Banyan Tree Spas Pte Ltd.	RM500,000

Banyan Tree Japan Yugen Kaisha

Date of Issue	Number of shares issued	Issue Price per share	Purpose of Issue	Resultant issued share capital
12 April 2004	60 ordinary shares	50,000 Japanese Yen	Subscriber shares	Yen 3,000,000

Laguna Excursions Limited

Date of Issue	Number of shares issued	Issue Price per share	Purpose of Issue	Resultant issued share capital
10 November 2005	50,000	Baht 100	Subscriber shares	Baht 5,000,000

Thai Wah Plaza Limited

Date of Issue	Number of shares issued	Issue Price per share	Purpose of Issue	Resultant issued share capital
14 November 2005	3,349,290	Baht 100	Subscription of shares	Baht 1,500,000,000

Thai Wah Tower Limited

Date of Issue	Number of shares issued	Issue Price per share	Purpose of Issue	Resultant issued share capital
28 December 2005	3,230,000	Baht 100	Subscription of shares	Baht 455,000,000

2. Save as disclosed under "Share Capital and Shareholders", no Shares or debentures were issued or were agreed to be issued by the Company for cash or for a consideration other than cash during the last three years preceding the Latest Practicable Date.

MATERIAL CONTRACTS

The following contracts not being contracts entered into in the ordinary course of business have been entered into by our Company and our subsidiaries within the two years preceding the date of lodgement of this Prospectus and are or may be material:

(i) the share transfer documents dated 8 March 2005 and 18 March 2005 relating to the acquisition of an aggregate 10,525,703 ordinary shares in TWPL (representing approximately 90.3 per cent. in its then issued and paid-up share capital) by TWR-Holdings Limited from Everen Investment Private Limited, Soi 69 Co., Ltd., Mr Piched Niamnud, Sin-Hai Offshore Company Limited and International Commercial Development Company Limited for an aggregate consideration of approximately Baht 4.06 million;

(ii) the share transfer document dated 8 March 2005 in relation to the acquisition of 36,743 ordinary shares in Thai Wah Tower (2) Company Limited (representing 17.5 per cent. of its issued and paid-up capital) by TWR-Holdings Limited from Everen Investment Private Limited for a consideration of Baht 36,743;

(iii) the sale and purchase agreement dated 2 February 2005, entered into between (i) BTHR and (ii) HSBC, in relation to the property at 24 Cheong Chin Nam Road, Singapore which was sold by HSBC to BTHR, for a consideration of S$1.68 million;

(iv) the deeds of assignment dated 25 April 2006 entered into between (i) Banyan Tree Properties Pte. Ltd. and (ii) Gold Sand Investments Ltd., in relation to the assignment by Gold Sand Investments Ltd. to Banyan Tree Properties Pte. Ltd. of, amongst others, each lease agreement entered into between Gold Sand Investments Ltd., as lessee and Kingley Realty Limited, as lessor, in respect of the Bintan Units for a consideration of S$60.00;

(v) the deeds of assignment dated 25 April 2006 entered into between (i) Banyan Tree Properties Pte. Ltd. and (ii) Salvia Investments Ltd, in relation to the assignment by Salvia Investments Ltd to Banyan Tree Properties Pte. Ltd. of, amongst others, each lease agreement entered into between Salvia Investments Ltd, as lessee and Kingley Realty Limited, as lessor, in respect of the Salvia Units for an aggregate consideration of S$2,171,000; and

(vi) the sale and purchase agreement dated 8 May 2006, entered into between (i) our Company, (ii) Tropical Resorts Management Co Ltd. and (iii) The Allamanda Residential Suites Limited in relation to the purchase by our Company of the "BANYAN TREE", "ANGSANA", "ELEMENTS", "YUE CHUN" and "YUE RONG" trademarks from Tropical Resorts Management Co Ltd. and the "THE ALLAMANDA" trademark from The Allamanda Residential Suites Limited for an aggregate consideration of S$24.3 million.

MISCELLANEOUS

1. No expert is employed on a contingent basis by our Company or any of our subsidiaries, has a material interest, whether direct or indirect, in the shares of our Company or our subsidiaries, or has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Offering.

2. Save as disclosed under "Note 44 — Events after the balance sheet date" of the Interim Consolidated Financial Statements of Banyan Tree Holdings Limited and its Subsidiary Companies for the period from 1 January 2006 to 31 March 2006, the Directors are not aware of any event which has occurred since 31 March 2006 and up to the Latest Practicable Date, which may have a material effect on the financial position and results of the Group.

ADDITIONAL CONSENTS

1. Each of the Joint Global Co-ordinators and Joint Bookrunners has given and has not withdrawn its written consent to being named in the Prospectus as the Joint Global Co-ordinator and Joint Bookrunner to the Offering.

2. The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its name and of the Letter from the Independent Financial Adviser to our Audit and Risk Committee in the form and context in which it appears in this Prospectus and to act in such capacity in relation to this Prospectus.

3. Each of Jones Lang LaSalle Property Consultants Pte Ltd and Jones Lang LaSalle (Thailand) Limited has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its name, the section "Industry" and the Summary Valuation Report included in Appendix E to this Prospectus in the form and context in which it appears in this Prospectus and to act in such capacity in relation to this Prospectus.

4. Each of Brand Finance plc and Brand Finance Consultancy (Singapore) Pte Ltd has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of its name and the statements in the sections "Business — Intellectual Property" and "Appendix B — Interested Person Transactions — Present and Ongoing Interested Person Transactions — (D)" in the form and context in which they appear in this Prospectus and to act in such capacity in relation to this Prospectus.

5. Each of the Share Registrar and Transfer Agent, Legal Advisers to the Company as to Singapore law, Legal Advisers to the Company as to English and United States federal law, Legal Advisers to the Joint Global Co-ordinators as to English, United States federal and Singapore law, Legal Advisers to JAIC, Kilby and PAMA as to Singapore law, the Principal Banker and the Receiving Bank do not make, or purport to make, any statement in this Prospectus or any statement upon which a statement in this Prospectus is based and, to the maximum extent permitted by law, expressly disclaim and take no responsibility for any liability to any person which is based on, or arises out of, the statements, information or opinions in this Prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our registered office at 211 Upper Bukit Timah Road, Singapore 588182 during normal business hours for a period of six months from the date of registration of this Prospectus by the Authority:

(i) the Memorandum and Articles of Association of our Company;

(ii) the Rules of the Banyan Tree Share Option Scheme;

(iii) the Rules of the Banyan Tree Performance Share Plan;

(iv) the material contracts referred to above;

(v) the Employment Agreements of our Directors referred to above;

(vi) the Audited Consolidated Financial Statements of Banyan Tree Holdings Limited and its Subsidiary Companies as of and for the financial years ended 31 December 2003, 2004 and 2005;

(vii) the Consolidated Interim Financial Statements of Banyan Tree Holdings Limited and its Subsidiary Companies for the period from 1 January 2006 to 31 March 2006;

(viii) the Pro Forma Consolidated Financial Information of Banyan Tree Holdings Limited for the financial year ended 31 December 2005;

(ix) the Pro Forma Consolidated Interim Financial Information of Banyan Tree Holdings Limited for the period from 1 January 2006 to 31 March 2006;

(x) the Letter from the Independent Financial Adviser to our Audit and Risk Committee;

(xi) the Valuation Report of Jones Lang LaSalle Property Consultants Pte Ltd and Jones Lang Lasalle (Thailand) Limited; and

(xii) the independent valuation reports issued by Brand Finance plc and Brand Finance Consultancy (Singapore) Pte Ltd.

Summary of Principal Differences between SFRS and US GAAP

Our consolidated financial statements included in this Prospectus have been prepared and presented in accordance with Singapore Financial Reporting Standards (''SFRS''), which differ in certain significant respects from accounting principles generally accepted in the United States of America (''US GAAP''). As required by US GAAP, such differences involve methods for measuring the amounts shown in the financial statements, as well as additional disclosures that have not been described.

Certain significant differences between SFRS and US GAAP relevant to our consolidated financial statements are summarised below. This summary should not be construed as being exhaustive. In making an investment decision, investors must rely upon their own examination of our Company, the terms of the Offering and our financial information. Potential investors should consult their own professional advisors for an understanding of the differences between SFRS and US GAAP and how these differences might affect the financial information herein. In addition, no attempt has been made to identify all classification, disclosure and presentation differences between SFRS and US GAAP that would affect the manner in which transactions and events are presented in the consolidated financial statements or notes thereto. No attempt has been made to identify future differences between SFRS and US GAAP as the result of prescribed changes in standards and regulations. In addition, regulatory bodies that promulgate SFRS and US GAAP have significant projects ongoing that could affect future comparisons of SFRS and US GAAP. Finally, no attempt has been made to identify all future differences between SFRS and US GAAP that may affect our consolidated financial statements as a result of transactions or events that may occur in the future.

Goodwill

Under SFRS 22, Business Combinations, goodwill represents the excess of the cost of the acquisition over the fair value of identifiable net assets of a subsidiary, associate or joint venture at the date of acquisition. Goodwill is stated at cost less accumulated amortisation and any accumulated impairment losses. Goodwill is amortised from the date of initial recognition over its estimated useful life of not more than 20 years. Goodwill is reviewed for impairment when there is any indication of impairment. Goodwill arising on acquisitions of foreign subsidiaries before 1 January 2005 are deemed to be assets and liabilities of the parent company and are recorded in the functional currency of the parent company at the rates prevailing at the date of acquisition. On or after 1 January 2005, the goodwill of the foreign subsidiaries are recorded in the functional currency of the foreign subsidiaries and translated at the closing rate at the balance sheet date. Under SFRS 22, negative goodwill arising on acquisition represents the excess of the fair value of the identifiable net assets acquired over the cost of acquisition. To the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, it is recognised in the profit and loss account when the future losses and expenses are recognised. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the profit and loss account over the weighted average useful life of those assets that are depreciable or amortisable. Negative goodwill in excess of fair values of the non-monetary assets acquired is recognised immediately in the profit and loss account. The negative goodwill is recognised as income in the profit and loss account using the straight-line method over the remaining weighted average useful life of the identifiable acquired depreciable/amortisable assets of 20 years. Negative goodwill is presented in the same balance sheet classification as goodwill. With respect to associated companies, negative goodwill is included in the carrying value of the investment. SFRS 22 has been replaced by SFRS 103 (revised), Business Combinations, which is effective for business combinations after 1 January 2005.

US GAAP does not permit amortisation of goodwill but instead requires goodwill to be reviewed at least annually for impairment or whenever events or changes in circumstances indicate that the recoverability of the carrying amount must be assessed at the reporting unit level. A reporting unit can be an operating segment as defined in guidance on the disclosure of segments, if it meets the definition of a reporting unit or one level below an operating segment.

A two-step impairment test is required:

- The fair value and the carrying amount of the reporting unit including goodwill should be compared. If the fair value of the reporting unit is less than the book value, goodwill would be considered to be impaired; then
- The goodwill impairment should be measured as the excess of the carrying amount of goodwill over its implied fair value. The implied fair value of goodwill should be determined in the same manner as goodwill is determined in a business combination. The impairment charge should be included in operating expense.

Any excess of fair value over the purchase price must be allocated on a pro rata basis to all assets other than: current assets; financial assets (other than equity method investments); assets to be sold and deferred taxes. Any negative goodwill remaining is recognised as an extraordinary gain.

Under US GAAP, restructuring transactions among entities under common control are accounted for using a method similar to pooling-of-interests method, except that the resulting excess of outstanding shares of the combined entities at par or stated amounts over the total share capital of the separate combining entities is deducted first from the combined retained earnings. The assets of the entities are combined at their historical cost. Under US GAAP, common control exists when one person owns over 50% of two or more entities, and also when immediate family members vote their shares in concert so as to effect control. Different companies owned by individuals that are non members of an immediate family are not under common control unless there is contemporaneous written evidence of an agreement to vote a majority of an entity's shares in concert. There are no similar requirements under SFRS.

Revaluation of Property, Plant and Equipment

Under SFRS, property, plant and equipment are stated at cost or valuation less accumulated depreciation and any impairment in value. All items of property, plant and equipment are initially recorded at cost. Land, land awaiting for development and buildings are subsequently revalued, on an asset-by-asset basis, to their fair values. Revaluations are made to ensure that their carrying amount does not differ materially from their fair value at the balance sheet date. When an asset is revalued, any increase in the carrying amount is credited directly to the revaluation reserve unless it reverses a previous revaluation decrease relating to the same asset, which was previously recognised as an expense. In these circumstances, the increase is recognised as income to the extent of the previous write down. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised as an expense unless it reverses a previous surplus relating to that asset, in which case it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset. Any balance remaining in the revaluation surplus in respect of an asset, is transferred directly to accumulated profits on retirement or disposal of the asset.

Under US GAAP, property, plant and equipment is required to be stated at historical cost less accumulated depreciation and upward revaluation is not permitted.

Impairment of Long-Lived Assets

Under SFRS, assessment is required at each reporting date whether there is an indication that an asset may be impaired. The measurement of impairment loss is based on the recoverable amount of the asset. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use based on discounted cash flows.

Under US GAAP, if indicators of impairment are present, a company should determine whether the sum of the estimated undiscounted future cash flows attributable to the long-lived asset in question is less than the carrying amount. If less, then the company should recognise an impairment loss based on the excess of the carrying amount of the asset over its respective fair value. SFAS No. 144: "Accounting for the Impairment or Disposal of Long-Lived Assets" requires that for purposes of recognition and measurement of an impairment loss, a long-lived asset should be grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. US GAAP does not allow the reversal of impairment loss.

Comprehensive Income

Under SFRS, disclosure is required in a statement of changes in equity of:

- net profit or loss for the period;
- each item of income and expense, gain or loss which, as required by other standards, is recognised directly in equity, and the total of these items; and
- the cumulative effect of changes in accounting policy and the correction of fundamental errors under the benchmark treatments in SFRS 8.

In addition, an entity should present either in this statement or in the notes:

- capital transactions with owners and distributions to owners;
- the balance of accumulated profit or loss at the beginning of the period and at the balance sheet date, and the movements for the period; and

- a reconciliation between the carrying amount of each class of equity capital, share premium and each reserve at the beginning and the end of the period, separately disclosing each movement.

US GAAP establishes standards for reporting and display of comprehensive income and its components in financial statements that are displayed with the same prominence as other financial statements. Comprehensive income is composed of two subsets: "net income" and "other comprehensive income". Comprehensive income includes charges or credits to equity that are not the result of transactions with owners and consists of the following:

- net income;
- unrealised holding gains and losses on available-for-sale securities;
- foreign currency translation adjustments;
- the minimum pension liability in excess of unrecognised prior service costs;
- gains and losses on foreign currency transactions designated as, and effective as, economic hedges of a net investment in a foreign entity;
- gains and losses from derivatives that qualify as cash flow hedges; and
- change in the fair value of a futures contract that qualifies as a hedge of an asset.

Under US GAAP, one of three possible formats may be used for presenting comprehensive income:

- a single primary statement of income and comprehensive income containing both net income and other comprehensive income;
- a two statement approach; or
- a separate category highlighted within the primary statement of changes in equity.

The total of gains and losses recognised in the period comprises net income and the following gains and losses recognised directly in equity:

- available for sale investments and certain financial instruments;
- foreign exchange translation differences; and
- the cumulative effect of changes in accounting policy and changes in fair value on certain financial instruments if designated as cash flow hedges, net of tax and cash flow hedges reclassified to income and/or relevant hedged asset/liability.

Deferred Income Tax

Under SFRS, deferred tax is calculated using the tax rates that have been enacted or "substantively enacted" by the balance sheet date. Under SFRS, deferred tax assets and liabilities are presented on the balance sheet as non-current amounts.

Under US GAAP, in computing deferred tax assets, the applicable tax rate and tax laws must have been enacted. Under US GAAP, deferred tax assets and liabilities are separated into their current and non-current portions based on the classification of related assets or liabilities for financial reporting purposes. Tax assets not associated with an underlying asset or liability are classified based on the expected reversal period.

Consolidation

Under SFRS, power to control is considered when determining whether a parent/subsidiary relationship exists. Control is the parent's ability to govern the financial and operating policies of a subsidiary to obtain benefits. Companies acquired or disposed of are included in or excluded from consolidation from the date control passes. Presently exercisable potential voting rights are also considered in determining whether to consolidate an entity.

Under SFRS, minority interest is included in equity.

Under US GAAP, a dual consideration decision model is required since the issuance of FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46") in January 2003, as amended by FIN 46-R in December 2003. All consolidation decisions should be evaluated under the variable interest and traditional consolidation models. Variable interest entities ("VIEs") in which a parent does not have a controlling voting interest but the parent absorbs the majority of the VIEs expected losses or returns also must be consolidated.

Since the introduction of FIN 46, more entities are subject to consolidation than under the pre-existing consolidation guidance.

Under US GAAP, subsidiaries are excluded from consolidation when control does not rest with the majority owner, and when the primary beneficiary tests under FIN 46-R is not applicable. There is exclusion based on temporary control.

Under US GAAP, minority interest is presented in mezzanine equity, a category that is classified between liabilities and equity.

Inventories Write Down

Under SFRS, inventories are valued at the lower of cost and net realisable value. Net realisable value is the selling price in the ordinary course of business, less the costs to sell.

Under SFRS, the amount of any write-down of inventories to net realisable value and all losses of inventories shall be recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Under US GAAP, inventories are carried at the lower of cost or market value. Market value is defined as being current replacement cost subject to an upper limit of net realisable value (i.e. estimated selling price in the ordinary course of business less reasonable predictable costs of completion and disposal) and a lower limit of net realisable value less a normal profit margin.

Under US GAAP, reversal of a write-down is prohibited, as a write-down creates a new cost basis. In addition, the write-down of inventory to the lower of cost and market creates a new cost basis that subsequently cannot be reversed. Substantial and unusual losses arising from the application of the lower of cost or market rule must be separately disclosed from 'cost of goods sold' in the income statement. Likewise, accrued net losses on firm purchase commitments for inventory should be identified in the income statement.

Investments in Equity Instruments

Under SFRS, investments in equity instruments can be carried at cost less any impairment or at fair value for both marketable and non-marketable equity instruments.

In May 2003, the Council on Corporate Disclosure and Governance issued a new accounting standard, the Singapore Financial Reporting Standard 39: "Financial Instruments: Recognition and Measurement" with its fourth revision in August 2005 which is effective for financial statements covering periods beginning on or after 1 January 2005.

The adoption of this new accounting standard means that after the first quarter of 2005, companies are required to measured their investments in equity instruments at fair value.

Under SFRS, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. These financial assets are accounted for as follows:

- Financial assets at fair value through profit or loss: Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Gains or losses on investments held for trading are recognised in the profit and loss account.

- Held-to-maturity investments: Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the entity has the positive intention and ability to hold the assets to maturity. Investments intended to be held for an undefined period are not included in this classification. For investments carried at amortised cost, gains and losses are recognised in the profit and loss account when the investments are derecognised or impaired, as well as through the amortisation process.

- 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. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit and loss account when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

- Available-for-sale financial assets: Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition, available-for sale financial assets are measured at fair value with gains or losses being recognised in the fair value adjustment reserve until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

Under US GAAP, SFAS No. 115, ''Accounting for Certain Investments in Debt and Equity Securities'', addresses the accounting and reporting for investments in equity securities that have readily determinable fair values and for investments in debt securities. Those investments are classified in three categories and accounted for as follows:

Held-to-Maturity: Debt securities that an entity has the positive intent and ability to hold maturity are reported at amortised cost whereby any discounts or premiums are amortised to income over the term of the security.

Trading: Debt and equity securities that are bought and held for the purpose of selling in the near term are reported at fair value with the unrealised gain or loss included in income for each reporting period.

Available-for-Sale: Debt and equity securities not classified as either trading or held-to-maturity securities are reported at fair value with the unrealised gains and losses excluded from income and reported as a separate component of other comprehensive income until realised.

Finance leases

The definition of a ''finance lease'' under SFRS is based on the substance of the leasing transaction, i.e. whether it transfers substantially all the risks and rewards incident to ownership of the asset.

Under US GAAP, capital leases are recognised if one of the following criteria is met: (a) ownership of the leased assets transfers to the lessee at the end of the lease period; (b) the lease contains a bargain purchase option; (c) the term of the lease is equal to 75.0 per cent. or more of the estimated useful life of the assets; or (d) the net present value of the minimum lease payments equals or exceeds 90.0 per cent. of the underlying fair value of the leased assets. If the lease meets the criterion of either (a) or (b) above, the asset is amortised in a manner consistent with the lessee's normal depreciation policy for owned fixed assets. If the lease does not meet the criterion of either (a) or (b) above, the asset is amortised in a manner consistent with the lessee's normal depreciation policy, except that the period of amortisation cannot exceed the lease term. For leases not meeting any of the four criteria for a capital lease included above, lease payments are expensed as incurred (operating lease) on a straight-line basis.

Listing expenses

Under SFRS, various costs incurred in issuing its own equity instruments are accounted for as a deduction from equity. The costs of an equity transaction are recognised as an expense when the equity transaction has been abandoned.

Under US GAAP, costs incurred in issuing equity instruments are recognised as an expense when the transaction is being abandoned or delayed for more than 90 days.

Distinction between Debt and Equity

Under SFRS, an equity instrument is any contract that entitles the holder to a residual interest in the assets of an entity after deducting all of its liabilities. Any financial instrument that calls for the issuer to deliver cash; another financial asset; or another financial instrument, at potentially unfavorable conditions to the other entity is, in substance, a liability. Hence, it should be classified as such in the issuer's balance sheet regardless of its legal form or manner of settlement. Redeemable preference shares are therefore, likely to be classified as a liability. The balance sheet classification of a financial instrument as either liability or equity determines whether any interest, dividends, gains or losses relating to that instrument are reported in income or equity.

Where a financial instrument comprises a debt and an equity element, SFRS requires its carrying value to be allocated between the debt and equity components.

US GAAP generally requires liability classification for two broad classes of financial instruments:

1. Instruments that represent, or are indexed to, an obligation to buy back the issuer's shares, regardless of whether the instrument is settled on a net-cash or gross physical basis, such as;

    a. Mandatorily redeemable equity instruments;

b. Written options that give the counterparty the right to require the issuer to buy back shares (written puts); and

c. Forward contracts that require the issuer to purchase shares (forward purchases).

2. Obligations that can be settled in shares but meet one of the following conditions:

a. Derive their value predominantly from some other underlying;

b. Have a fixed value; or

c. Have a value to the counterparty that moves in the opposite direction as the issuer's shares (e.g., net-share settled written put options).

Where the conversion option is non-separable from the debt, US GAAP normally does not permit an allocation of part of the proceeds to the conversion option.

Presentation and Disclosure

Disclosure in financial statements is generally more extensive under US GAAP than SFRS, and there are differences in presentation including (but not limited) to the following:

Changes in Accounting Policies

Under SFRS, a change in an accounting policy as a result of the adoption of a newly issued accounting pronouncement is generally reflected through the restatement of all prior periods, except where the standard permits a different transitional treatment. Under US GAAP, entities making a change in accounting principle to conform to an American Institute of Certified Public Accountants statement of position or practice bulletin, a Financial Accounting Standards Board (''FASB'') technical bulletin, or an Emerging Issues Task Force (''EITF'') consensus shall report the change as specified in the pronouncement. If not specified in the pronouncement, the change shall be reported as specified by Accounting Principles Board Opinion No. 20: ''Accounting Changes'' (APB 20) which specifies that most discretionary changes in accounting principles should be accounted for by a cumulative catch-up adjustment. Also, APB 20 specifies that certain changes in accounting principle should be reported by retroactive restatement of previous financial statements.

Presentation of Associated Company

Under SFRS, this information is presented on a pre-tax basis. US GAAP requires presentation of associated company's results on a post-tax basis.

Cash Flows Statement

Under SFRS, bank overdrafts are netted with positive cash and bank balances for purposes of determining cash and cash equivalents for the cash flow statement only if it forms an integral part of the entity's cash management.

Under US GAAP, companies which present their cash flows using the direct method are required to present, in a separate schedule, a reconciliation of the net income to cash flows from operating activities. Such reconciliation should show the (a) effects of all deferrals of past operating cash receipts and payments, such as changes during the period in inventory, deferred income, and all accruals of expected future operating cash receipts and payments such as changes during the period in receivables and payables, and (b) the effects of all items which cash effects are investing or financing cash flows, such as depreciation, amortization of goodwill, and gains or losses on sales of property and equipment and discontinued operations (which relate to investing activities), and gains or losses on extinguishments of debts (which is a financing activity). Bank overdrafts would not be netted against cash and bank balances for the cashflow statement.

Segment Reporting

Under SFRS, certain forms of disclosure need to be presented in respect to business and geographical segments, one as primary segment and the other as secondary. The choice depends on business risks and returns and internal reporting structure. Under US GAAP, disclosure is presented on the basis management organises and reports the business result internally. Under SFRS, disclosures for primary segment include revenues, results, capital expenditures, total assets and liabilities and other items. Disclosures for secondary segment include revenues, total assets and capital expenditures. Under US GAAP, similar disclosures for primary segment are required with the exception of liabilities and geographical capital expenditures. Under US GAAP, depreciation, amortisation, tax, interest and exceptional/extraordinary items are also disclosed, if reported internally. Disclosure of factors used to identify segments is required.

Defined Terms and Abbreviation

"A" Preference Shares	"A" redeemable preference shares in the share capital of our Company.
ACRA	Accounting and Corporate Regulatory Authority.
Academy	The Banyan Tree Spa Academy.
Additional Shares	An aggregate of 40,486,521 Shares and 16,530,479 Shares that UBS, on behalf of the Joint Global Co-ordinators and pursuant to the Over-allotment Options, may purchase from our Company and certain of the Vendors, respectively.
ADR	average daily rate.
Allamanda Units	Units in The Allamanda leased by PHL.
Angsana Bintan	Angsana Resort & Spa Bintan.
Angsana Great Barrier Reef	Angsana Resort & Spa Great Barrier Reef.
Angsana Maldives	Angsana Resort & Spa Maldives Ihuru.
Angsana Oasis	Angsana Oasis & Spa Resort Bangalore.
Articles of Association	Articles of association of our Company.
Associated company	In relation to an entity, means: (a) any corporation, other than a subsidiary of the entity, in which: (i) the entity or one or more of its subsidiaries or subsidiary entities has; (ii) the entity, one or more of its subsidiaries and one or more of its subsidiary entities together have; (iii) the entity and one or more of its subsidiaries together have; (iv) the entity and one or more of its subsidiary entities together have; or (v) one or more of the subsidiaries of the entity and one or more of the subsidiary entities of the entity together have, a direct interest in voting shares of not less than 20.0 per cent. but not more than 50.0 per cent. of the total votes attached to all voting shares in the corporation; or (b) any corporation, other than a subsidiary of the entity or a corporation which is an associated company of the entity by virtue of paragraph (a), the policies of which: (i) the entity or one or more of its subsidiaries or subsidiary entities; (ii) the entity together with one or more of its subsidiaries and one or more of its subsidiary entities; (iii) the entity together with one or more of its subsidiaries; (iv) the entity together with one or more of its subsidiary entities; or (v) one or more of the subsidiaries of the entity together with one or more of the subsidiary entities of the entity, is or are able to control or influence materially.
Authority or MAS	The Monetary Authority of Singapore.
Average number of available rooms	The average number of available rooms of a resort or hotel is equal to the total aggregate number of rooms available for average occupancy for each day during the relevant period divided by the number of days in that period.

Average occupancy	The average occupancy of a resort or hotel is equal to the number of paid room nights during a period divided by the total number of available room nights during that period, expressed as a percentage.
Average room rate	The average room rate of a resort or hotel is equal to the total room revenue earned during a period divided by the number of paid room nights for that period.
Avian flu	Avian flu virus H5N1.
Award	The right to receive Shares pursuant to the Banyan Tree Performance Share Plan.
"B" Preference Shares	"B" redeemable preference shares in the share capital of our Company.
"B1" Preference Shares	"B1" redeemable preference shares in the share capital of our Company.
Bt or Baht	The lawful currency of Thailand.
Banyan Tree Maldives	Banyan Tree Maldives Vabbinfaru.
Banyan Tree Performance Share Plan	Banyan Tree Performance Share Plan as may be modified from time to time.
BBL	Bangkok Bank.
BGL	Bangtao Grande Limited.
Board or Board of Directors	our Company's board of directors.
BOT	Bank of Thailand.
Brand Shares	The 15,552,000 Shares issued as part consideration for the acquisition of the Trademarks.
BTG(S)	Banyan Tree Gallery (Singapore) Pte Ltd.
BTHR	Banyan Tree Hotels & Resorts Pte. Ltd., formerly known as Hotelbrands Management Pte. Ltd.
BTH Officers	Mr Ho KwonCjan, Ms Claire Chiang See Ngoh, Mr Bernold Olaf Schroeder, Mr Eddy See Hock Lye, Mr Shankar Chandran, Mr Dharmali Kusumadi, Ms Foong Poh Mun, Ms Susan Lo Hung and Ms Joyce Khoo Phaik Lian.
BTRS(T)	Banyan Tree Resorts and Spas (Thailand) Co. Ltd (previously known as Banyan Tree Spa Co., Ltd).
Business Partners	Business associates and others who have contributed to our success and development (to be determined by us at our sole discretion).
CAGR	Compounded Average Annual Growth.
CDP	The Central Depository (Pte) Limited.
CIS	Central Information System.
Closing Date	The closing date of the Offering.
Code of Corporate Governance	Code of Corporate Governance 2005 issued in July 2005 by the Ministry of Finance of Singapore.
Commencement Date	The date on which the Founder's Grant takes effect.
Commission	The combined underwriting and selling commission to be paid to the Joint Global Co-ordinators.
Committee	The committee of Directors in charge of administering the Share Option Scheme.
Controlling shareholder	In relation to a corporation, means a person who: (a) holds directly or indirectly 15.0 per cent. or more of the nominal amount of all voting shares in the corporation; or (b) in fact exercises control over the corporation.
DBS Bank	DBS Bank Ltd.

Debenham	Debenham Limited.
Directors	Our Company's directors.
Donvale	Donvale Limited.
Dusit Laguna	Dusit Laguna Resort Hotel.
Elizabeth Sam	Wee Kim Choo @ Mrs Elizabeth Sam.
Euro or €	The single currency introduced on 1 January 1999 at the start of the third stage of European Economic and Monetary Union, pursuant to the Treaty establishing the European Communities, as amended by the Treaty on European Union and the Treaty of Amsterdam.
Exchange Act	US Securities Exchange Act of 1934, as amended.
F&N	Fraser and Neave, Limited.
Founder's Grant	The incentive granted to our Executive Chairman, Mr Ho KwanPing, as more particularly described under ''Management — Directors — Founder's Grant''.
FSMA	Financial Services and Markets Act 2000.
Gross Operating Profit	Total revenue less operating expenses, as defined in the relevant management agreement.
Group	our Company, its subsidiaries and its associated companies.
Group Services	Inter-hotel reservation, convention, business and sales promotion services, publicity, public relations and all other group benefits services and facilities including institutional advertising programmes to the extent furnished to resorts operated by our Company.
GSI	Gold Sand Investments Ltd.
GST	Singapore goods and services tax.
Gyalthang Dzong	Colours of Angsana — Gyalthang Dzong Hotel.
Ho Family Companies	Changfung Investments Ltd., TRL Investments Ltd., Wah-Chang Offshore (Hong Kong) Company Limited., Recourse Investments Ltd. and Freesia Investments Ltd.
Ho Family Members	Ho KwonPing, Claire Chiang, Ho KwonCjan, Ho Lien Fung and Ho MinFong.
HSBC	Hong Kong and Shanghai Banking Corporation Limited.
Incentive Option	An Option which may be exercised after the second anniversary from the date of grant of the Option.
I I	Interval International.
IRS	Internal Revenue Service.
Indonesian Rupiah and Rupiah	The lawful currency of the Republic of Indonesia.
IRAS	Inland Revenue Authority of Singapore.
Interested Persons	Our interested persons (namely our directors, chief executive officer or controlling shareholders or the associates (as defined in the Listing Manual) of such directors, chief executive officer or controlling shareholders).
Issue Shares	101,828,563 Shares offered by our Company in the Offering.
JAIC	JAIC-1 Investment Fund, JAIC-2(A) Investment Fund, JAIC-2(B) Investment Fund, JAIC-2(C) Investment Fund, JAIC P-1A Investment Fund, JAIC P-2(A) Investment Fund and JAIC P-2(B) Investment Fund (with Japan Asia Investment Co., Ltd as investment manager of each such investment fund).
Joint Global Co-ordinators	DBS Bank together with UBS.
KBank	Kasikorn Bank

Kilby	Kilby Associates Limited.
Laguna Phuket	An integrated resort in Thailand operated by LRH.
Latest Practicable Date	25 April 2006 being the latest practicable date prior to the lodgement of this Prospectus with the Authority.
LBTL	Laguna Banyan Tree Limited.
LHC	Laguna Holiday Club Limited.
Licences	The master licence agreements between our Company and each of the Licensors granting to our Company the exclusive and perpetual right to use these Banyan Tree, Angsana and The Allamanda trademarks with respect to the operation and management of resorts, hotels, spas, golf courses, galleries and the merchandising of any products of the hotels, resorts, spas and golf courses (as amended or supplemented from time to time).
Licensors	Tropical Resorts Management Co Ltd. and The Allamanda Residential Suites Limited, being the licensors pursuant to the Licences.
Listing Date	The date of commencement of dealing in our Shares on the SGX-ST.
Listing Manual	Listing manual of the SGX-ST.
LRH	Laguna Resorts & Hotels Public Company Limited.
LRH Group	Our group of companies comprising LRH, its subsidiaries and its associated companies.
LRH Officers	Mr Emilio Llamas Carreras and Mr Michael Ramon Ayling.
LTRL	Lakeland Tropical Resorts Limited.
Maison Souvannaphoum	Colours of Angsana — Maison Souvannaphoum.
Management Shares	The 8,000,000 new Shares issued pursuant to the Management Share Grant.
Management Share Grant	The issue of Management Shares to our Managing Directors Mr Ariel Vera, Mr Yeow Yew Keong and Mr Surapon Supratya, our Executive Officers, our "Grade A" executives, other employees of our Group and persons who are employees of the resorts, spas and business units managed by our Group (but not necessarily employed by our Group) as determined by our Executive Chairman, Mr Ho KwonPing and approved by our Nominating and Remuneration Committee.
Market Day	A day on which the SGX-ST is open for trading in securities.
Market Price	A price equal to the average of the last dealt prices for the Shares on the SGX-ST for the five (5) consecutive Market Days immediately preceding the relevant date of grant of the Option.
Market Price Option	An Option which may be exercised at the Market Price.
Marks	The trademarks, service marks, logos and devices used by our Company and LRH, including the Trademarks.
Maximum Offering Price	S$1.07 for each Offering Share.
Memorandum	Memorandum of association of the Company.
MICE	Meetings, incentives, conventions and exhibitions.
Non-Executive Directors	Our Company's non-executive directors.
Non-US Holder	A beneficial owner of our Shares that is not a US Holder.
Noon Buying Rate	The noon buying rates in New York City as certified for customs purposes by the Federal Reserve Bank of New York for cable transfers.
NTA	Net tangible asset after deduction of minority interests.
Offer Agreement	The offer agreement dated 26 May 2006.
Offering	The Placement and the Public Offer.

Offering Price	The offering price for each Offering Share, which will be determined following a book building process by agreement between the Joint Global Co-ordinators, the Company and the Vendors.
Offering Shares	278,288,437 Shares offered by the Vendors and 101,828,563 Shares offered by the Company.
Option	The right to subscribe for Shares granted or to be granted pursuant to the rules of the Share Option Scheme.
Option Participants	Employees of our Company, our subsidiaries and associated companies over which our Company, (including executive directors), save for our Executive Chairman, Mr Ho KwonPing and our Executive Officers, Mr Ho KwonCjan and Ms Claire Chiang See Ngoh.
Our Company or the Company	Banyan Tree Holdings Limited.
Over-allotment Options	The options which will be granted by our Company and certain Vendors to UBS, on behalf of the Joint Global Co-ordinators, to purchase from our Company and the Vendors up to an aggregate of 57,017,000 Shares (which is in aggregate not more than 15.0 per cent. of the total Offering Shares), exercisable by UBS, in full or in part within 30 days from the date of commencement of dealing in our Shares on the SGX-ST.
PAMA	PAMA Group Inc. (as Manager and on behalf of DIF Investment Trust).
Participants	Employees and Non-Executive Directors of our Company, its subsidiaries and associated companies over which the Company has control (including executive directors) who, under the rules of the Banyan Tree Performance Share Plan, are eligible to participate in the Banyan Tree Performance Share Plan and/or the Schemes.
Placement Agreement	The placement agreement expected to be entered into between the Company, the Vendors and the Joint Global Co-ordinators.
Plan Participants	Participants in the Banyan Tree Performance Share Plan.
PATA	Pacific Asia Travel Association.
Permitted Transferee	(In the case of corporations) any wholly-owned subsidiary or corporation that has the same shareholders and (in the case of the Ho Family members) any corporation that is wholly owned by any or all of them.
PBT Grant	The grant of an amount equivalent to 5.0 per cent of the profit before tax of our Group for the Relevant Financial Year pursuant to the Founder's Grant.
PFIC	A Passive Foreign Investment Company as defined in the US Internal Revenue Code of 1986, as amended.
PHL	Phuket Hotel Limited.
Placement	The international placement of Offering Shares to investors, including institutional and other investors in Singapore.
PNR	Phang Nga Resorts Limited.
PRC	The People's Republic of China, excluding Hong Kong SAR and Macau SAR.
Preference Dividend	The dividend which is payable for the period after 31 December 2003 up to (but excluding) the respective dates of redemption of the "B" Preference Shares and "B1" Preference Shares.
Preference Shares	"A" Preference Shares, "B" Preference Shares and "B1" Preference Shares.
Price Determination Date	The date currently expected to be 8 June 2006 on which the Offering Price will be determined following a book-building process by agreement between the Joint Global-Coordinators, our Company and the Vendors.
Prospectus	The prospectus dated 26 May 2006 circulated to investors in connection with the Public Offer.

PTTA	PT Tropical Amethyst.
Public Offer	An offering to the public in Singapore.
PwCCF	PricewaterhouseCoopers Corporate Finance Ltd.
Record Date	The date as at the close of business on which the Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions.
Relevant Financial Year	Each financial year for a period of ten years beginning from the financial year ended 31 December in which the Commencement Date falls.
RCI	Resort Condominiums International.
Regulation S	Regulation S under the US Securities Act.
related corporation	In relation to a corporation, where a corporation: (a) is the holding company of another corporation; (b) is a subsidiary of another corporation; or (c) is a subsidiary of the holding company of another corporation, that first mentioned corporation and that other corporation shall be related to each other. In relation to an entity (not being a corporation), means a corporation which is: (a) a subsidiary of the entity; (b) the holding company of the entity; or (c) a subsidiary of the holding company or holding entity of the entity.
Reserved Shares	Up to 5,146,000 Offering Shares which have been reserved for purchase and/or subscription, as the case may be, at the Offering Price by members of our Board of Directors, our employees and Business Partners, all in accordance with the eligibility criteria described in "Management — Employee Benefit Plans — Reserved Shares".
REVPAR	Revenue per available room. For any given period, REVPAR equals a resort or hotel's average room rate multiplied by its average occupancy.
RMB	the lawful currency of the People's Republic of China.
Rule 144A	Rule 144A under the US Securities Act.
S$, Singapore dollars or Singapore cents	the lawful currency of the Republic of Singapore.
Sale Shares	Shareholding in Debenham and PTTA which our Company agreed to sell to Donvale on 8 March 2004.
SARS	Severe acute respiratory syndrome.
SCB	Siam Commercial Bank.
Schemes	The Share Option Scheme and the Banyan Tree Performance Share Plan collectively.
Securities and Futures Act or SFA	The Securities and Futures Act, Chapter 289 of Singapore.
SFAS	Statements of Financial Accounting Standards.
SFRS	Singapore Financial Reporting Standards.
SGX-ST	Singapore Exchange Securities Trading Limited.
Share Lending Agreement	A share lending agreement with TRL Investment Ltd pursuant to which UBS may borrow up to 57,017,000 Shares.
Share Option Scheme	The share option scheme known as the Banyan Tree Share Option Scheme.
Share Split	The sub-division of every one (1) share in the share capital of our Company into two (2) Shares.

Shareholders	The ordinary shareholders of our Company as at the date of this Prospectus.
Shareholders' Mandate	The general mandate obtained from our shareholders as more particularly set out in "Interested Person Transactions and Conflicts of Interests — Shareholders' Mandate".
Shares	Ordinary shares in the capital of our Company.
Singapore Companies Act	Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time.
SVPs	Senior vice presidents of our Group who are Mr Ho KwonCjan, Ms Claire Chiang See Ngoh and Mr Bernold Olaf Schroeder.
TARSL	The Allamanda Residential Suites Limited.
Thai Wah Companies	Thai Wah Public Company Limited and Thai Wah Plaza Limited.
Thai Wah Group	Thai Wah Public Company Limited and its subsidiaries.
Thai Wah Planner	Thai Wah Group Planner Co., Ltd.
Thai Wah Plaza or TWPL	Thai Wah Plaza Limited.
Thai Wah Public	Thai Wah Public Company Limited.
The Allamanda	Allamanda Laguna Phuket.
The Deer Park Hotel	Colours of Angsana — The Deer Park Hotel.
Total number of available rooms	The number of available rooms of a resort or hotel for average occupancy for each day during the relevant period.
Trademarks	The "BANYAN TREE", "ANGSANA" and "THE ALLAMANDA" trademarks.
TRL	Tropical Resorts Limited.
TRLI	TRL Investments Ltd.
TRMC	Tropical Resorts Management Co Ltd.
UAE or the UAE	the United Arab Emirates.
UBS	UBS AG, acting through its business group, UBS Investment Bank.
UIS	United Insulation Services Pte. Ltd.
UNESCO	United Nations Educational, Scientific and Cultural Organization.
United States or US	United States of America, its territories and possessions, any state of the United States and the District of Columbia.
US$, US dollars or US cents	the lawful currency of the United States of America.
US GAAP	Generally accepted accounting principles in the United States.
US Holder	A beneficial owner of shares that is (i) a citizen or resident of the United States for US federal income tax purposes, (ii) a corporation, or other entity treated as a corporation, created or organised in or under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to US federal income tax without regard to its source, or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust.
US Securities Act	The United States Securities Act of 1933, as amended.
Vendor Additional Shares	Shares sold by the Vendors as a result of the Over-allotment Options being exercised.
Vendor Shares	278,288,437 Shares offered by the Vendors.

Vendors	Ho KwonPing, Ho KwonCjan, Tropical Resorts Limited, JAIC, Kilby, Wah-Chang Offshore (Hong Kong) Company Limited., Freesia Investments Ltd, Recourse Investments Ltd., Chang Fung Company Limited, Changfung Investments Ltd., Tropical Resorts Management Co Ltd., Gold Sand Investments Ltd., Maypole Ltd., Li-Ho Holdings (Private) Limited and PAMA.
VGL	Veloso Group Limited.
WOFF(HK)	Wah-Chang Offshore (Hong Kong) Company Limited.
2004 tsunami	The tsunami which occurred on 26 December 2004.

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Appendix A — Exchange Controls

The exchange controls restrictions which are applicable to our Group as at the Latest Practicable Date are described below. See "Exchange Rates" for information about exchange controls in Singapore and Thailand.

Sri Lanka

The Exchange Control Act No. 24 of 1953 (as amended) (the "Exchange Control Act") places restrictions on residents of Sri Lanka bringing money into or taking money from the country without the permission of the Controller of Exchange. It also restricts making any payment to or for the credit of a person resident outside Sri Lanka or holding any sum to the credit of any person resident outside Sri Lanka.

If a company has entered into an agreement with the Board of Investment of Sri Lanka (the **"BOI"**) pursuant to which it has been granted exemptions from the applicability of the provisions of the Exchange Control Act, allotment or transfer of shares to non-residents would not require the permission of the Controller of Exchange (subject to the relevant notifications to BOI prior to such allotment or transfer). The agreement with the BOI will generally provide for the repatriation of capital investment to non-resident shareholders of the company and the returns on their shares, as well as any proceeds on liquidation of the company. Beruwela Walk Inn Limited has entered into such an agreement with the BOI. The said agreement provides specifically that the provisions of the Exchange Control Act shall not apply to or in relation to the business of the company. This exemption is applicable solely to the refurbishment of Hotel Swanee-Beruwela Walk Inn Limited.

The agreement provides that the shares of the enterprise may be allotted or transferred within and outside Sri Lanka to residents or non-residents. Prior to such issue of allotments of shares the enterprise shall keep the BOI informed thirty (30) days prior to the effect of such transactions and such allotments and transfers shall not be subject to tax provided however that any duty not excluded under the said Law No. 4 of 1978 shall be leviable on such transactions.

The agreement also provides that the capital investment of non-resident shareholders and/or foreign companies in the enterprise and the return thereon as well as any proceeds and/or entitlement thereon upon liquidation, shall be transferable and shall not be subject to any Exchange Control or other like restriction.

Banyan Tree (Private) Limited has also entered into an agreement with the BOI. However, the said agreement does not specifically provide for the exclusion of the applicability of the Exchange Control Act. Nevertheless, the shares of the company could be allotted or transferred within or outside Sri Lanka to residents or non-residents with the prior approval of the BOI and such allotments or transfers shall not be subject to tax provided however that any duty not excluded under Law No. 4 of 1978 shall be leviable on such transactions.

The agreement also provides that the capital investments and returns as well as any proceeds and/or entitlement thereon upon liquidation of the non-resident shareholders can be transferred in accordance with the prevailing Exchange Control regulations.

Pursuant to the Gazette Extraordinary No. 721/4 of 29 June 1992 as further amended and Gazette Extraordinary No. 1232/14 of 19 April 2002 and No. 1248/19 of 8 August 2002 which contains the regulations currently applicable (the "Gazettes"), investments by non-residents in certain areas of activities were permitted without further approval of the Controller of Exchange, subject to the exclusions, limitations and conditions in the Gazettes. If BOI has granted approval or if the investments by foreigners are permitted activities within the said Gazettes and the payment for the transfer of shares is made into a Share Investment External Rupee Account ("SIERA") opened in a commercial bank in Sri Lanka in accordance with directions given by the Controller of Exchange, further approval of the Controller of Exchange is not required. Operation of the SIERA accounts are subject to certain terms and conditions, such as restrictions on debits (including, amongst others, debits in respect of remittances of dividends) and credits (restricted to inward remittances, sale proceeds of shares, dividends and commissions related to such transactions) which can be made to the SIERA without prior approval of the Controller of Exchange. Foreign investments in hotels are permitted without further approval of the Controller.

Seychelles

Foreign exchange transactions are regulated by the Exchange Control Act and the Foreign Earnings (Regulations) Act.

The provision of hotel and other tourism-related services to non-residents must be denominated and paid for in foreign currency. Basically, all foreign currency earned in or outside Seychelles in respect of an activity carried out in Seychelles must be remitted or offered for sale to a Seychelles commercial bank or the Seychelles Central

Bank. The permission of the Exchange Controller is required for a person to retain (for its own use) foreign currency earnings.

However, hotels and other tourism related businesses are entitled as of right to retain at least 15 per cent. of their receipts. Tourism businesses, involving substantial foreign investments, such as Banyan Tree Resorts (Seychelles) Limited/Seytropical Resorts Limited, may at the discretion of the Exchange Controller, be permitted to retain up to 100 per cent. of their foreign exchange receipts.] Such permission may be of limited duration.

Payment of dividends to non-resident shareholders and other forms of remittances from retained foreign currency earnings (subject to the applicable tax) are not restricted by the exchange control legislation. Such remittances would otherwise depend on the availability of the foreign currency at the commercial banks and a payment priority rating established by directives of the Seychelles Central Bank. Payments for imported goods and emergency services have priority over other remittances. The Seychelles Exchange Controller has important powers of inspection of accounting and other records under the exchange control legislations to ensure compliance with their provisions.

Thailand

See "Exchange Rates — Thailand".

The PRC

The lawful currency of the PRC is the Renminbi, which is subject to foreign exchange controls and is not freely convertible into foreign exchange. The State Administration for Foreign Exchange ("SAFE"), under the authority of the People's Bank of China ("PBOC"), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

On 1 January 1994 the previous dual exchange rate system for Renminbi was abolished and a unified floating exchange rate system based largely on supply and demand was introduced. PBOC sets and publishes daily the Renminbi-US dollars base exchange rate. This exchange rate is determined with reference to the transaction price for Renminbi-US dollars in the inter-bank foreign exchange market on the previous day. The PBOC will also, having regard to the trading prices between Renminbi and major foreign currencies on the inter-bank foreign exchange market, set and publish on each bank business day the exchange rates of Renminbi against other major foreign currencies. In foreign exchange transactions, designated foreign exchange banks may, within a specified range, freely determine the applicable exchange rate in accordance with the exchange rate announced, and the limits of fluctuation specified by the PBOC.

Save for foreign-invested enterprises or other enterprises which are specially exempted by relevant regulations (with the exception of certain foreign trade companies and production-type enterprises with import-export operation rights, which may be permitted to retain a certain amount of their foreign exchange income from their current account transactions and to use such monies to make foreign exchange payments for their current account transactions and permitted capital account transactions), all entities in the PRC had been generally required to sell their foreign exchange earnings to designated banks and purchase foreign exchange at designated banks for current account transactions. However, after the Implementing Rules for Administration of Current Transaction Foreign Exchange Accounts of Domestic Entities was promulgated by the SAFE on 9 September 2002, PRC enterprises with foreign exchange accounts are entitled to reserve their foreign exchange earnings in their foreign exchange accounts and pay for current transactions with the foreign exchange in such accounts to the extent that its foreign exchange earnings in the accounts do not exceed the maximum limit as approved by the relevant foreign exchange control authorities.

Foreign-invested enterprises may have their own foreign currency account and are permitted to retain a certain percentage of their current foreign exchange earnings.

PRC enterprises (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of SAFE, effect payment from their foreign exchange account or convert any payment at the designated foreign exchange banks if the application is supported by proper payment notices or supporting documents.

Foreign-invested enterprises may require foreign exchange for the payment of dividends that are payable in foreign currencies under applicable regulations, such as distributing profits to their foreign investors. They can withdraw funds in their foreign exchange bank accounts kept with designated foreign exchange banks, subject to the due payment of tax on such dividends, and upon the presentation of the resolutions of the Directors on the profit distribution plan and other supporting documents of the particular expertise. When the amount of the funds in foreign exchange is insufficient, the enterprise may, upon the presentation of the resolutions of the Directors on the profit distribution plan and other supporting documents of the particular enterprise, purchase foreign exchange from designated foreign exchange banks.

Where the foreign investment enterprise is wound up or in the process of winding up for any reason and there are residual assets after settlement of all debts or liabilities including taxes pursuant to the PRC liquidation law, the liquidation committee may, through the designated bank, purchase and remit the foreign exchange to its foreign shareholders by presentation of the liquidation documents, the tax settlement certificate and approval by SAFE.

Foreign-invested enterprises may apply to the Bank of China or other designated foreign exchange banks to remit the profits out of the PRC to the foreign parties to equity or cooperative joint ventures or the foreign investors in wholly foreign-owned enterprises if the requirements provided by the PRC laws, rules and regulations are met.

Convertibility of foreign exchange in respect of capital account items, like direct investment and capital contribution, is still subject to restriction.

Indonesia

Under Bank Indonesia Regulation No. 3/3/PBI/2001 dated 12 January 2001, Indonesian banks are prohibited from transacting in Rupiah with foreign citizens, foreign legal entities, Indonesian citizens having permanent resident status overseas and not domiciled in Indonesia, foreign representatives and international institutions in Indonesia and offices of Indonesian banks or Indonesian legal entities domiciles outside of Indonesia. The prohibited transactions include the provision of loans in any currencies, the placement of funds in Rupiah (including the transfer of Rupiah to overseas banks), the purchase of securities in Indonesia issued by the above parties, the inter office transaction in Rupiah and the participation in Rupiah to the above parties.

Under Bank Indonesia Regulation No. 7/14/PBI/2005 issued on 14 June 2005 concerning Restriction of Rupiah Transactions and Foreign Currency Credit Offered by Bank (the ‘‘Regulation 7/14’’), Indonesian banks are prohibited from engaging in particular transaction as follows:

1. provision of credit in Rupiah and or foreign currencies, to the foreign parties designated below (the ‘‘Foreign Parties’’);
2. placement of funds in Rupiah;
3. purchases of securities in Rupiah issued by the Foreign Parties;
4. inter-office collections in Rupiah;
5. inter-office collections in foreign currencies in relation to the provision of loan outside of Indonesia;
6. participations in Rupiah;
7. Rupiah transfer to account owned by Foreign Parties or owned jointly by Foreign Parties and non Foreign Parties in a bank in Indonesia; and
8. Rupiah transfer to account owned by Foreign Parties or owned jointly by Foreign Parties and non Foreign Parties in a bank outside of Indonesia.

The Foreign Parties against whom the Indonesian banks are restricted from engaging transaction are: (i) citizens of foreign countries; (ii) foreign legal entities and other foreign bodies; (iii) Indonesian citizens with permanent residence status in a foreign country and not domiciled in Indonesia; (iv) foreign offices of banks that have their headquarters in Indonesia; (v) offices of Indonesian legal entities overseas.

The Regulation No. 7/14 provides certain exception to the certain restrictions it imposes. Pursuant to the Regulation No. 7/14 which is explained further in Bank Indonesia Circular No. 7/23/DPD dated 8 July 2005, as amended by Circular No. 7/44/DPD dated September 15 2005, the restriction to transfer Rupiah to the account owned by Foreign Parties in onshore banks (restriction mentioned in item 7 above) is not applicable to the transfer of Rupiah to the accounts of Foreign Parties in onshore banks executed in relation to certain economic activities in Indonesia (such as divestment of the Foreign Party’s equity participation in an Indonesian company, dividend payment, sale of Rupiah denominated securities or receivables payment). The transfer of Rupiah in excess of Rp.500,000,000 (five hundred million Rupiah) to the onshore bank accounts held by Foreign Party with underlying activities in Indonesia must be supported by underlying documentation.

Appendix B — Interested Person Transactions

In general, transactions between our Group (when used in this section, our "Group" refers to our Company, its subsidiaries and its associated companies as of the Latest Practicable Date) and any of our interested persons (namely, our directors, chief executive officer or controlling shareholders or the associates (as defined in the SGX-ST Listing Manual) of such directors, chief executive officer or controlling shareholders) would constitute interested person transactions for the purposes of Chapter 9 of the SGX-ST Listing Manual.

Details of the present and ongoing transactions as well as past transactions between our Group and interested persons which are material in the context of the Offering are set out below. In line with the rules set out in Chapter 9 of the SGX-ST Listing Manual, a transaction which value is less than S$100,000 is not considered material in the context of the Offering and is not taken into account for the purposes of aggregation in this section.

PRESENT AND ONGOING INTERESTED PERSON TRANSACTIONS

Details of the present and ongoing transactions between our Group and interested persons which are material in the context of the Offering, for the last three financial years ended 31 December 2003, 2004 and 2005 and for the period from 1 January 2006 until the Latest Practicable Date are as follows:

	Year ended 31 December (unaudited)			Period from 1 January 2006 until the Latest Practicable Date (unaudited)
	2003	2004	2005	
	S$ 'million	S$ 'million	S$ 'million	S$ 'million
Payments received by us from the following Interested Persons				
(A) TRL Group[(1)]	7.10	8.33	8.56	2.30
(B) LRH Group[(2)]	9.47	10.27	10.95	4.96
(C) Phuket Hotel Limited[(3)]	0.83	1.22	0.76	0.37
Payments made by us to the following Interested Persons				
(D) TRL Group[(1)]	1.81	2.94	4.11	3.98
(E) Mr Ho KwonPing and companies which are affiliated to Mr Ho KwonPing and/or his immediate family[(4),(7)]	2.57	3.86	5.15	5.58
(F) LRH Group[(2)]	2.75	3.14	3.64	1.54
(G) United Insulation Service Pte Ltd[(5)]	—	0.08	0.10	0.04
(H) Thai Wah Public[(6)]	0.14	0.18	0.17	0.05

Notes:

(1) For further details, see "(A) Transactions with the TRL Group" below.

(2) For further details, see "(B) Transactions with the LRH Group" below.

(3) For further details, see "(C) Provision of Technical Assistance to Phuket Hotel Limited" below.

(4) These companies comprise Maypole Ltd., Chang Fung Company Limited and Li-Ho Holdings (Private) Limited. For further details, see "(A)(e) Amounts due to the TRL Group, our Executive Chairman, Mr Ho KwonPing, Maypole Ltd., Chang Fung Company Limited and Li-Ho Holdings (Private) Limited".

(5) For further details, see "(E) Provision of Corporate Secretarial Services by United Insulation Service Pte Ltd to our Group" below.

(6) For further details, see "(F) Lease Arrangements with Thai Wah Public" below.

(7) These amounts include cumulative dividends due to Interested Preference Shareholders. For further details, see "A(e) Amounts due to the TRL Group, our Executive Chairman, Mr Ho KwonPing, Maypole Ltd., Chang Fung Company Limited and Li-Ho Holdings (Private) Limited".

Save for "(A)(e) Amounts due to the TRL Group, our Executive Chairman, Mr Ho KwonPing, Maypole Limited, Chang Fung Company Limited and Li-Ho Holdings (Private) Limited", "A(f) Lease of Banyan Tree Bintan Villas and units at Angsana Resort and Spa Bintan from the TRL Group" and "(D) Acquisition of Trademarks from Tropical Resorts Management Co Ltd. and The Allamanda Residential Suites Limited", we intend to continue with the transactions described below following the admission of our Company to the Official List of the SGX-ST. Pursuant to Rule 920(2) of the SGX-ST Listing Manual, such transactions are treated as having been approved by our shareholders under the Shareholders' Mandate. For further details, see "Interested Person Transactions and Conflicts of Interests — Shareholders' Mandate". Our future transactions will be subject to the review procedures under the Shareholders' Mandate and will also be reviewed by our Audit and Risk Committee to ensure that they are carried out on an arm's length basis and normal commercial terms. See "Interested Person Transactions and Conflicts of Interest — Review Procedures for Transactions with Interested Persons".

(A) Transactions with the TRL Group

When used in this section, the TRL Group refers to TRL, its subsidiaries and its associated companies.

Our Executive Chairman, Mr Ho KwonPing and his immediate family members are deemed to have interests of approximately 51.2 per cent. of the issued and paid-up capital of TRL. Accordingly, transactions between our Group and the TRL Group are interested person transactions.

(a) Provision of resort management and related services to the TRL Group

The TRL Group owns, amongst others, the Banyan Tree Bintan, the Angsana Resort and Spa Bintan and the Angsana Resort and Spa Great Barrier Reef.

We provide resort management services to the abovementioned resorts owned by the TRL Group pursuant to various resort management agreements entered into between our Group and the TRL Group. For further details on the duration and rates of such resort management arrangements, see "Business — Description of Resort Management Agreements".

In connection with the provision of resort management services, we also provide to the TRL Group related services such as the following:

(i) group services (comprising convention, business and sales promotion services, publicity, public relations, inter-hotel reservation and all other group benefits services and facilities including institutional advertising programmes to the extent furnished to other resorts operated by us) which are charged based on 3.0 per. cent of the estimated revenue of the relevant resort;

(ii) reservation services via our central reservation system which links our network of hotels and are charged based on 1.0 per cent. of the revenue of the relevant resort in addition to a US$10.00 booking fee for each reservation that results in an actual occupancy; and

(iii) procurement services for the purchase of furniture, fittings, supplies and equipment and other goods and necessities which are charged based on 5.0 per cent. of the costs of goods purchased. We would typically pay the costs of the goods purchased on behalf of the relevant resorts and obtain reimbursements for such expenses.

We will only provide the above services to the TRL Group for as long as the underlying resort management agreement in relation to the relevant resort is in effect.

We also provide management services to the Laguna Bintan Golf Club which is owned by the TRL Group. This arrangement with the club will expire in December 2008, subject to the extension for a further 10-year term. In connection with the provision of management services, we purchase furniture, fittings, supplies and other goods and necessities required for the operation of the club on behalf of the TRL Group. We pay the costs of the goods on behalf of the TRL Group and obtain reimbursements for such expenses. In addition, we also charge a service fee equivalent to 5.0 per cent. of the goods purchased.

The amount which we have received from the TRL Group for the provision of the above services (including reimbursements) for the past three financial years ended 31 December 2003, 2004 and 2005 and for the period from 1 January 2006 until the Latest Practicable Date is as follows:

	Year ended 31 December (unaudited)			Period from 1 January 2006 until the Latest Practicable Date (unaudited)
	2003	**2004**	**2005**	
	S$ 'million	**S$ 'million**	**S$ 'million**	**S$ 'million**
Amount received for the provision of the following services to the TRL Group:				
(i) management services	1.81	2.31	2.14	0.56
(ii) group services	2.06	2.06	2.24	0.55
(iii) reservation services	0.32	0.40	0.41	0.12
(iv) procurement services	0.45	0.55	0.58	0.17
Aggregate amount received	**4.64**	**5.32**	**5.37**	**1.40**

The provision of the above services to the TRL Group is in our ordinary course of business and the amounts received from the TRL Group in respect of such services were determined on an arm's length basis based on prevailing market rates.

(b) **Provision of spa management and other related services to the TRL Group**

We have various spa management arrangements with the TRL Group pursuant to which we operate and manage the respective spa centres at the Banyan Tree Bintan, the Angsana Resort and Spa Bintan and the Angsana Resort and Spa Great Barrier Reef. For further details on the duration and rates of such spa management arrangements, see ''Business — Spa Operations — Spa Management Agreements''.

We also second our spa therapists from Thailand to the respective spa centres at the Banyan Tree Bintan and the Angsana Resort and Spa Great Barrier Reef. In connection with the secondment of our spa therapists, the amount we charge for each resort comprises the share of the spa management staff cost based in Thailand and reimbursement for other miscellaneous costs incurred in relation to the secondment of the spa therapists to the relevant resort.

The amount which we have received from the TRL Group for the provision of the above services (including reimbursements) for the past three financial years ended 31 December 2003, 2004 and 2005 and for the period from 1 January 2006 until the Latest Practicable Date is as follows:

	Year ended 31 December (unaudited)			Period from 1 January 2006 until the Latest Practicable Date (unaudited)
	2003	**2004**	**2005**	
	S$ 'million	**S$ 'million**	**S$ 'million**	**S$ 'million**
Amount received for the provision of the following services to the TRL Group:				
(i) management services	1.86	2.48	2.68	0.75
(ii) secondment of spa therapists	0.21	0.15	0.13	0.03
Aggregate amount received	**2.07**	**2.63**	**2.81**	**0.78**

The provision of the above services to the TRL Group is in our ordinary course of business and the fees charged to the TRL Group in respect of such services were determined on an arm's length basis and on substantially the same terms as our other spa management arrangements with unrelated third parties.

(c) **Consignment arrangements between our Group and the TRL Group**

We supply merchandise bearing the ''BANYAN TREE'' and ''ANGSANA'' brands, including handicrafts, fashion wear, local crafts and various paraphernalia. These merchandise are sold at our resorts and spas.

We have entered into various exclusive consignment agreements with the TRL Group pursuant to which we supply all the merchandise sold in the gallery outlets at the Banyan Tree Bintan, the Angsana Resort and Spa Bintan and the Angsana Resort and Spa Great Barrier Reef. We manage and operate the gallery outlets as part of our resort management services. For further details, see ''Present and Ongoing Interested Person Transactions — (A) Transactions with the TRL Group — (a) Provision of resort management and related services to the TRL Group''. We pay to the TRL Group a monthly commission equivalent to 5.0 per cent. of the monthly aggregate of all revenues and income derived directly from the sale of the merchandise consigned by us to the relevant outlets. These consignment arrangements were negotiated on normal commercial terms and on an arm's length basis, and the commission charged to us by the TRL Group is based on the commission charged to us by unrelated third parties.

We have also entered into an exclusive consignment agreement to supply all the merchandise sold in the gallery outlet at the Laguna Bintan Golf Club. We do not manage this gallery outlet. Pursuant to this consignment arrangement, we pay to the TRL Group a monthly commission equivalent to 30 per cent. of the gross sales of the merchandise sold at this outlet, which comprises the commission for the sale of the merchandise consigned by us and the operating expenses incurred by the TRL Group in operating the gallery. This consignment arrangement was also negotiated on normal commercial terms and on an arm's length basis and took into account the fact that the TRL Group managed and operated the gallery outlet.

The aggregate amount paid by us to the TRL Group pursuant to the above consignment arrangements for the past three financial years ended 31 December 2003, 2004 and 2005 and for the period from 1 January 2006 until the Latest Practicable Date is as follows:

	Year ended 31 December (unaudited)			Period from 1 January 2006 until the Latest Practicable Date (unaudited)
	2003	2004	2005	
	S$ 'million	S$ 'million	S$ 'million	S$ 'million
Amount paid	0.05	0.30	0.59	0.17

(d) **Profit sharing returns from the TRL Group in respect of units in the Angsana Resort and Spa Bintan**

In June 2002, Gold Sand Investments Ltd. (''GSI'') and Kingley Realty Limited (''KRL''), both subsidiaries of TRL, entered into a lease agreement pursuant to which GSI would lease from KRL 27 hotel units at the Angsana Resort and Spa Bintan (the ''Angsana Units'') at a consideration of approximately S$3.17 million (the ''Consideration''). The lease will expire in September 2022 and may be renewed for subsequent twenty and thirty year terms upon the renewal of the underlying head lease for the Angsana Units.

In connection with the above lease arrangement, GSI and KRL also entered into a management agreement on the same date as the lease agreement, pursuant to which KRL was appointed as the representative and manager of the Angsana Units with absolute discretion to rent the Angsana Units to other parties. In addition, KRL may delegate the day to day management of the Angsana Units to another party. Under the management agreement, KRL is entitled to retain two-thirds of the net room revenue received from renting the Angsana Units while GSI is entitled to the remaining one-third of the net room revenue (the ''One-Third Room Revenue'').

On the same date as the lease and management agreements, GSI assigned to us, amongst others, the lease agreement and management agreement in respect of the Angsana Units for a consideration of S$4.50 million. Pursuant to the lease agreement, we are entitled to receive an annual yield in respect of the Angsana Units equivalent to 15.0 per cent. of the Consideration (which is inclusive of the One-Third Room Revenue) for seven calendar years from June 2002 up to June 2009.

The amount which we have received from the TRL Group in relation to the profit sharing returns of the Angsana Units as described above for the past three financial years ended 31 December 2003, 2004 and 2005 and for the period from 1 January 2006 until the Latest Practicable Date is as follows:

	Year ended 31 December (unaudited)			Period from 1 January 2006 until the Latest Practicable Date (unaudited)
	2003	2004	2005	
	S$ 'million	S$ 'million	S$ 'million	S$ 'million
Amount received[(1)]	0.39	0.38	0.38	0.12

Note:
(1) The amount which we receive from the TRL Group is net of local taxes and other applicable bank charges.

The above transactions with the TRL Group are on normal commercial terms and on an arm's length basis. The arrangement guarantees us a fixed yield annually up to 2009, thus ensuring that we will not be affected by any decline in the room revenue of the Angsana Units.

(e) **Amounts due to the TRL Group, our Executive Chairman Mr Ho KwonPing, Maypole Limited (''Maypole''), Chang Fung Company Limited (''CFC'') and Li-Ho Holdings (Private) Limited (''Li-Ho'')**

In 2000, we acquired shares in the following companies:

(i) one share in Seychelles Tropical Resorts Holdings Limited (representing 50.0 per cent. of its then issued share capital) from GSI, a subsidiary of TRL, for a consideration of S$6.00 million;

(ii) 1,100,999 shares in Noy Holdings Limited from Lakeland Tropical Resorts Limited (''LTRL'') for a consideration of S$5.00 million and the remaining one share from Grame Morris Todd for a consideration of S$1.00 (in aggregate representing the then entire issued share capital of Noy Holdings Limited. This debt (as described below) was assigned by LTRL to TRL in April 2003;

(iii) 100 shares in Maypole New Zealand Limited (representing its then entire issued share capital) from Veloso Group Limited (acting as trustee for our Executive Chairman, Mr Ho KwonPing and Maypole, a company in which Mr Ho KwonPing and his immediate family members have interests) (''VGL'') for a consideration of S$600,000; and

(iv) an aggregate 3,048,515 shares in Banyan Tree Properties Pte. Ltd. (formerly known as Wah-Chang Holdings Pte Ltd) (''BTPP'') (representing its then entire issued share capital) from CFC for a consideration of approximately S$1.40 million and from Li-Ho for a consideration of approximately S$14.10 million. CFC and Li-Ho are both wholly-owned by our Executive Chairman, Mr Ho KwonPing, and his immediate family.

At the time of the acquisitions, the consideration payable was satisfied by the issue of promissory notes. We also undertook to pay interest on the amount outstanding at the rate equal to 8 per cent. per annum calculated annually commencing on 1 July 2001. GSI, LTRL, VGL, CFC and Li-Ho waived the payment of interest due to them for the period commencing on 1 January 2002 till 31 December 2002. Such waiver was binding on TRL when the debt was assigned to its by LTRL in April 2003. The aggregate outstanding interest payable on the promissory notes amounting to approximately S$1.10 million was paid in October 2004.

In October 2003, we capitalised the outstanding principal amounts by the issue of 301,108 ''A'' Preference Shares to GSI, TRL, CFC, Li-Ho, Maypole and our Executive Chairman, Mr Ho KwonPing and 270,698,892 ''B'' Preference Shares to the aforementioned persons (the ''B'' Preference Shareholders'' and together with the ''A'' Preference Shareholders, the ''Interested Preference Shareholders''). Pursuant to this exercise, the ''B'' Preference Shareholders are entitled to receive annual dividend payments at the rate of 16.0 per cent. in the first year and 8.0 per cent. thereafter of their respective shareholding proportion of the ''B'' Preference Shares.

For more information on the redemption of the ''A'' and ''B'' Preference Shares, see ''Share Capital and Shareholders — Share Capital of our Company''.

The dividend due from us to the Interested Preference Shareholders in respect of the dividend payments for the past three financial years ended 31 December 2003, 2004 and 2005 and for the period from 1 January 2006 until the Latest Practicable Date is as follows:

	Year ended 31 December (unaudited)			Period from 1 January 2006 until the Latest Practicable Date (unaudited)
	2003	2004	2005	
	S$ 'million	S$ 'million	S$ 'million	S$ 'million
Dividend due from us to the following Interested Preference Shareholders:				
(i) TRL Group	1.76	2.64	3.52	3.81
(ii) Mr Ho KwonPing and companies which are affiliated to Mr Ho and/or his immediate family	2.57	3.86	5.15	5.58
Total cumulative dividend due to the Interested Preference Shareholders	**4.33**	**6.50**	**8.67**	**9.39**

The above transactions were carried out on an arm's length basis. The transactions are beneficial to us as we were able to acquire interests in the various companies described above and delay the payment of the outstanding consideration without furnishing any security for the outstanding loans.

(f) **Lease of Banyan Tree Bintan Villas and Units at Angsana Resort and Spa Bintan from the TRL Group**

On 1 March 1999, Salvia Investments Ltd (''Salvia''), a wholly owned subsidiary of GSI, leased 10 Banyan Tree Bintan Villas from KRL (the ''Salvia Units'') pursuant to lease agreements in respect of each Salvia Unit (the ''Salvia Lease Agreements''). The leases of the Salvia Units commenced on 1 March 1999 and will expire on 10 September 2022. The leases may be renewed for subsequent twenty and thirty year terms upon the renewal of the underlying head lease for the Salvia Units. On 25 April 2006, we entered into deeds of assignment with Salvia pursuant to which Salvia assigned to us the Salvia Lease Agreements and, amongst others, the Management Agreements (as defined below) in relation thereto for an aggregate consideration of S$2,171,000. Under the deeds of assignment, we are obliged to pay the consideration by 24 June 2006. This transaction was carried out on an arm's length basis as the aggregate consideration paid to Salvia was based on an independent valuation of the Salvia Units.

On 25 April 2006, GSI and KRL entered into lease agreements (the "GSI Lease Agreements") pursuant to which GSI would be entitled to lease from KRL up to 36 Banyan Tree Bintan Villas and up to 24 units at the Angsana Resort and Spa Bintan (collectively, the "Bintan Units"). The lease of any Bintan Unit (the "Bintan Lease") will only take effect upon the developer of the Bintan Units giving notice to KRL and KRL, in turn, giving notice to GSI to take possession of each Bintan Unit. Under the terms of the GSI Lease Agreements, the date of commencement of the Bintan Leases shall take place no later than 28 February 2007 and will expire on 10 September 2022. The Bintan Leases may be renewed for subsequent twenty and thirty year terms upon the renewal of the underlying head lease for the Bintan Units.

Salvia and GSI also entered into management agreements (the "Management Agreements") in connection with each Salvia Lease Agreement and GSI Lease Agreement with KRL pursuant to which KRL was appointed as representative and manager of the Salvia Units and the Bintan Units (collectively, the "Units") with absolute discretion to rent the Units to other parties. In addition, KRL may delegate the day to day management of the Units to us. Under the Management Agreements in connection with the GSI Lease Agreements, GSI is entitled to the higher of half of the net room revenue received from renting the Units and an annual sum equivalent to 15.0 per cent. of the consideration paid or payable in respect of the relevant unit (less applicable taxes and payments which GSI is obliged to bear under the Management Agreements).

On the same day, we entered into deeds of assignment with GSI pursuant to which GSI assigned to us all its rights, interests, benefits, remedies and obligations under or arising out of the GSI Lease Agreements and, amongst others, the Management Agreements in relation thereto for an aggregate nominal consideration of S$60.00 as none of the Bintan Leases has commenced as at the date of the assignment. As at the Latest Practicable Date, KRL has not given us notice to take possession of any of the Bintan Units. As and when KRL gives such notice, we will pay to KRL a consideration in respect of the Bintan Unit to be leased, based on the independent valuation of the relevant Bintan Unit. In the event that KRL gives notice to take possession of all the Bintan Units, the aggregate consideration which we would be required to pay to KRL for the Bintan Units amounts to S$13.07 million. In the event that KRL does not give notice to us to take possession of any Bintan Unit by 28 February 2007, the GSI Lease Agreement in respect of that Bintan Unit will terminate and neither we nor KRL will have any claims against each other under the terminated GSI Lease Agreement.

Other than the nominal consideration of S$60.00 in relation to the deeds of assignment entered into between us and GSI, we have not paid any consideration to the TRL Group pursuant to the above transactions as at the Latest Practicable Date. We will pay to the TRL Group the aggregate consideration of S$2,171,000 by 24 June 2006 for the assignment of the Salvia Lease Agreements.

The above transactions with the TRL Group were negotiated on normal commercial terms and on an arm's length basis as aggregate consideration paid to the TRL Group was based on an independent valuation of the Units. Further, the room revenue which we expect to receive from the Units will also contribute to our overall revenue.

(B) Transactions with the LRH Group

LRH is a company incorporated in Thailand with subsidiaries in various jurisdictions. As at the Latest Practicable Date, we have interests in 51.8 per cent. of the total issued share capital of LRH (See "General and Statutory Information — Subsidiaries and Associated Companies"). By virtue of our shareholding interests, LRH, its subsidiaries and associated companies ("LRH Group") are considered to be part of our Group.

Our Executive Chairman, Mr Ho KwonPing, is deemed to be interested in the LRH Group by virtue of the shareholding interests held by him and his immediate family in Thai Wah Public which in turn has a shareholding interest of 34.8 per cent. in LRH. (See "Interested Person Transactions and Conflicts of Interest — Potential Conflicts of Interest — Thai Wah Public" for information on the interests of Mr Ho KwonPing and his immediate family in Thai Wah Public).

Accordingly, notwithstanding that the LRH Group is considered to be part of our Group, transactions between the LRH Group and our Group are interested person transactions.

(a) **Provision of management and other related services to the LRH Group**

The LRH Group owns, amongst others, the Banyan Tree Phuket and the Banyan Tree Bangkok.

We provide hotel management services to the abovementioned resorts owned by the LRH Group pursuant to various hotel management or technical assistance agreements entered into between our Group and the LRH Group. For further details on the duration and rates of such hotel management arrangements, see ‘‘Business — Description of Resort Management Agreements’’.

In connection with the provision of hotel management services, we also provide to the LRH Group related services such as the following:

(i) group services (comprising convention, business and sales promotion services, publicity, public relations, inter-hotel reservation and all other group benefits services and facilities including institutional advertising programmes to the extent furnished to other resorts operated by us) which are charged based on 3.0 per cent. of the budgeted revenue of the relevant resort;

(ii) marketing and promotion services carried out by specific employees based in Singapore for which we are reimbursed on a cost recovery basis for the expenses incurred; and

(iii) reservation services via our central reservation system which links our network of hotels and are charged based on 1.0 per cent. of the revenue of the relevant resort in addition to a US$10.00 booking fee for each reservation that results in actual occupancy.

We will provide the above services to the LRH Group for as long as the underlying hotel management or technical assistance agreement in relation to the relevant hotel/resort is in effect.

We also provide technical assistance in relation to the golf clubhouse and golf course at the Laguna Golf Club in Phuket, Thailand owned by the LRH Group. We charge a monthly technical fee of 3.0 per cent of the revenue of the golf club and a monthly incentive fee of 10.0 per cent of the gross operating profit of the golf club.

The amount which we have received from the LRH Group for the provision of the above services (including reimbursements) for the past three financial years ended 31 December 2003, 2004 and 2005 and for the period from 1 January 2006 until the Latest Practicable Date is as follows:

	Year ended 31 December (unaudited)			Period from 1 January 2006 until the Latest Practicable Date (unaudited)
	2003	**2004**	**2005**	
	S$ 'million	**S$ 'million**	**S$ 'million**	**S$ 'million**
Amount received for the provision of the following services to the LRH Group:				
(i) management/technical assistance services	3.16	3.55	4.38	2.11
(ii) group services	1.03	0.99	2.15	0.74
(iii) reservation services	—	0.38	0.34	0.27
Aggregate amount received	**4.19**	**4.92**	**6.87**	**3.12**

The provision of the above services to the LRH Group is in our ordinary course of business and the amount received from the LRH Group in respect of such services were determined on an arm's length basis based on prevailing market rates.

(b) **Lease of premises from the LRH Group**

The LRH Group owns, amongst others, the Sheraton Grande Laguna Phuket, the Banyan Tree Phuket and the Banyan Tree Bangkok.

We lease various premises from the LRH Group at the above locations for our spa operations. The monthly rental which we pay for the leased premises at the various locations range between 3.0 per cent. to 8.0 per cent. of the gross monthly revenue of the relevant spa. We also pay a service charge equivalent to 2.0 per cent. of the gross monthly revenue of the relevant spa. The leases which we have entered into in respect of the Sheraton Grande Laguna Phuket, the Banyan Tree Phuket and the Banyan Tree Bangkok will expire in November 2028, December 2015 and December 2006 respectively.

We also lease various premises from the LRH Group at the Banyan Tree Bangkok for office use. These leases will expire in the third quarter of 2007. The aggregate monthly rental and service charges payable in respect of these leases are approximately Baht 268,000 and Baht 210,000 respectively.

The aggregate amount paid by us to the LRH Group in respect of the above leases (taking into account rental and service charges) for the past three financial years ended 31 December 2003, 2004 and 2005 and for the period from 1 January 2006 until the Latest Practicable Date is as follows:

	Year ended 31 December (unaudited)			Period from 1 January 2006 until the Latest Practicable Date (unaudited)
	2003	**2004**	**2005**	
	S$ 'million	**S$ 'million**	**S$ 'million**	**S$ 'million**
Amount paid	0.49	0.46	0.51	0.08

The above lease arrangements were entered into in the ordinary course of business and the monthly rental and service charges paid to the LRH Group are on an arm's length basis, based on the rates charged by the LRH Group to unrelated third parties.

(c) **Provision of resort-related and spa-related services by the LRH Group**

The LRH Group also provides us with the following services:

(i) provision of facilities and services such as air conditioning, water supply, electricity and telephone services at our spas at the Sheraton Grande Laguna Phuket, the Banyan Tree Phuket, the Laguna Beach Resort and the Banyan Tree Bangkok relating to the lease of premises at these resorts/hotels, which are reimbursed to the LRH Group on an actual basis; and

(ii) centralized services in relation to the provision of utilities, laundry service, beach cleaning, storage, computer training, transportation and destination marketing to those resorts within Laguna Phuket which we manage. This arrangement is renewed annually for a one year term. The fees charged by the LRH Group for such services are generally on a cost recovery basis or a cost-plus basis.

The amount paid by us to the LRH Group for the provision of the above services for the past three financial years ended 31 December 2003, 2004 and 2005 and for the period from 1 January 2006 until the Latest Practicable Date is as follows:

	Year ended 31 December			Period from 1 January 2006 until the Latest Practicable Date
	2003	**2004**	**2005**	
	S$ 'million	**S$ 'million (unaudited)**	**S$ 'million**	**S$ 'million (unaudited)**
Amount paid for the following services:				
(i) facilities and services	0.32	0.33	0.76	0.22
(ii) centralized services	0.18	0.20	0.15	0.07
Aggregate amount paid	**0.50**	**0.53**	**0.91**	**0.29**

The provision of the above services is in the ordinary course of business of the LRH Group and is carried out on an arm length's basis. The service fees payable to the LRH Group for the provision of spa services are based on the terms of our transactions with unrelated third parties and fees payable to the LRH Group for the provision of centralized services are similar to the fees charged by the LRH Group to those resorts within Laguna Phuket not managed by us.

(d) **Reimbursement of expenses between our Group and the LRH Group**

Guests of the various resorts and hotels owned by the LRH Group in Laguna Phuket may patronise the Banyan Tree Spa or Angsana Spa outlets operated by us in those resorts and hotels. Whenever these guests charge expenses at the spas operated by us to their hotel accounts, the same amount would be subsequently reimbursed to us by the LRH Group without any additional handling charges.

In connection with the provision of services by the LRH Group to us, the LRH Group may also, under certain arrangements, elect to advance its own funds to pay costs and expenses incurred for our benefit, including staff costs. We will thereafter reimburse the LRH Group for such costs and expenses incurred on our behalf on an actual basis.

The amount of reimbursements which we have paid to and received from the LRH Group in relation to the reimbursement of expenses for the past three financial years ended 31 December 2003, 2004 and 2005 and for the period from 1 January 2006 until the Latest Practicable Date is as follows:

	Year ended 31 December (unaudited)			Period from 1 January 2006 until the Latest Practicable Date (unaudited)
	2003	2004	2005	
	S$ 'million	S$ 'million	S$ 'million	S$ 'million
Reimbursements paid	0.87	1.18	0.71	0.26
Reimbursements received	5.28	5.35	4.08	1.84

(e) **Supply of goods by the LRH Group**

Banyan Tree Gallery (Singapore) Pte Ltd ("BTGS"), a subsidiary of LRH, supplies guest amenities to the Banyan Tree and Angsana branded hotels managed and/or owned by us. These amenities typically include branded decorative items, bathrobes, and toiletry pouches. As we purchase in bulk, we are typically offered a discount off the retail sales price.

The amount which we have paid to LRH Group for the supply of goods for the past three financial years ended 31 December 2003, 2004 and 2005 and for the period from 1 January 2006 until the Latest Practicable Date is as follows:

	Year ended 31 December (unaudited)			Period from 1 January 2006 until the Latest Practicable Date (unaudited)
	2003	2004	2005	
	S$ 'million	S$ 'million	S$ 'million	S$ 'million
Amount paid	0.89	0.97	1.51	0.91

(f) **Provision of loan to the LRH Group**

On 1 June 2005, we, together with Laguna Banyan Tree Limited (a wholly-owned subsidiary of LRH) ("LBTL"), entered into a loan agreement with Lijiang Banyan Tree Hotel Co. Ltd. ("Lijiang Banyan Tree") to loan to Lijiang Banyan Tree an aggregate amount of US$11.60 million for part of the construction costs for our property in Lijiang. Lijiang Banyan Tree is a subsidiary of LRH.

Under the terms of the agreement, we will advance to Lijiang Banyan Tree an initial amount up to US$6.00 million and subsequent to the full drawdown of the initial US$6.00 million, we are further obliged to advance to Lijiang Banyan Tree an additional US$1.68 million while LBTL is obliged to advance US$3.92 million. The loan is made available to Lijiang Banyan Tree for eight years commencing from the date of the agreement (the "Available Period"). Any amount drawn down during the Available Period shall be fully repaid within 24 months from the date of such drawdown. The interest on the loan is six per cent. per annum or a rate which the parties may mutually agree from time to time and is payable at the end of every six month period commencing from the date of the first drawdown.

We have advanced US$4.40 million and US$5.78 million (approximately S$7.35 million and S$9.58 million respectively) to Lijiang Banyan Tree as at 31 December 2005 and as at the Latest Practicable Date respectively. Interest receivable from Lijiang Banyan Tree for the financial year ended 31 December 2005 and for the period from 1 January 2006 up to the Latest Practicable Date amounted to US$50,000 (approximately S$90,000) and US$77,750 (approximately S$134,844). As at the Latest Practicable Date, the aggregate amount drawn down by Lijiang Banyan Tree and the interest accrued thereon has not been repaid.

For the past three financial years ended 2003, 2004 and 2005 and for the period from 1 January 2006 until the Latest Practicable Date, the largest amount due from Lijiang Banyan Tree to us (taking into account the aggregate amount drawn down as at the Latest Practicable Date and interest accrued thereon) is US$5.78 million (approximately S$9.58 million).

The agreement was negotiated on normal commercial terms and on an arm's length basis as the interest rate charged by us is comparable to the interest rate charged by other financial institutions.

(C) Transactions with Phuket Hotel Limited ("PHL")

Our Group Managing Director, Mr Ariel P Vera, is deemed to hold 49.0 per cent. of the issued and paid up share capital of PHL. Accordingly, transactions between our Group and PHL are interested person transactions.

As described in the section "Business — Description of Resorts and Hotels we Manage but in which We Have No Ownership Interest — The Allamanda", PHL has leased various units in The Allamanda (the "Allamanda Units") and in connection therewith has appointed us to manage and operate the Allamanda Units. For details relating to the duration and rates of this management arrangement, see "Business — Description of Resort Management Services".

We also provide utilities and other services such as transportation, laundry and general maintenance in respect of the Allamanda Units. This arrangement commenced in January 2005 and was automatically extended for an additional one year upon the expiry of the initial one-year term.

The aggregate amount which we have received from PHL for the provision of the above services for the past three financial years ended 31 December 2003, 2004 and 2005 and for the period from 1 January 2006 until the Latest Practicable Date is as follows:

	Year ended 31 December (unaudited)			Period from 1 January 2006 until the Latest Practicable Date (unaudited)
	2003	**2004**	**2005**	
	S$ 'million	**S$ 'million**	**S$ 'million**	**S$ 'million**
Amount received for the provision of the following services:				
(i) management service	0.30	0.58	0.18	0.15
(ii) other services	0.53	0.64	0.58	0.22
Total amount received	**0.83**	**1.22**	**0.76**	**0.37**

The provision of such management and other services is in our ordinary course of business and on an arm's length basis as the rates charged by us are based on prevailing market rates.

(D) Acquisition of Trademarks from Tropical Resorts Management Co Ltd. ("TRMC") and The Allamanda Residential Suites Limited ("TARSL")

Our Executive Chairman, Mr Ho KwonPing, and our Executive Officers, Ms Claire Chiang and Mr Ho KwonCjan, are deemed to have aggregate interests of 60.0 per cent. in the total issued share capital of TRMC and TARSL. The remaining 40.0 per cent. interest in both TRMC and TARSL is held by TRL. Accordingly, transactions between our Group and TRMC and TARSL are interested person transactions.

On 8 May 2006, we entered into an agreement with TRMC and TARSL for the purchase of the "BANYAN TREE", "ANGSANA", "ELEMENTS", "YUE CHUN" and "YUE RONG" trademarks owned by TRMC and "THE ALLAMANDA" trademark owned by TARSL (collectively, the "Acquired Trademarks"), together with the logos and devices and all copyright matter relating to the Trademarks (the "Trademarks Acquisition"). TARSL is a subsidiary of TRMC.

Based on the independent valuation reports issued by Brand Finance plc and Brand Finance Consultancy (Singapore) Pte Ltd on 28 May 2004 and 15 March 2005 respectively, the Trademarks have been valued at S$24.8 million in aggregate. The consideration payable by us for the Trademarks Acquisition is S$24.30 million. Under the agreement, TRMC is entitled to the entire consideration. The consideration comprises (i) the issue of 15,552,000 Shares (the "Brand Shares") by the date of this Prospectus ("First Completion") and (ii) a cash consideration which will constitute the difference between the net proceeds received by TRMC from the sale of the Brand Shares pursuant to the Offering and the total consideration of S$24.30 million and is payable within 21 days after the Listing Date.

The Acquired Trademarks have been assigned to us as at First Completion and upon such assignment, both TRMC and TARSL have no further right, title or interest in the Acquired Trademarks.

The terms for the Trademarks Acquisition were negotiated on an arm's length basis and on normal commercial terms, taking into account the market valuation of the Trademarks conducted by an independent valuer.

(E) Provision of Corporate Secretarial Services by United Insulation Service Pte Ltd ("UIS") to our Group

UIS is a company incorporated in Singapore and is owned by our Executive Chairman, Mr Ho KwonPing and his immediate family. Accordingly, transactions between our Group and UIS are interested person transactions.

UIS has been providing corporate secretarial services to us since April 2004 for an annual aggregate fee of S$104,400.00.

The aggregate amount paid by us to UIS for the past three financial years ended 31 December 2003, 2004 and 2005 and for the period from 1 January 2006 until the Latest Practicable Date is as follows:

	Year ended 31 December (unaudited)			Period from 1 January 2006 until the Latest Practicable Date (unaudited)
	2003	2004	2005	
	S$ 'million	S$ 'million	S$ 'million	S$ 'million
Amount paid	—	0.08	0.10	0.04

The amount paid and payable by us to UIS for the provision of corporate secretarial services is based on prevailing market rates, and accordingly such transactions are carried out on an arm's length basis and on normal commercial terms.

(F) Lease arrangements with Thai Wah Public

We have leased various premises at Thai Wah Tower I, Bangkok, Thailand from Thai Wah Public for office use and storage as well as for sub-leasing purposes. The current lease terms are generally for a period of three years and will end in January 2009.

The aggregate amount which we have paid to Thai Wah Public in respect of the above leases (taking into account rental and service charges) for the past three financial years ended 31 December 2003, 2004 and 2005 and for the period from 1 January 2006 until the Latest Practicable Date is as follows:

	Year ended 31 December (unaudited)			Period from 1 January 2006 until the Latest Practicable Date (unaudited)
	2003	2004	2005	
	S$ 'million	S$ 'million	S$ 'million	S$ 'million
Amount paid	0.14	0.13	0.17	0.05

The above leases were entered into in the ordinary course of business and are on an arm's length basis as the rental and service charges payable to Thai Wah Public are based on prevailing market rates.

PAST INTERESTED PERSON TRANSACTIONS

Details of the past transactions between our Group with Interested Persons which are material in the context of the Offering, for the last three financial years ended 31 December 2003, 2004 and 2005 and for the period from 1 January 2006 until the Latest Practicable Date are as follows:

	Year ended 31 December (unaudited)			Period from 1 January 2006 until the Latest Practicable Date (unaudited)
	2003	2004	2005	
	S$ 'million	S$ 'million	S$ 'million	S$ 'million
Payments received by us from the following Interested Persons				
(A) TRL Group[(1)]	0.67	—	—	—
(B) Donvale Limited[(2)]	—	7.35	—	—
Payments made by us to the following Interested Persons				
(C) TRL Group[(1)]	0.54	—	—	—
(D) Thai Wah Group[(3)]	0.92	—	—	—
(E) TRMC and TARSL[(4)]	0.06	0.59	1.13	0.12
(F) Companies which are affiliated to Mr Ho KwonPing and his immediate family[(5)]	—	—	0.17	—

Notes:

(1) For further details, see "(A) Transactions with the TRL Group" below.

(2) For further details, see "(B) Sale of Shares in Debenham Limited and PT Tropical Amethyst to Donvale Limited" below.

(3) For further details, see "(C) Transactions with the Thai Wah Group" below.

(4) TARSL is a subsidiary of TRMC. For further details, see "(D) Transactions with TRMC and TARSL".

(5) These companies comprise Sin-Hai Offshore Company Limited and International Commercial Development Company Limited. For further details, see "(E) Acquisition of Shares in TWPL from Interested Persons".

(A) Transactions with the TRL Group

(a) Provision of architectural services to the TRL Group

In 2003, we provided architectural services to the TRL Group in respect of the Angsana Spa and Resort Bintan which were charged based on time costs.

The amount which we received from the TRL Group in 2003 for the provision of the above services was approximately S$180,000.

The provision of architectural services was in our ordinary course of business and on an arm's length basis as our fees were based on prevailing market rates.

(b) Reimbursement of expenses from the TRL Group

In 2003, we paid an aggregate amount of approximately S$360,000 on behalf of the TRL Group in relation to certain expenses such as secretarial fees, audit fees, travelling expenses, tax fees, insurance premiums, telephone charges, staff salaries, medical expenses, courier and freight charges and postage charges. The TRL Group has since reimbursed us on a cost recovery basis for all the payments made on its behalf.

The above arrangement was not carried out on an arm's length basis as the TRL Group would reimburse the expenses which we had paid on its behalf at cost. We have since ceased to carry out such transactions with the TRL Group.

(c) Provision of loan to the TRL Group

In June 2003, our subsidiary in Hong Kong, Banyan Tree Resorts Limited, provided a loan of approximately US$377,000 (approximately S$657,000) to GSI, a subsidiary of TRL, at a fixed interest rate of 8.0 per cent. per annum.

During the last three financial years ended 31 December 2003, 2004 and 2005 and for the period from 1 January 2006 up to the Latest Practicable Date, the largest amount (comprising principal and interest) due to us was approximately US$387,000 (approximately S$674,000). This amount has since been repaid to us in December 2003.

The above transaction was not carried out on an arm's length basis and we have discontinued such transactions with the TRL Group.

(d) **Loan stock issued by TRL**

We held loan stock in TRL of a principal amount of approximately US$1.24 million (approximately S$2.26 million). The interest rate payable by TRL on the principal amount of the loan stock was 2.0 per cent. above the three months SIBOR rate with late interest charged at 4.0 per cent. per annum.

In 2004, the principal amount of approximately S$2.10 million together with interest of approximately S$551,000 was fully repaid to us by TRL.

The above transaction was carried out on an arm's length basis as the interest payable by TRL was higher than prevailing market rates. Further, the TRL Group had furnished security in favour of our Company in consideration for the extension of the repayment period of the principal amount and interest.

(B) Sale of shares in Debenham Limited ("Debenham") and PT Tropical Amethyst ("PTTA") to Donvale Limited ("Donvale")

We were the beneficial owner of 9,000 issued and paid up ordinary shares of par value US$1.00 each, in the capital of Debenham, representing 90.0 per cent. of the issued and paid up share capital of Debenham and 13,000 issued and paid up ordinary shares of US$100.00 each in the capital of PTTA, representing 50.0 per cent. of the issued and paid up share capital of PTTA.

In March 2004, we sold our entire shareholding in Debenham and PTTA (''Sale Shares'') to Donvale, a company in which some of our existing Shareholders have interests, as part of the restructuring exercise undertaken by us prior to the Offering. We also assigned our receivables from Debenham to Donvale.

Pursuant to the above transactions, Donvale paid an aggregate consideration of S$7,350,354 to us comprising S$157,460 for our shares in Debenham (based on the net tangible assets of Debenham as at 31 January 2004), S$1.00 for our shares in PTTA (based on the negative net tangible assets in PTTA as at 31 January 2004) and S$7,192,890 for receivables in Debenham.

The terms of the above transactions were negotiated on an arm's length basis.

(C) Transactions with the Thai Wah Group

(a) **Purchase of shares in Laguna Beach Club Limited ("LBCL")**

In May 2003, we purchased 199,999 shares of par value Baht 100.00 each, representing approximately 10.0 per cent. of the shareholding interest in LBCL from Thai Wah Public. A plan administrator had been appointed by the Thai court to rehabilitate the business of Thai Wah Public at that time. As a result of the acquisition, we have a direct and indirect shareholding interest of approximately 60.0 per cent. in LBCL.

The terms of the above transaction were negotiated on an arm's length basis as we had obtained prior approval from the Central Bankruptcy Court in Thailand for the consideration of Baht 85.00 million paid by us for the shares.

(b) **Purchase and lease of land at Chiang Mai**

Thai Wah Public and International Commercial Development Company Limited (''ICDC'') each has a 49.9 per cent. shareholding interest in the total issued share capital of Mae Joe Land Company Limited (''MJL''). Transactions between MJL and our Group are interested person transactions by virtue of the shareholding interests held by our Executive Chairman, Mr Ho KwonPing, and his immediate family in both Thai Wah Public and ICDC. Our Executive Chairman, Mr Ho KwonPing, and his immediate family have an aggregate shareholding interest of 48.0 per cent. in ICDC.

In March 2003, we purchased 92 land plots in Chiang Mai, Thailand from MJL for the development of the Banyan Tree Chiang Mai. The land plots have an aggregate approximate area of 582,000 square metres and we paid a consideration of approximately Baht 19.90 million (approximately S$810,000).

The acquisition of the land plots was on normal commercial terms and on an arm's length basis as the consideration paid by us to MJL was based on an independent valuation of the land plots undertaken prior to the acquisition.

Also in March 2003, we leased from MJL 17 land plots in Chiang Mai for the construction and development of the Banyan Tree Chiang Mai. The land plots have an aggregate approximate area of 79,000 square metres. The term of the lease is for a period of 30 years with an option to renew for two consecutive periods of 30 years each. Under the terms of the lease agreement, we have the option to purchase the land plots at any time after September 2009. As is the practice with regard to the payment for long-term leases in Thailand, we made a lump sum payment of approximately Baht 2.68 million (approximately S$110,000) as rental for the initial 30-year term.

(Please refer to "Business — Resort and Hotel Expansion — New Resorts" for information relating to the Banyan Tree Chiang Mai.)

The terms of the above lease arrangement were on normal commercial terms and negotiated on an arm's length basis. The rental paid by us to MJL was based on an independent valuation of the land plots undertaken prior to entering into the lease agreement.

(D) Transactions with TRMC and TARSL

(a) **Licence arrangements for the "BANYAN TREE", "ANGSANA" and "THE ALLAMANDA" trademarks**

Since July 2000, we have been granted by TRMC and TARSL, an exclusive, worldwide and perpetual right to use and sub-license the use of the following trademarks in respect of our business and undertakings and that of our sub-licensees, which comprises the operation and management of hotels, resorts, spas and golf courses which are carried on or which operates under the relevant trademarks:

(i) the "BANYAN TREE" and the "ANGSANA" trademark by TRMC; and

(ii) the "THE ALLAMANDA" trademark by TARSL.

The above trademarks are registered or pending registration in jurisdictions such as Australia, Canada, the PRC, Egypt, the European Community, Fiji, Hong Kong, India, Indonesia, Japan, Jordan, Kenya, Korea, Laos, Malaysia, Maldives, Mauritius, Mexico, Morocco, Myanmar, Nepal, New Zealand, Philippines, Seychelles, Singapore, South Africa, Sri Lanka, Taiwan, Thailand, UAE, Vietnam, Egypt, Jordan and Laos.

The royalty payable by us for the licence of the above trademarks is as follows:

(i) for the period from 1 January 2001 to 31 December 2003, a royalty equivalent to S$30,000 per annum;

(ii) for the period from 1 January 2004 to 31 December 2006, a royalty equivalent to 0.25 per cent. of the revenue for each quarter of a calendar year; and

(iii) from 1 January 2007 onwards, a royalty equivalent to 0.50 per cent. of the revenue for each quarter of a calendar year.

The aggregate amount paid by us to TRMC and TARSL pursuant to the above licence arrangements for the past three financial years ended 31 December 2003, 2004 and 2005 and for the period from 1 January 2006 until the Latest Practicable Date is as follows:

	Year ended 31 December (unaudited)			Period from 1 January 2006 until the Latest Practicable Date (unaudited)
	2003	**2004**	**2005**	
	S$ 'million	**S$ 'million**	**S$ 'million**	**S$ 'million**
Amount paid	0.06	0.59	0.41	0.12

The amount payable to TRMC and TARSL pursuant to the above licence arrangements was determined on an arm's length basis as the rates payable by us for the use of the trademarks are based on the rates charged by other resort or hotel chains in franchise arrangements for the use of their brand.

(b) **Acquisition of Banyantravel.com Pte Ltd ("Banyantravel") from Interested Persons**

As part of our restructuring exercise, we acquired the entire shareholding interest in Banyantravel from Mr Tee Hwee Liang, our Managing Directors, Mr Ariel P Vera and Mr Yeow Yew Keong and TRMC (the "Banyantravel Vendors") in November 2005. Save for Mr Tee Hwee Liang, the other Banyantravel Vendors are Interested Persons of our Group.

Banyantravel is a company incorporated in Singapore and is principally engaged in the travel business via the Internet. We paid a consideration of approximately US$427,000 (approximately S$724,000) to TRMC and approximately US$2,650 (approximately S$4,500) to each of the other Banyantravel Vendors. The aggregate consideration of approximately US$436,000 (approximately S$739,000) for the above acquisition was based on the net book value of Banyantravel as at 30 September 2005.

The above transaction was carried out on normal commercial terms and on an arm's length basis as the assets of Banyantravel comprised mainly cash.

(E) Acquisition of Shares in TWPL from Interested Persons

As part of our restructuring exercise, we acquired an aggregate of 10,525,703 shares in TWPL in March 2005, representing approximately 90.3 per cent. in its then issued and paid-up share capital from Everen Investment Private Limited, Soi 69 Co., Ltd., Mr Piched Niamnud, Sin-Hai Offshore Company Limited ("Sin-Hai") and ICDC.

Sin-Hai and ICDC are Interested Persons of our Group by virtue of the 100.0 per cent. and 48.0 per cent. shareholding interest held by our Executive Chairman, Mr Ho KwonPing, and his immediate family members in each of the two companies respectively.

We acquired 168,750 ordinary shares in TWPL from each of Sin-Hai and ICDC and paid to each of Sin-Hai and ICDC a consideration of Baht 2,025,000 (approximately S$83,100). The consideration was negotiated on an arm's length and on a willing-seller willing-buyer basis.

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Appendix C — Properties and Fixed Assets

As at the Latest Practicable Date, our Group owns the following material properties:

Company and Location of Property	Approximate Gross Area[(1)]	Tenure	Encumbrances	Use
Indonesia				
Cheer Golden Limited				
Angsana Bintan Resort & Spa Condominium apartments Village of Sebung Lagoi Bintan Island Riau Province Indonesia	23,463 sq ft	Leasehold	None	Sale and rental
Laguna Holiday Club Limited				
Angsana Bintan Resort & Spa Condominium apartments Village of Sebung Lagoi Bintan Island Riau Province Indonesia	2,031 sq ft	Leasehold	None	Sale and rental
PRC				
Lijiang Banyan Tree Hotel Co. Ltd				
Phase I Project: Longquan Residential Committee, Shuhe Office Gucheng District Lijiang City People's Republic of China	12,000	Not known pending procurement of Premises Ownership Certificate — but will not exceed 30 January 2045, being the period of the land use grant	None	Resort
Seychelles				
Banyan Tree Resorts (Seychelles) Limited				
Land at Takamaka, Mahe Seychelles[(2)]	303,014	Freehold	Subject to various charges	Hotel
Seytropical Resorts Limited				
Land at Takamaka, Mahe Seychelles[(3)]	872,264	Freehold	Subject to various charges, restrictions and easements	Hotel and residential development
Singapore				
Banyan Tree Hotels & Resorts Pte. Ltd.				
24 Cheong Chin Nam Road Singapore 599747	354	Freehold	Mortgaged to HSBC for a mortgage value of S$1,200,000	Office
Banyan Tree Hotels & Resorts Pte. Ltd.				
24A Cheong Chin Nam Road Singapore 599747	354	Freehold	Mortgaged to HSBC	Office

Company and Location of Property	Approximate Gross Area[1]	Tenure	Encumbrances	Use
Banyan Tree Properties Pte. Ltd. 211 Upper Bukit Timah Road Singapore 588182	1,989 sq ft	Freehold	Mortgaged to Malayan Banking Berhad for a mortgage value of S$9,000,000	Office
Sri Lanka				
Beruwela Walk Inn Limited Land known as Peiyawatte depicted in Plan No. 577 dated 9 March 1973 situated at Moragalla in the district of Kalutara Western Province Sri Lanka	174,080 sq ft	31 years leasehold from 11 September 1973	Mortgaged to Hatton National Bank Ltd for a mortgage value of RS10,000,000	Hotel and residential
Thailand				
Laguna Grande Limited Island Villa Condominium Tambol Cherng Talay Amphur Talang Phuket Province Thailand[4]	226[5]	Freehold	Some of the condominium units are subject to leases	Sale and rental
Laguna Grande Limited Allamanda Condominium[2] Tambol Cherng Talay Amphur Talang Phuket Province Thailand[6]	82[5]	Freehold	Some of the condominium units are subject to leases	Sale and rental
Laguna Grande Limited Land at Tambol Cherng Talay Amphur Talang Phuket Province Thailand[7]	896 Rai 3 Ngan; 6.5 Sq wah[8]	Freehold	Some of the plots of land are subject to: (i) various mortgages for an aggregate mortgage value of THB2,944,000,000; and (ii) 30 year lease terms	Sale and rental
Laguna Holiday Club Limited Island Villa Condominium Tambol Cherng Talay Amphur Talang Phuket Province Thailand[9]	536[5]	Freehold	None	Sale and rental
Laguna Holiday Club Limited Allamanda Condominium[1] Tambol Cherng Talay Amphur Talang Phuket Province Thailand[10]	878[5]	Freehold	None	Sale and rental

Company and Location of Property	Approximate Gross Area[1]	Tenure	Encumbrances	Use
Laguna Holiday Club Limited Allamanda Condominium[2] Tambol Cherng Talay Amphur Talang Phuket Province Thailand[11]	877[5]	Freehold	None	Sale and rental
Laguna Holiday Club Limited Allamanda Condominium[3] Tambol Cherng Talay Amphur Talang Phuket Province Thailand[12]	1,053[5]	Freehold	None	Sale and rental
Laguna Holiday Club Limited Land at Tambol Cherng Talay Amphur Talang Phuket Province Thailand *(known as Laguna Townhomes Phase 1)*	900	Freehold	None	Sale and rental
Laguna Holiday Club Limited Land at Tambol Cherng Talay Amphur Thalang Phuket Province Thailand *(known as Townhomes phase 2)*[13]	7,763[8]	Freehold	None	Subject to the land allocation project
Laguna Resorts & Hotels Public Company Limited Land at Tambol Mae-faek Amphur Sansai Chiangmai Province Thailand[14]	372 Rai; 1 Ngan; 40 Sq wah[8]	Freehold	None	Development
Laguna Resorts & Hotels Public Company Limited Land at Tambol Cherng Talay Amphur Thalang Phuket Province Thailand[15]	56 Rai; 8 Ngan; 449 Sq wah[8]	Freehold	The plots of land are subject to various mortgages for a mortgage value of THB 1,313,000,000	Hotel, canal and green areas
Laguna Services Co. Ltd. Land at Tambol Cherng Talay Amphur Thalang Phuket Province Thailand	6 Rai; 3 Ngan; 55 Sq wah	Freehold	None	Factories
Thai Wah Plaza Limited Land at Tambol Thungmahamek (Sathorn), Amphur Yannawa (Bangrak) Bangkok Thailand	47 Sq wah	Freehold	Subject to a mortgage for a mortgage value of THB 1,181,000,000	Rental and hotel

Company and Location of Property	Approximate Gross Area[(1)]	Tenure	Encumbrances	Use
Thai Wah Plaza Limited Land at Tambol Cherng Talay Amphur Thalang Phuket Province Thailand *(comprises Residences phase 3 and Townhomes phase 3A)*[(16)]	3,091 Sq wah[(8)]	Freehold	None	Housing Project
Thai Wah Tower Company Limited Thai Wah Tower Condominium 5028 Tambol Thungmahamek (Sathorn), Amphur Yannawa (Bangrak), Bangkok Thailand[(17)]	9,205 sq ft[(5)]	Freehold	Subject to various mortgages for a mortgage value of THB 1,181,000,000	Rental
Thai Wah Tower (2) Company Limited Land at Tambol Thungmahamek (Sathorn), Amphur Yannawa (Bangrak) Bangkok Thailand	2 Rai; 1 Ngan 45; Sq wah	Freehold	Subject to a mortgage for a mortgage value of THB 1,181,000,000	Rental and hotel business
Twin Waters Development Company Limited Land at Tambol Cherng Talay Amphur Thalang Phuket Province Thailand *(known as Townhomes phase 1/Residences phase 2)*[(18)]	3,724 Sq wah[(8)]	Freehold	None	Some plots of land are subject to the land allocation project and leases

Notes:

(1) Rounded to the nearest whole number and expressed in square metres unless otherwise stated. 1 Rai is the equivalent of 1,600 square metres; 1 Ngan is the equivalent of 400 square metres and 1 Sq wah is the equivalent of 4 square metres.
(2) This property consists of 8 separate title deeds.
(3) This property consists of 19 separate title deeds.
(4) This property is made up of 23 condominium units.
(5) This is the aggregate figure for all the condominium units.
(6) This property is made up of 51 condominium units.
(7) This property consists of 50 plots of land.
(8) This is the aggregate figure for all the plots of land.
(9) This property is made up of 3 condominium units.
(10) This property is made up of 9 condominium units.
(11) This property is made up of 6 condominium units.
(12) This property is made up of 12 condominium units.
(13) This property consists of 37 plots of land.
(14) This property consists of 94 plots of land.
(15) This property consists of 8 plots of land.
(16) This property consists of 8 plots of land.
(17) This property is made up of 36 condominium units.
(18) This property consists of 37 plots of land.

As at the Latest Practicable Date, our Group leases the following material properties:

Company/Location	Approximate Gross area[(1)]	Tenure	Landlord	Use	Annual rental[(1)]
Maldives					
Maldives Angsana Pvt Ltd					
Ihuru North Male' Atoll Republic of Maldives	2.5 hectares	15 years from 16 October 2000	Ihuru Investment Pvt Ltd	Resort	USD675,000 per year increasing at the rate of 3% per annum in addition to the Island Rent to be paid on behalf of the sublessor
Maldives Bay Pvt Ltd					
South Nilandhe Atoll Republic of Maldives	60,054	From 24 July 2005 to 25 August 2022	Government of Maldives	Resort	Lease rental is fixed for ten years starting from 13 December 2003 as follows: Year 1 — USD2,650 per bed Year 2 — USD2,703 per bed Year 3 — USD2,757 per bed Year 4 — USD2,814 per bed Year 5 — USD2,868 per bed Year 6 — USD2,925 per bed Year 7 — USD2,983 per bed Year 8 — USD3,042 per bed Year 9 — USD3,102 per bed Year 10 — USD3,164 per bed
Vabbinvest Maldives Pvt Ltd					
Vabbinfaru Island Kaafu Atoll Republic of Maldives	3.2 hectares	From 12 May 1992 to 31 October 2019	Vabbinfaru Island Paradise Pvt Ltd	Resort	Total rental for the entire rental term is USD8,100,000 in addition to the Island Rent to be paid on behalf of the sublessor
PRC					
Jiwa Renga Resorts Limited					
Land at Hongpo Village Jiangtang Town Shangri-La County Diqing Autonomous Prefecture Yun'nan Province People's Republic of China	79,019	40 years from 2004 to 2044	Jiwa Renga Resorts Limited	Pending land granting project	

Company/Location	Approximate Gross area[1]	Tenure	Landlord	Use	Annual rental[1]
Jiwa Renga Resorts Limited					
Land at Hongpo Village Jiangtang Town Shangri-La County Diqing Autonomous Prefecture Yun'nan Province People's Republic of China	1,000	50 years from 2005 to 2055	State	Construction of dormitory	RMB15,000 (being the price of the land use right)
Lijiang Banyan Tree Hotel Co. Ltd					
Land at Longquan Village Shuhe Street Gucheng District Lijiang City People's Republic of China	99,999	40 years	State	Hotel	RMB19,099,809 (being the price of the land use right)
<u>Thailand</u>					
Laguna Resorts & Hotels Public Company Limited					
Land at Tambol Mae-faek Amphur Sansai Chiangmai Province Thailand[2]	49 Rai; 95 Sq wah[2]	30 years from 13 March 2003 to 13 March 2033	Mae Joe Land Co., Ltd	Development of Banyan Tree Chiangmai Project	THB 2,684,712 per 30 years[3]
Laguna Resorts & Hotels Public Company Limited					
Land at Tambol Mae-faek Amphur Sansai Chiangmai Province Thailand	88 Sq wah	30 years from 19 October 2004 to 18 October 2034	Ms Kaewdee Boontom	Development of Banyan Tree Chiangmai Project	THB 105,600

Notes:

(1) Rounded to the nearest whole number and expressed in square metres unless otherwise stated. 1 Rai is the equivalent of 1,600 square metres; 1 Ngan is the equivalent of 400 square metres and 1 Sq wah is the equivalent of 4 square metres.

(2) This property comprises of 17 plots of land.

(3) This is the aggregate figure for all the plots of land.

Appendix D — Letter from the Independent Financial Adviser to the Audit and Risk Committee of Banyan Tree Holdings Limited

26 May 2006

The Audit and Risk Committee
Banyan Tree Holdings Limited
211 Upper Bukit Timah Road
Singapore 588182

Dear Sirs,

PROPOSED SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. INTRODUCTION

This letter, which sets out PricewaterhouseCoopers Corporate Finance Pte Ltd's ("PwCCF") opinion in relation to the proposed adoption of a shareholders' mandate for interested person transactions, will be incorporated into the prospectus dated 26 May 2006 (the "Prospectus") issued in connection with the proposed listing of the Company's shares on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"), which provides, *inter alia*, the details of the shareholders' mandate for interested person transactions. Unless otherwise defined, all terms defined in the Prospectus shall have the same meaning herein.

Under Chapter 9 of the listing manual of the SGX-ST (the "Listing Manual"), an issuer may seek a general mandate from shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. Pursuant to Rule 920(2) of the Listing Manual, the issuer may treat a general mandate as having been given if certain prescribed information in the Listing Manual is included in a prospectus issued in connection with a listing of the issuer. Transactions conducted under such a general mandate are not subject to the thresholds under Chapter 9 of the Listing Manual, which requires shareholders' approval and/or an immediate announcement in respect of the transaction if the value of the transaction is equal to or exceeds certain thresholds as detailed in Chapter 9 of the Listing Manual.

The Directors anticipate that, in the ordinary course of business of the Group, transactions of a revenue or trading nature or those necessary for its day-to-day operations between the Group and its interested persons are likely occur with some degree of frequency and may arise at any time and from time to time. In view of the time-sensitive nature of such commercial transactions, the Directors have, in compliance with Rule 920(2) of the Listing Manual, included certain prescribed information in the Prospectus to enable the Company to treat the general mandate as having been given ("Shareholders' Mandate") for the Group to enter into the categories of transactions described in "Interested Person Transactions and Conflicts of Interests — Shareholders' Mandate — Categories of Interested Person Transactions" of the Prospectus with the classes of Interested Persons set out in "Interested Person Transactions and Conflicts of Interests — Shareholders' Mandate — Classes of Interested Persons" of the Prospectus, in the normal course of business, provided that such transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

The Shareholders' Mandate will be effective until the earlier of the first annual general meeting of the Company following its listing, or the first anniversary of the listing date. Thereafter, the Company will seek the approval of its shareholders for a renewal of the Shareholders' Mandate at each subsequent annual general meeting.

Accordingly, PwCCF has been appointed as the independent financial adviser to provide an opinion on whether the methods or procedures set out in "Interested Person Transactions and Conflicts of Interests — Shareholders' Mandate — Guidelines and Review Procedures for Mandated Interested Person Transactions" of the Prospectus for determining the transaction prices of the Mandated Interested Person Transactions (as defined in Section 3.2 of this letter) are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

2. TERMS OF REFERENCE

PwCCF was engaged to express a view on whether the methods and procedures for determining transaction prices are sufficient to ensure that the Mandated Interested Person Transactions will be carried out on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority shareholders.

It is not within our terms of reference to evaluate or comment on the merits and/or associated risk, whether commercial, financial or otherwise of any interested person transactions entered into or about to be entered into, as well as transactions below $100,000, and as such, we have not expressed an opinion thereon. Such evaluations or comments are, and remain the sole responsibility of the Directors although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion.

In the course of our review, we have held discussions with certain Directors and the management of the Company, and have examined information provided to us by the Company. We have also relied on the information pertaining to the Shareholders' Mandate and the interested person transactions contained in the Prospectus. We have not independently verified such information, whether written or verbal, and accordingly, cannot and do not make any representation or warranty in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have nevertheless made enquiries and used our judgment as we deemed necessary or appropriate in assessing such information and are not aware of any reason to doubt the reliability of the information.

We have relied upon the assurances of the Directors that the information pertaining to the Shareholders' Mandate and the interested person transactions contained in the Prospectus has been seen and approved by the Directors who have made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed on the Shareholders' Mandate and interested person transactions contained in the Prospectus are fair and accurate in all material respects as of the date of the Prospectus and there are no material facts the omission of which would make such information in the Prospectus misleading and that the Prospectus constitutes full and true disclosure of all material facts about the Shareholders' Mandate and interested person transactions. Accordingly, the Directors have provided us with a responsibility statement in a letter dated 26 May 2006, which we have relied upon.

Our view is based upon prevailing market, regulatory and economic conditions, information pertaining to the Shareholders' Mandate and the interested person transactions provided in the Prospectus and information provided to us by the Company as of the Latest Practicable Date. Hence, we do not assume any responsibility in updating, revising or reaffirming our opinion should any development occur subsequently after the Latest Practicable Date that may affect our opinion contained herein.

Our opinion is for the use and benefit of the Audit and Risk Committee in their deliberation on the proposed Shareholders' Mandate.

Our opinion in relation to the Shareholders' Mandate should be considered in the context of the entirety of this letter and the Prospectus.

3. SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

The details of the Shareholders' Mandate can also be found in ''Interested Person Transactions and Conflicts of Interests — Shareholders' Mandate'' of the Prospectus.

3.1 Classes of Interested Persons

The Shareholders' Mandate will apply to the Group's interested person transactions carried out with (i) the TRL Group (i.e. TRL, its subsidiaries and associated companies); (ii) the LRH Group (i.e. LRH, its subsidiaries and associated companies); (iii) Phuket Hotel Limited; (iv) Thai Wah Public; and (v) United Insulation Service Pte Ltd. (see ''Appendix B — Interested Person Transactions'' for details.)

3.2 Categories of Interested Person Transactions

The categories of ongoing transactions which will be covered by the Shareholders' Mandate are:

(i) provision of management and related services such as reservation and procurements services for the management of resorts, hotels, golf courses and spas;

(ii) consignment of merchandise for sale in the Banyan Tree and Angsana Gallery outlets;

(iii) retail sales of Banyan Tree gallery vouchers and "Banyan Tree" merchandise;

(iv) lease of premises for spa operations and office use;

(v) profit sharing returns in respect of units leased at resorts;

(vi) supply of goods such as guest amenities;

(vii) obtaining corporate secretarial services; and

(viii) reimbursement of expenses relating to costs and expenses incurred by the Group and/or on its behalf in connection with the provision of management and other services.

(the "Mandated Interested Person Transactions")

(See "Appendix B — Interested Person Transactions" for details of these transactions.)

Future transactions falling within the categories described above and entered into with the following classes of Interested Persons described above will also be covered by the Shareholders' Mandate.

Transactions with Interested Persons which do not fall within the ambit of the proposed Shareholders' Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual.

4. EVALUATION OF THE REVIEW PROCEDURES FOR MANDATED INTERESTED PERSONS TRANSACTIONS

In our evaluation and thereon recommendation of the Shareholders' Mandate, we have given due consideration to the following key factors:

(i) the rationale for and benefits of the Shareholders' Mandate; and

(ii) the Company's guidelines and review procedures for Mandated Interested Persons Transactions.

4.1 Rationale for and Benefits of the Shareholders' Mandate

The rationale for and benefits of the Shareholders' Mandate can also be found in "Interested Person Transactions and Conflicts of Interests — Shareholders' Mandate — Rationale for and Benefits of the Shareholders' Mandate" of the Prospectus.

The transactions with Interested Persons are entered into or to be entered into by the Group in its ordinary course of business. They are recurring transactions which are likely to occur with some degree of frequency and arise at any time and from time to time. The Shareholders' Mandate is intended to facilitate these transactions, provided that they are carried out on normal commercial terms and are not prejudicial to the Company and its minority shareholders.

The Directors believe that the Group will be able to benefit from such transactions with Interested Persons. The Shareholders' Mandate and the renewal of the Shareholders' Mandate on an annual basis will eliminate the need to convene separate general meetings from time to time to seek shareholders' approval as and when potential interested person transactions with the Interested Persons arise, thereby reducing substantially, the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group.

Disclosure will be made in the Company's annual report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate and otherwise during the financial year under review, and in the annual reports for the subsequent financial years during which the Shareholders' Mandate is renewed and remains in force.

4.2 Guidelines and Review Procedures for Mandated Interested Person Transactions

Review Procedures

Details on the Company's review procedures for the Mandated Interested Person Transactions can also be found in "Interested Person Transactions and Conflicts of Interests — Shareholders' Mandate — Guidelines and Review Procedures for Mandated Interested Person Transactions" of the Prospectus.

The Group has implemented the following procedures to ensure that the Mandated Interested Person Transactions are undertaken on normal commercial terms and on an arm's length basis which will not be prejudicial to the interests of the Company and the interests of its minority shareholders:

(a) in respect of management agreements and/or technical assistance agreements for the management of resorts, hotels, golf courses and spas, spa lease/spa services agreements, consignment agreements, supply of goods and the sale of retail products, the Group will make comparisons of the terms of these agreements with similar agreements entered into with unrelated third parties or in the absence of such agreements with unrelated third parties, the Group will seek advice from industry consultants on the prevailing market practice or industry norms, to ensure that all such transactions will be consistent with the prevailing market practice or industry norms or the Group's normal commercial terms and usual business practices and policies for the applicable transactions;

(b) in respect of any new or subsequent renewal of any leases, a valuation conducted by independent property valuers on the premises at the time of the entry or the renewal of leases to assess its open market rental value and information gathered from independent property agents as to the rental rates of comparable properties will be used as comparison, wherever possible. The new leases and any renewal of leases shall be at rentals not higher than market rentals;

(c) in respect of the provision of reservation services, procurement services or the receipt of corporate secretarial services or the recovery of costs associated with such services, the Group will make comparisons of the terms of these arrangements with similar arrangements entered into with unrelated third parties or in the absence of such arrangements with unrelated third parties, the Group will seek advice from industry consultants on prevailing market practice or industry norms, to ensure that, the provision of such services or receipt of such services shall be consistent with the prevailing market practice or industry norms or the Group's normal commercial terms and in accordance with their usual business practices and policies for the applicable transactions; and

(d) in cases where it is not possible to obtain comparables from unrelated third parties, the Group may enter into a transaction with an Interested Person, provided that the price and terms received from or given to the Interested Person are in accordance with prevailing business practices or industry norms and/or rates or prices which are consistent with the Group's usual margin associated with similar volume of business or on terms which the Audit and Risk Committee considers to be on normal commercial terms and are not prejudicial to the Company or its minority shareholders.

Threshold Limits

In addition to the review procedures, the Group will review and approve the Mandated Interested Person Transactions as follows:

(a) transactions equal to or exceeding 3.0 per cent., but less than 5.0 per cent. of the latest audited consolidated NTA after minority interests of the Group, will be reviewed and approved by any two of the Directors; and

(b) transactions equal to or exceeding 5.0 per cent. of the latest audited consolidated NTA after minority interest of the Group, will be reviewed and approved by the Audit and Risk Committee and the Board, which may as it deems fit, request for additional information pertaining to the transaction from independent sources or advisers, including the obtaining of valuations from professional valuers.

Other Review Procedures

In addition, the Audit and Risk Committee will include the review of the interested person transactions as part of its standard procedures while examining the adequacy of the Group's internal controls.

In the event that a member of the Board, a member of the Audit and Risk Committee or an authorised reviewing officer (where applicable) has a conflict of interests in relation to any interested person transaction, he will abstain from reviewing that particular transaction. In such instances, an alternative approving authority will be responsible for reviewing the transaction. The Board will also ensure that all disclosure requirements on interested person transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with. The annual internal audit plan shall incorporate a review of all interested person transactions entered into pursuant to the Shareholders' Mandate.

The Audit and Risk Committee shall review the internal audit reports to ascertain whether the guidelines and procedures established to monitor interested person transactions have been complied with. In addition, the Audit and Risk Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that the Mandated Interested Person Transactions are conducted on normal commercial terms. Further, if during these periodic reviews by the Audit and Risk Committee, the Audit and Risk Committee is of the view that the guidelines and procedures as stated above are not sufficient to ensure that these interested person transactions will be on normal commercial terms and will not be prejudicial to the Company and its minority shareholders, the Company will (pursuant to Rules 920(1)(b)(iv) and (vii) of the Listing Manual revert to shareholders for a fresh mandate based on new guidelines and procedures for transactions with Interested Persons.

The Board shall have overall responsibility for the determination of the review procedures with the authority to sub-delegate to individuals or committees within the Company as they deem appropriate.

Identification and Recording of Interested Person Transactions

The Group has also implemented the following procedures for the identification of Interested Persons and the recording of all its interested person transactions:

(a) the Company Secretary will maintain a list of the directors and controlling shareholders of the Company and their respective associates (which is to be updated immediately if there are any changes), and disclose the list to relevant personnel to enable identification of Interested Persons. The master list of Interested Persons which is maintained shall be reviewed at least annually;

(b) the Company Secretary will also obtain signed letters of confirmation from key management personnel, controlling shareholders and the directors of the Company on an annual basis as to their interests in any transaction with the Group;

(c) following the review and verification by the Audit and Risk Department of our interested person transactions, the Company Secretary will compile all the interested person transactions prior to submission to the Audit and Risk Committee. The Company's subsidiaries and associated companies would be required to inform the Company Secretary of any significant upcoming transactions with Interested Persons to facilitate timely announcements and/or the obtaining of shareholders' approval, where necessary;

(d) the rationale for and analysis of interested person transactions shall be documented and filed in a register of interested person transactions (the ''Interested Person Transactions Register'');

(e) following the review and verification by the Audit and Risk Department of the interested person transactions, further review of the interested person transactions is to be conducted by the Group Managing Director of the Company as well as the Vice-President, Finance, and shall comprise the comparison of the interested person transactions arrangement with industry practice and other customers. If either the Group Managing Director of the Company or the Vice-President, Finance is interested in the transaction or if the Interested Person is related to either the Group Managing Director of the Company or the Vice-President, Finance, the review shall be conducted by the Executive Chairman. Notwithstanding the foregoing, the review shall be conducted by the Audit and Risk Committee under the following circumstances:

    (i) the Group Managing Director of the Company and the Vice-President, Finance are both interested in a transaction or if the Interested Person is related to both the Group Managing Director of the Company and the Vice-President, Finance; or

    (ii) where the Executive Chairman is required to conduct the review but is interested in the transaction or if the Interested Person is related to the Executive Chairman;

(f) the Audit and Risk Committee would be responsible for reviewing the Group's interested person transactions on a quarterly basis and the outcome of such review shall be documented and filed in the Interested Person Transactions Register; and

(g) the Board would also be responsible for obtaining shareholders' approval for recurring interested person transactions which are carried out in the normal course of business.

5. CONCLUSION

In arriving at our opinion as to whether the methods and procedures for determining transaction prices under the proposed Shareholders' Mandate are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders, we have considered the rationale for and benefits of the Shareholders' Mandate, the guidelines and review procedures adopted for the Mandated Interested Person Transactions and the role of the Audit and Risk Committee.

Having regard to the foregoing, we are of the opinion that the methods and procedures for determining transaction prices under the Shareholders' Mandate, as set out in "Interested Person Transactions and Conflicts of Interests — Shareholders' Mandate — Guidelines and Review Procedures for Mandated Interested Person Transactions" of the Prospectus, if adhered to, are sufficient to ensure that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

We have prepared this letter for the use of the Audit and Risk Committee of the Company in connection with and for the purposes of their consideration of the Shareholders' Mandate and for incorporation in the Prospectus. This letter (or any part thereof) may not be reproduced, disseminated or quoted for any other purpose at any time and in any manner except with PwCCF's prior written consent. The opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter. Nothing herein shall confer or be deemed or is intended to confer any right of benefit to any third party and the Contracts (Rights of Third Parties) Act Chapter 53B of Singapore and any re-enactment thereof shall not apply.

Yours truly
For and on behalf of
PricewaterhouseCoopers Corporate Finance Pte Ltd

Kan Yut Keong	Aaron Lam
Managing Director	Executive Director

JONES LANG LASALLE HOTELS

The Directors
Banyan Tree Holdings Pte Ltd
211 Upper Bukit Timah Road
Singapore 588182

26 May 2006

Dear Sirs,

Valuation of Banyan Tree Group Property Portfolio as at 31 December 2005

1.1 Instructions

We refer to the instructions to Jones Lang LaSalle Property Consultants Pte Ltd and Jones Lang LaSalle (Thailand) Limited (the "Valuer") received on 28 November 2005 from Banyan Tree Holdings Pte Ltd (the "Company") to provide a valuation of their portfolio of properties, for purposes of an initial public offer on the Singapore Exchange Securities Trading Limited. We understand that for purposes of an initial public offer on the Singapore Exchange Securities Trading Limited, properties are required to be valued 'as is' in their existing state with no regard to any enhancement in value based on future development.

We have been advised by the instructing party that the various property interests within the portfolio are partially owned by the Company or its subsidiaries and/or associated companies. For the avoidance of doubt, our valuations relate to the 100 per cent. interests in the properties only and we have not sought to value the ownership companies or the shares within each.

We have inspected all the properties during November 2005 and January 2006, interviewed hotel management and relied upon financial and other information provided by the Company as well as our market knowledge in order to provide you with our opinion of the market values of the property interests in their existing state, as at 31 December 2005.

1.2 Basis of Valuation

1. Our valuations have been prepared in accordance with the International Valuation Standards Committee ("IVSC") definition of Market Value, which is:

   "The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

2. The assessments here given are of the market value of the leasehold/freehold interests in each property assuming where relevant, that the existing management agreements remain in place over the hotel properties. The valuations comprise the value attributed to the real estate, goodwill and the furniture, fittings and equipment used in the operation of the hotel business. Such an assessment excludes the value of stock or credits for payment thereof and assumes all items of furniture, fittings and equipment contained in the hotel are unencumbered unless stated to the contrary.

3. The assessment of the market values of each property has been based on the open market value of each individual property and we have not had regard to the potential effect of selling the entire portfolio at one time.

4. We understand that some equipment may be leased, but have assumed that any lease contracts would be transferred to an incoming purchaser. Consumables and wet and dry stocks have been excluded from the valuations.

5. It should be noted that the Valuer has not conducted legal searches or land survey to verify the land titles, transfers, leases and other legal documents and neither are we qualified to do so. Our valuations are made on the basis and conditional upon each property being free of encumbrances, restrictions, mortgages or other impediments of an onerous nature, which would affect value For the purpose of the valuation, we have assumed the information provided to us is accurate. Should this not be the case, we seek to be informed and our value assessment may have to be revised accordingly.

6. We have not sighted zoning certificates and it is assumed, unless otherwise stated, that the property complies with the requirements of the relevant planning regulations.

7. The detection of hazardous waste and toxic materials requires investigation by qualified experts in the field of environmental assessment. The presence of such substances such as asbestos, urea-formaldehyde, foam insulation or other potentially hazardous materials such as fuel contamination may affect the value of the property.

8. The value estimate noted within the report is predicated on the basis that there are no environmental contaminants, which would cause a loss in value. We are not qualified to detect hazardous waste and toxic materials and no responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The descriptions and resulting comments are a result of the routine observations made during the valuation process.

9. The management of the Company and management of each property have supplied information relevant to our assessment, and whilst due care has been taken in the application of that information, its accuracy cannot be verified by the Valuers. Should it be revealed that any of this information is inaccurate or misleading so that its use would affect the valuations, then the Valuers reserves the right to amend its opinion of values.

1.3 Valuation Methodology

1. Hotel investments are generally purchased on the basis of future income potential. Past performance provides some guide to the future performance of a hotel, but new macro economic factors or local supply issues often mean that a fresh view needs to be taken of the performance potential of the hotel.

2. To arrive at an estimate of capital value of a hotel property, we prepare an indicative cash flow forecast over a 5-year period which represents what we believe a potential purchaser would adopt as being realistic estimates of the hotel's future income potential. This is not necessarily the same as current hotel management may project, but represents what a prospective purchaser might believe was reasonable as a basis for acquisition.

3. In the assessment of values, we have applied the Discounted Cashflow ("DCF") method. The DCF approach assesses investment value by providing an explicit measurement of future expected cash flows. The appropriate DCF rate is selected taking into account our assessment of the investment return and yield requirement in the current market given the unique characteristics and factors affecting a particular property investment.

4. In addition to the 5-year cash flow forecasts, the net cash flow for Year 5 is increased by an estimated inflation rate to arrive at Year 6 net cash flow and capitalized for the remaining term of the property tenure. To the net cash flows, we have applied a DCF Rate to arrive at the total investment sum.

5. Having arrived at an estimate for total investment on the basis of the DCF method, we have made allowance, which is required for any capital expenditure, which an investor may reasonably expect to undertake in the foreseeable future to generate the cash flow forecast.

6. International and domestic purchasers remain concerned with cash flows and with established or achieved trading figures as well as readily foreseeable income flows. These factors have a strong impact on purchasing decisions and we, therefore, have regard to the initial and likely returns to an investor/purchaser in the early years.

7. The Canal Village is a retail property and retail properties generally change hands in the open market at prices based directly on trading potential, and it is therefore generally accepted that the valuation approach should be related to the retail outlet's actual and potential trading. In calculating the values, we have utilised a DCF technique, which we consider to be appropriate to potential purchasers of this property.

8. The Wah Chang Building is a commercial property and commercial properties in Singapore generally change hands in the open market at prices based directly on sales of comparable properties, and it is therefore generally accepted that the valuation approach should be based on reference of past

transactions of similar properties. In addition, we have also cross-checked our valuation with the Income Approach and this method takes into consideration the gross annual rental derived from the actual or estimated market rentals and of the outgoings such as property tax and maintenance charges. The net income is then capitalized at a rate we consider appropriate from our experience and knowledge of other properties in order to reflect the certain and potential risks acceptable to a prudent investor.

9. For the vacant sites/land, we have adopted the Residual Approach. This method entails the estimation of the capital value of the proposed development assuming it is completed and from which the various estimated costs of development such as building costs, developer's profit, stamp duty and legal fees and other expenses are deducted to give a residual figure which would represent the amount a prudent developer would pay for the site. We have also crosschecked our valuation by the Direct Comparison method and have analysed evidence of recent sales of comparable properties in the vicinity and elsewhere. Necessary adjustments have been made to reflect the differences in relation to such factors as location, tenure, site configuration, development potential and the prevailing market conditions amongst other material factors affecting value.

10. The Laguna Phuket Golf Course and Club comprises an 18 hole Par 71 resort course with a playing length of 6,654 metres, golf driving range, practice chip and putting greens, golf clubhouse with pro shop, café and ancillary facilities. The valuation of the components comprises the Golf Course as a "going concern" and value of golf club memberships. The golf course value was calculated using the DCF methodology to arrive at a market value of Baht 217 million (US$5,299,140). Golf Club memberships have been sold to individual purchasers as well as included in the sales of residential product within the Laguna Phuket Resort. We have assumed a 10-year sell-down period for 250 memberships (exclusive of residential product memberships) at the rate of 25 sales per annum and an average selling price of Baht 300,000 (US$7,300). After deduction of a 15.0 per cent. marketing cost, we have applied a 25.0 per cent. discount rate to the net cashflow which results in a net present value of Baht 23 million (US$561,660). The market value of the Laguna Phuket Golf Course and Club is Baht 240 million (US$5,860,800).

11. The summary of the key terms of the Management Agreement with Banyan Tree Hotels & Resorts Pte Ltd for the Banyan Tree and Angsana resorts and hotels are as follows:-

Term	:	Typically for a 10 to 20-year term and generally can be renewed for an additional 10 to 20 years
Base Fee	:	3% of total revenue
Incentive Fee	:	10% of gross operating profit

12. We have seen the Management Agreements for the other hotels and resorts managed by third parties, and there are defined periods for term of management and for base and incentive management fees, there are prescribed percentages of total revenue and gross operating profit respectively.

1.4 Scope of Work

To accomplish the objectives of this instruction we have:

- Inspected all the properties in the portfolio over the course of November 2005 and January 2006;
- Interviewed the hotel management (General Manager, Financial Controller and/or other hotel staff during inspections;
- Received information provided by the hotel management and the Company;
- Made appropriate enquires of the market; and
- Utilised the Valuers' research database and valuation model to assist with our analyses and assessment of values.

1.5 Property Inspection

For the purpose of our valuations as at 31 December 2005, we have inspected the interior and the exterior of representative guestrooms, common areas and back of house of the hotels and the various properties as detailed below during the course of November 2005 and January 2006.

Properties Inspected

Thailand

1. Banyan Tree Resort and Spa
2. Sheraton Grande Laguna
3. Dusit Laguna
4. Laguna Beach Resort
5. Laguna Phuket Golf Club and Course
6. Laguna Holiday Club
7. Canal Village
8. *Laguna Phuket Development Project*
   - Laguna Townhomes 3 Housing Project
   - Laguna Residences 3
   - Laguna Village
   - Grande Residences
   - Laguna Phase 4 — LSC
   - Dusit 2 Bedroom Pool Villas
9. Future Development Land
   - EIE Site
   - 5 Separate Vacant Land Parcels by The Lagoons
   - Quest Laguna Phuket site
   - Unimproved Land between Banyan Tree Resort and Sheraton Grande Laguna Land adjacent to Laguna Beach Club-Angsana Spa-assuming Vacant
   - Allamanda Royale
10. Vacant site Chiang Rai
11. Vacant site Mae Hong Son
12. Banyan Tree Bangkok and Thai Wah Tower I & II

Maldives

13. Velavaru
14. Banyan Tree Maldives
15. Angsana Maldives

Seychelles

16. Vacant land Seychelles

Singapore

17. 211 Upper Bukit Timah Road

China

18. Banyan Tree Lijiang
19. Banyan Tree Ringha

Our report is based upon a visual inspection of the accessible areas of the properties and buildings. Sufficient areas of the properties and building were visited to provide a reasonable appraisal but we have not undertaken a structural survey of the improvements or tested any of the building services. The report should not be interpreted as being comprehensive and detailed, but rather a broad overview which identifies important features of the structure and external envelope relevant to their present performance and condition.

Whilst we cannot provide any assurance that the properties are free from defect, we did not note any items of disrepair apart from those, which would be the subject of a normal maintenance programme.

It has been assumed that all improvements to the properties and buildings comply with the terms and conditions of all relevant government and other authorities. Our enquiries of management during our site inspection reveal that there are no outstanding authority requisitions to their knowledge.

We have assumed that there is no material change to the properties, land titles, ownership interests and their operations, which would affect the values of the properties between the inspection dates and the valuation date (31 December 2005) as stated in this Report. Should this prove not to be the case, the Valuers reserve their rights to revise the valuations contained herein.

1.6 Statement of Pecuniary Interest

We confirm the Valuers have no pecuniary or other interest in the Properties that would conflict with the proper valuation of the premises or could reasonably be regarded as being capable of affecting the Valuers' ability to give an unbiased opinion. This position will be maintained until the purpose for which this valuation is being obtained is completed.

1.7 Qualifications & Assumptions

In arriving at our valuations for the hotels using the Discounted Cashflow Methodology, our assumptions are based on the following factors; the management, room revenue driven by average occupancy rates, average daily rates, business mix in relation to market segments and geographical origins, food and beverage revenue, revenue from minor operating departments and rental from leased premises, expenses in relation to operating departments, undistributed operating expenses, and overhead expenses. For the Residual Approach, the assumptions include estimation of achievable selling prices for the proposed developments, costs to complete, financing costs as well as developer's incentives. The Direct Comparison Method takes into consideration the differences between the subject and the comparables in factors such as location, tenure, age and condition, design, size and layout. For the Income Approach, the assumptions include estimation of market rentals and of the outgoings such as property tax, ground rent, and maintenance charges. It is a condition of the use of these valuations that the recipient of the report accepts these statements.

1.8 Report

Finally, and in accordance with our standard practice, we must state that this letter comprising our Valuation Certificate for each individual property interest, is provided for the purposes of inclusion in the Prospectus for an Initial Public Offering on the Singapore Exchange Securities Trading Limited.

For and on behalf of
Jones Lang LaSalle Property Consultants Pte Ltd
Jones Lang LaSalle (Thailand) Limited

Chee Hok Yean BSc (Est Mgt)(Hons), MSISV
Executive Vice President, Director
Jones Lang LaSalle Property Consultants Pte Ltd
Licence No. AD041-2003997F

Scott Hetherington Dip Val AAPI
Managing Director, Asia
Jones Lang LaSalle Property Consultants Pte Ltd

Michael G. Tidbold FAPI, FREI
Executive Vice President
Jones Lang LaSalle Property Consultants Pte Ltd

Nipat Tuannawavat
Associate Director, Valuation Advisory
Jones Lang LaSalle (Thailand) Limited
Approved Principal Valuer
TVA Registered No. 02-1-0066-4

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VALUATION CERTIFICATE

S/N	Location	Description	Tenure	Comments	Valuation as at 31 December 2005 (Local Currency)	Valuation as at 31 December 2005 (SGD)[1]	Discount Rate	Terminal Capitalization Rate	Running Yield Year 1	Running Yield Year 2	Running Yield Year 3
	THAILAND										
1	Banyan Tree Resort and Spa 33 Moo 4, Srisoonthorn Road, Cherngtalay, Amphur Talang, Phuket 83110, Thailand	Comprises 149 villas from 2006 onwards	Freehold with T/D No. 7139 leased to 7 persons, 3 companies	Subject to management contract, capital expenditure of THB 391,887,000 and estimated cost to completion of THB 412,251,000	THB 3,600,000,000	146,448,000	13.5%	10.5%	9.5%	11.1%	13.3%
2	Sheraton Grande Laguna, 10 Moo 4, Srisoonthorn Rd, Cherngtalay, Thalang, Bangtao Bay, Phuket 83110, Thailand	323 guestrooms in 2006 (excluding 46 island villas 334 guestrooms in 2007 onwards (excluding 46 island villas)	Freehold	Subject to management contract, capital expenditure of THB 323,203,000 and estimated cost to completion of THB 36,000,000	THB 2,960,000,000	120,412,800	13.5%	10.0%	8.8%	10.6%	11.7%
3	Dusit Laguna, Phuket, Thailand 390 Srisoonthorn Road, Cherngtalay District, Amphur Talang, Phuket 83110, Thailand	Comprises 224 rooms and suites (excluding 2 as managed apartments)	Freehold	Subject to management contract and capital expenditure of THB 267,720,000	THB 1,660,000,000	67,528,800	13.5%	10.0%	9.4%	10.9%	12.1%
4	Laguna Beach Resort, Phuket, Thailand 323 Srisoonthorn Road, Cherngtalay, Talang, Phuket 83110, Thailand	Comprises 252 rooms and suites (excluding 2 for house use)	Freehold	With vacant possession and subject to capital expenditure of THB 183,692,000	THB 1,592,000,000	64,762,560	13.5%	11.0%	9.5%	11.1%	12.3%

S/N	Location	Description	Tenure	Comments	Valuation as at 31 December 2005 (Local Currency)	Valuation as at 31 December 2005 (SGD)[1]	Discount Rate	Terminal Capitalization Rate	Running Yield Year 1	Running Yield Year 2	Running Yield Year 3
5	Laguna Phuket Golf Club and Course, Phuket, Thailand	Forms part of Laguna Phuket resort in Bangtao Bay, Phuket, and includes a golf course with playing length of 6,654 metres	Freehold	Subject to management contract	THB 240,000,000	9,763,200	12.0%	10.0%	N.A.	N.A.	N.A.
6	Laguna Holiday Club	Comprises 29 units of Allamanda Laguna Phuket, 4 Sheraton Island Villas, 4 Sheraton Golf Villas, 81-room Laguna Holiday Club Hotel and 23 units at Angsana Resort & Spa, Bintan	Freehold	Subject to estimated cost to completion of approximately THB 185,598,897	THB 464,800,000	18,908,064	N.A	N.A	N.A	N.A	N.A
7	Canal Village, Laguna Phuket, Thailand	Comprises 52 single story shop units with each unit approximately 50 sqm in size and 6 gazebos, covering approximately 17,600 sqm.	Held under 2 land lease agreements of 3 years from 1 January 2002 to 31 Dec 2004, and option to purchase lease land within 6 years from execution date of lease agreement at THB 1,765,000 per rai	Subject to existing tenancies	THB 228,000,000	9,275,040	N.A	N.A	N.A	N.A	N.A
8	Laguna Phuket Development Project	Laguna Townhomes 3 Housing Project, Laguna Residences 3, Laguna Village, Grande Residences, Laguna Phase 4 (Laguna Services Complex), Dusit 2 Bedroom Pool Villas	Freehold	With vacant possession	THB 1,082,000,000	44,015,760	N.A	N.A	N.A	N.A	N.A

S/N	Location	Description	Tenure	Comments	Valuation as at 31 December 2005 (Local Currency)	Valuation as at 31 December 2005 (SGD)[1]	Discount Rate	Terminal Capitalization Rate	Running Yield Year 1	Running Yield Year 2	Running Yield Year 3
9	Future Development Land	EIE Site, 5 Separate Vacant Land Parcels by The Lagoons, Quest Laguna Phuket site, Unimproved Land between Banyan Tree Resort and Sheraton Grande Laguna, Land Adjacent to Laguna Beach Club — Angsana Spa-assuming Vacant, Allamanda Royale	Freehold	With vacant possession	THB 2,051,000,000	83,434,680	N.A	N.A	N.A	N.A	N.A
10	Vacant site at Chiang Rai Chan Chawa Subdistrict, Mae Chan District, Chiang Rai Province	Land area of approximately 1,441,900 sqm currently with 2-storey mock-up house and internal main road	Freehold	With vacant possession	THB 45,000,000	1,830,600	N.A	N.A	N.A	N.A	N.A
11	Vacant site at Mae Hong Son Ban Mae Sakud, Ban Tha Pong Dang Road, Mae Hong Son Province	2 major parcels of land, with land area of approximately 23,153 sqm.	Freehold	With vacant possession	THB 7,500,000	305,100	N.A	N.A	N.A	N.A	N.A

S/N	Location	Description	Tenure	Comments	Valuation as at 31 December 2005 (Local Currency)	Valuation as at 31 December 2005 (SGD)[1]	Discount Rate	Terminal Capitalization Rate	Running Yield Year 1	Running Yield Year 2	Running Yield Year 3
12	Banyan Tree Bangkok 21/100 South Sathon Road Bangkok 10120, Thailand	Comprises 206 guestrooms as at end 2006 and 216 guestrooms from 2007 onwards	Freehold	Subject to management contract and capital expenditure of THB 627,757,000	THB 1,470,000,000	59,799,600	11.0%	8.0%	8.2%	9.8%	10.9%
	Thai Wah Tower I	Office Tower with Lettable Floor Area of approximately 7,873 sqm			THB 380,000,000	15,458,400	N.A	N.A	N.A	N.A	N.A
	Thai Wah Tower II	Office Tower with Lettable Floor Area of approximately 16,542 sqm			THB 770,000,000	31,323,600	N.A	N.A	N.A	N.A	N.A
	MALDIVES										
13	Velavaru Island Resort, Velavaru Island, South Male Atoll, Republic of Maldives	Comprises 84 Villas	Leased by Maldives Bay Pvt Ltd for a period of 21 years expiring on 25 August 2022. The unexpired term of the lease is approximately 16 years and 7 months (16.7 years).	Subject to management contract	USD 20,000,000	33,315,800	13.0%	14.0%	11.5%	12.9%	14.1%
14	Banyan Tree Resort, Maldives Vabbinfaru Island, Male Atoll, Republic of Maldives	Comprises 48 villas	Leased by Vabbinvest Maldives Pvt Ltd for a period of 26.5 years expiring on 31 October 2019. The unexpired term of the lease is approximately 13 years 10 months (13.8 years).	Subject to management contract	USD 20,000,000	33,315,800	13.0%	14.0%	16.7%	16.2%	15.5%

S/N	Location	Description	Tenure	Comments	Valuation as at 31 December 2005 (Local Currency)	Valuation as at 31 December 2005 (SGD)[1]	Discount Rate	Terminal Capitalization Rate	Running Yield Year 1	Running Yield Year 2	Running Yield Year 3
15	Angsana Resort & Spa Ihuru Island, Male Atoll, Republic of Maldives	Comprises 45 villas	Leased by Maldives Angsana Pvt Ltd for a period of 15 years expiring on 15 October 2015. The unexpired term of the lease is approximately 9 years 8 months (9.8 years).	Subject to management contract	USD 10,000,000	16,657,900	13.0%	14.0%	17.1%	17.9%	18.1%
	SEYCHELLES										
16	Vacant land Intendance Bay, coast of Mahe, Seychelles	Land area of 972,782 sqm.	Land held under absolute title	NIL	USD 12,370,000	20,605,822	N.A	N.A	N.A	N.A	N.A
	SINGAPORE										
17	211, Upper Bukit Timah Road, Singapore	Building with gross floor area of approximately 1,989 sqm.	Freehold	Subject to existing tenancies	SGD 13,500,000	13,500,000	N.A	N.A	N.A	N.A	N.A
	CHINA										
18	Banyan Tree Lijiang The East 500 metres, Longquan Village, Shuhe Town of Lijiang City, Yunnan Province, Peoples Republic of China	Opens with 35 villas from April to July 2006 then increase to 55 villas from August to December 2006	40 years Leasehold commencing January 30, 2005	Subject to management contract and estimated cost to completion of USD 8,992,591	RMB 116,000,000	23,952,840	15.0%	11.0%	3.4%	7.8%	10.1%

S/N	Location	Description	Tenure	Comments	Valuation as at 31 December 2005 (Local Currency)	Valuation as at 31 December 2005 (SGD)[1]	Discount Rate	Terminal Capitalization Rate	Running Yield Year 1	Running Yield Year 2	Running Yield Year 3
19	Banyan Tree Ringha Hong Po Village, Jian Tang Town, Shangri-La County, Diqing Tibetan Autonomous Prefecture, Yunnan Province, Peoples Republic of China	Comprises 32 suites	40 years Leasehold commencing January 30, 2004	Subject to management contract	RMB 66,400,000	13,710,936	20.0%	18.0%	12.3%	15.3%	17.6%

Notes
1. Exchange Rates used: THB to SGD = 0.04068 (31 Dec 2005)
   As at 31 December 2005 USD to SGD = 1.66579 (31 Dec 2005)
   THB to USD = 0.02442 (31 Dec 2005)
   RMB to SGD = 0.20649 (31 Dec 2005)
2. This Valuation Certificate should be read in conjunction with the full report.

JONES LANG LASALLE HOTELS℠

S/N	Asset and Geographical Table	Asset Value in local currency	Asset Value in USD	SGD (based on local currency)
	Thailand (in Thai Baht)			
1	Banyan Tree Resort and Spa, Phuket	3,600,000,000	87,912,000	146,448,000
2	Sheraton Grande Laguna — 323 guestrooms (+11 in 07) exc 46 island villas	2,960,000,000	72,283,200	120,412,800
3	Dusit Laguna	1,660,000,000	40,537,200	67,528,800
4	Laguna Beach Resort	1,592,000,000	38,876,640	64,762,560
5	Laguna Phuket Golf Club	240,000,000	5,860,800	9,763,200
6	Laguna Holiday Club	464,800,000	11,350,416	18,908,064
7	Canal Village	228,000,000	5,567,760	9,275,040
8	Laguna Phuket Development Project	1,082,000,000	26,422,440	44,015,760
	Laguna Townhomes 3 Housing Project	174,000,000	4,249,080	7,078,320
	Laguna Residences 3	72,000,000	1,758,240	2,928,960
	Laguna Village	307,000,000	7,496,940	12,488,760
	Grande Residences	126,000,000	3,076,920	5,125,680
	Laguna Phase 4 — LSC	94,500,000	2,307,690	3,844,260
	Dusit 2 Bedroom Pool Villas	308,000,000	7,521,360	12,529,440
9	Future Development Land	2,051,000,000	50,085,420	83,434,680
	EIE Site	1,364,000,000	33,308,880	55,487,520
	5 Separate Vacant Land Parcels by The Lagoons	300,000,000	7,326,000	12,204,000
	Quest Laguna Phuket site	260,000,000	6,349,200	10,576,800
	Unimproved Land between Banyan Tree Resort and Sheraton Grande Laguna	62,000,000	1,514,040	2,522,160
	Land adjacent to Laguna Beach Club-Angsana Spa-assuming Vacant	40,000,000	976,800	1,627,200
	Allamanda Royale	25,000,000	610,500	1,017,000
10	Vacant site Chiang Rai	45,000,000	1,098,900	1,830,600
11	Vacant site Mae Hong Son	7,500,000	183,150	305,100
12	Banyan Tree Bangkok and Thai Wah Tower I & II	2,620,000,000	63,980,400	106,581,600
			404,158,326	673,266,204
	Maldives (in USD)			
13	Velavaru	20,000,000	20,000,000	33,315,800
14	Banyan Tree Maldives	20,000,000	20,000,000	33,315,800
15	Angsana Maldives	10,000,000	10,000,000	16,657,900
			50,000,000	83,289,500
	Seychelles (in USD)			
16	Vacant land Seychelles	12,370,000	12,370,000	20,605,822
			12,370,000	20,605,822
	Singapore (in SGD)			
17	211 Upper Bukit Timah Road	13,500,000	8,104,263	13,500,000
			8,104,263	13,500,000
	China (in RMB)			
18	Banyan Tree Lijiang	116,000,000	14,379,360	23,952,840
19	Banyan Tree Ringha	66,400,000	8,230,944	13,710,936
			22,610,304	37,663,776
	Total Value of Portfolio		497,242,893	828,325,302

Exchange Rate Source: Oanda.com as at 31 December 2005
Thai Baht to Singapore Dollars = 0.04068
United States Dollar to Singapore Dollars = 1.66579
Thai Baht to United States Dollars = 0.02442
RenMinBi to Singapore Dollars = 0.20649
RenMinBi to United States Dollars = 0.12396

BANYAN TREE HOLDINGS LIMITED

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BANYAN TREE HOLDINGS LIMITED AND ITS SUBSIDIARY COMPANIES

AUDITORS' REPORT TO THE MEMBERS OF
BANYAN TREE HOLDINGS PTE LTD

26 May 2006

The Board of Directors
Banyan Tree Holdings Limited
211 Upper Bukit Timah Road
Singapore 588182

Dear Sirs,

This report has been prepared for inclusion in the offering document of Banyan Tree Holdings Limited (the ''Company'') to be issued in connection with the initial public offering of the shares of the Company.

We have audited the accompanying consolidated financial statements of the Company and its subsidiary companies (collectively the ''Group'') comprising the Group's consolidated balance sheets as at 31 December 2003, 2004 and 2005, its consolidated profit and loss accounts, cash flows and changes in equity for each of the financial years ended 31 December 2003, 2004 and 2005. These consolidated financial statements of the Group are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the abovementioned consolidated financial statements of the Group presents fairly, in all material respects, the state of affairs of the Group as at 31 December 2003, 2004 and 2005 and of the results of the business, changes in equity and cash flows of the Group for the financial years ended 31 December 2003, 2004 and 2005 in accordance with Singapore Financial Reporting Standards.

ERNST & YOUNG
Certified Public Accountants

Singapore

Partner-in-Charge : Mr Tan Chian Khong

BANYAN TREE HOLDINGS LIMITED AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	2003	2004	2005
		For the financial years ended 31 December		
		$'000 (As restated)	$'000 (As restated)	$'000
Continuing operations				
Revenue	3	154,177	218,798	186,923
Other operating income	4	2,557	5,789	1,673
		156,734	224,587	188,596
Costs and expenses				
Operating supplies		(20,290)	(34,117)	(28,942)
Salaries and related expenses	5	(35,639)	(48,413)	(59,141)
Administrative expenses		(15,170)	(22,880)	(25,509)
Sales and marketing expenses		(5,575)	(8,119)	(9,913)
Depreciation of property, plant and equipment		(12,199)	(15,544)	(19,882)
Other operating expenses		(26,374)	(31,712)	(33,354)
Total costs and expenses		(115,247)	(160,785)	(176,741)
Profit from continuing operations	6	41,487	63,802	11,855
Finance income	7	706	1,207	794
Finance costs	8	(7,100)	(4,534)	(9,726)
Share of results of associated companies		6,318	465	610
Share of results of joint venture companies		20	(4)	(35)
Profit from continuing operations before taxation		41,431	60,936	3,498
Income tax expenses	9	(8,927)	(11,450)	(3,521)
Profit from continuing operations after taxation		32,504	49,486	(23)
Attributable to:				
Equity holders of the Company		27,189	30,388	1,028
Minority interests		5,315	19,098	(1,051)
		32,504	49,486	(23)
Basic and diluted earnings per share	10	4.52 cents	5.05 cents	0.17 cents

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

BANYAN TREE HOLDINGS LIMITED AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEETS

	Note	2003	2004	2005
		For the financial years ended 31 December		
		$'000 (As restated)	$'000 (As restated)	$'000
Non-current assets				
Property, plant and equipment	11	311,769	319,181	438,713
Land awaiting for future development	12	28,273	29,355	26,087
Subsidiary companies	13	—	—	—
Associated companies	14	19,452	18,199	21,411
Joint venture companies	15	6,525	6,071	4,163
Prepaid island rental	16	1,840	1,621	32,095
Long-term trade receivables	17	2,072	1,661	1,437
Long-term loan due from a related party	18	11,340	—	—
Intangible assets	19	(27,417)	(25,917)	2,778
Long-term investments	20	7,690	9,207	8,593
Other non-current assets	21	727	770	805
Deferred tax assets	38	6,833	6,641	13,529
		369,104	366,789	549,611
Current assets				
Excess of work-in-progress over progress billings	30	—	132	—
Inventories	22	5,883	6,728	8,118
Trade receivables	23	40,228	26,106	34,011
Other receivables	24	7,078	16,783	26,053
Loan stock receivable	25	2,101	—	—
Amounts due from associated companies	26	948	539	725
Amounts due from related parties	27	5,614	3,821	3,210
Property development costs	28	15,943	26,179	22,078
Cash and cash equivalents	29	33,534	51,633	38,191
		111,329	131,921	132,386
		480,433	498,710	681,997

CONSOLIDATED BALANCE SHEETS — (Continued)

	Note	2003	2004	2005
		For the financial years ended 31 December		
		$'000 (As restated)	$'000 (As restated)	$'000
Current liabilities				
Excess of progress billings over work-in-progress	30	122	—	30
Trade payables		7,505	9,934	11,802
Other payables	31	34,542	39,539	49,960
Loan due to shareholders	32	808	—	—
Amounts due to associated companies	26	5	1	—
Amounts due to related parties	27	2,888	289	439
Interest-bearing loans and borrowings	33	27,616	19,612	68,730
Tax payable		6,027	4,953	2,056
		79,513	74,328	133,017
Net current assets/(liabilities)		31,816	57,593	(631)
Non-current liabilities				
Hire purchase creditors	34	70	50	31
Amount due to related parties	27	3,103	—	—
Interest-bearing loans and borrowings	33	44,951	28,957	128,332
Loan stock	35	47	47	421
Redeemable preference shares	36	27,100	27,100	27,100
Other non-current liabilities	37	1,602	1,838	2,915
Deferred tax liabilities	38	57,709	62,959	67,439
Loan from minority shareholder of a subsidiary company	39	—	—	1,921
		134,582	120,951	228,159
Net assets		266,338	303,431	320,821
Equity attributable to equity holders of the Company				
Share capital	40	30,096	30,096	30,096
Share premium		30,096	30,096	30,096
Reserves	41	83,882	103,367	128,631
		144,074	163,559	188,823
Minority interests		122,264	139,872	131,998
Total equity		266,338	303,431	320,821

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

BANYAN TREE HOLDINGS LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN EQUITY

Group	Note	Share capital	Share premium	Merger deficit	Capital reserve	Revaluation reserve	Currency translation reserve	Legal reserve	Dividend reserve	Accumulated profits	Total attributable to equity holders of the Company	Minority interest	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2003, as previously reported		30,096	30,096	(18,145)	7,852	7,242	7,702	—	—	43,920	108,763	364	109,127
— Effects of adopting FRS 28 (*Revised*)	2.2b (iii)	—	—	—	—	—	—	—	—	(1,531)	(1,531)	—	(1,531)
At 1 January 2003, restated		30,096	30,096	(18,145)	7,852	7,242	7,702	—	—	42,389	107,232	364	107,596
Exchange differences on translation of financial statements of overseas subsidiary and associated companies		—	—	—	—	—	(5,136)	—	—	—	(5,136)	4,492	(644)
Movement in reserves of subsidiary companies		—	—	—	—	14,682	—	—	—	—	14,682	(702)	13,980
Surplus on revaluation of property, plant and equipment		—	—	—	—	—	—	—	—	—	—	—	—
Net income recognised directly in equity		—	—	—	—	14,682	(5,136)	—	—	—	9,546	3,790	13,336
Net profit for the year													
— As previously reported		—	—	—	—	—	—	—	—	26,890	26,890	5,315	32,205
— Effects of adopting FRS 28 (*Revised*)	2.2b (iii)	—	—	—	—	—	—	—	—	299	299	—	299
Net profit for the year, as restated		—	—	—	—	—	—	—	—	27,189	27,189	5,315	32,504
Liquidation of subsidiary		—	—	107	—	—	—	—	—	—	107	—	107
Transfer to legal reserve		—	—	—	—	—	—	463	—	(463)	—	—	—
Dividend paid		—	—	—	—	—	—	—	—	—	—	—	—
Dilution of minority interests in subsidiary company		—	—	—	—	—	—	—	—	—	—	—	—
Acquisition of subsidiary		—	—	—	—	—	—	—	—	—	—	116,312	116,312
Dividends paid to minority shareholders of a subsidiary company		—	—	—	—	—	—	—	—	—	—	(3,517)	(3,517)
Transfer to dividend reserve		—	—	—	—	—	—	—	12,676	(12,676)	—	—	—
At 31 December 2003		30,096	30,096	(18,038)	7,852	21,924	2,566	463	12,676	56,439	144,074	122,264	266,338

BANYAN TREE HOLDINGS LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN EQUITY — (Continued)

Group	Note	Share capital	Share premium	Merger deficit	Capital reserve	Revaluation reserve	Currency translation reserve	Legal reserve	Dividend reserve	Accumulated profits	Total attributable to equity holders of the Company	Minority interest	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2004, as previously reported		30,096	30,096	(18,038)	7,852	21,924	2,566	463	12,676	57,671	145,306	122,264	267,570
Effects of adopting FRS 28 *(Revised)*	2.2b(iii)	—	—	—	—	—	—	—	—	(1,232)	(1,232)	—	(1,232)
At 1 January 2004, restated		30,096	30,096	(18,038)	7,852	21,924	2,566	463	12,676	56,439	144,074	122,264	266,338
Exchange differences on translation of financial statements of overseas subsidiary and associated companies		—	—	—	—	—	(4,563)	—	—	—	(4,563)	(869)	(5,432)
Surplus on revaluation of property, plant and equipment		—	—	—	—	6,336	—	—	—	—	6,336	6,359	12,695
Net income recognised directly in equity		—	—	—	—	6,336	(4,563)	—	—	—	1,773	5,490	7,263
Net profit for the year													
— As previously reported		—	—	—	—	—	—	—	—	29,923	29,923	19,098	49,021
— Effects of adopting FRS 28 *(Revised)*	2.2b(iii)	—	—	—	—	—	—	—	—	465	465	—	465
Net profit for the year, as restated		—	—	—	—	—	—	—	—	30,388	30,388	19,098	49,486
Capital contribution by minority interest		—	—	—	—	—	—	—	—	—	—	59	59
Dividend paid	46	—	—	—	—	—	—	—	(12,676)	—	(12,676)	—	(12,676)
Acquisition of additional interest in an existing subsidiary company		—	—	—	—	—	—	—	—	—	—	(250)	(250)
Dividends paid to minority shareholders of a subsidiary company		—	—	—	—	—	—	—	—	—	—	(6,789)	(6,789)
At 31 December 2004		30,096	30,096	(18,038)	7,852	28,260	(1,997)	463	—	86,827	163,559	139,872	303,431

BANYAN TREE HOLDINGS LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN EQUITY — (Continued)

Group	Note	Share capital	Share premium	Merger deficit	Capital reserve	Revaluation reserve	Currency translation reserve	Fair value adjustment reserve	Legal reserve	Accumulated profits	Total attributable to equity holders of the Company	Minority interest	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2004, as previously reported		30,096	30,096	(18,038)	7,852	28,260	(1,997)	—	463	87,594	164,326	139,872	304,198
Cumulative effects of adopting FRS 28	2.2b(iii)	—	—	—	—	—	—	—	—	(767)	(767)	—	(767)
At 31 December 2004, as restated		30,096	30,096	(18,038)	7,852	28,260	(1,997)	—	463	86,827	163,559	139,872	303,431
Effects of adopting FRS 39	2.2a(i)	—	—	—	—	—	—	8	—	1,481	1,489	8	1,497
Effects of adopting FRS 103	2.2a(ii)	—	—	—	—	—	—	—	—	26,166	26,166	—	26,166
At 1 January 2005, restated		30,096	30,096	(18,038)	7,852	28,260	(1,997)	8	463	114,474	191,214	139,880	331,094
Exchange differences on translation of financial statements of overseas subsidiary and associated companies		—	—	—	—	—	(997)	—	—	—	(997)	(3,670)	(4,667)
Net deficit on revaluation of property, plant and equipment		—	—	—	—	(1,447)	—	—	—	—	(1,447)	(585)	(2,032)
Net loss recognised directly in equity		—	—	—	—	(1,447)	(997)	—	—	—	(2,444)	(4,255)	(6,699)
Net profit for the year		—	—	—	—	—	—	—	—	1,028	1,028	(1,051)	(23)
Capital contribution by minority interest		—	—	—	—	—	—	—	—	—	—	2,089	2,089
Dividend paid to minority shareholders of a subsidiary company		—	—	—	—	—	—	—	—	—	—	(4,143)	(4,143)
Dividend paid to loan stockholders of a subsidiary company		—	—	—	—	—	—	—	—	(416)	(416)	—	(416)
Transfer to legal reserve		—	—	—	—	—	—	—	150	(150)	—	—	—
Net change in FRS39 reserve		—	—	—	—	—	—	(559)	—	—	(559)	(522)	(1,081)
At 31 December 2005		30,096	30,096	(18,038)	7,852	26,813	(2,994)	(551)	613	114,936	188,823	131,998	320,821

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

BANYAN TREE HOLDINGS LIMITED AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED CASH FLOW STATEMENTS

	For the financial years ended 31 December		
	2003	2004	2005
	$'000 (As restated)	$'000 (As restated)	$'000
Cash flows from operating activities			
Profit from continuing operations before taxation	41,431	60,936	3,498
Adjustments for:			
Share of results of associated companies	(6,318)	(465)	(610)
Share of results of joint venture companies	(20)	4	35
Depreciation of property, plant and equipment	12,199	15,544	19,882
(Gain)/loss on disposal of property, plant and equipment	(15,586)	16	31
(Write back)/impairment of long-term investments	—	(1,702)	64
Reversal of provision for land devaluation	—	(154)	—
Gain from property sales	—	(1,759)	(1,404)
Write off of property, plant and equipment	—	261	388
Finance income	(706)	(1,207)	(794)
Finance expenses	7,100	4,534	9,726
Impairment of property, plant and equipment	3,099	1,744	—
Write back of impairment of property, plant and equipment	—	—	(1,309)
Currency realignment	(145)	(102)	1,337
Project management and architectural fees	601	—	—
Amortisation of intangibles (net)	(1,703)	(1,682)	—
Amortisation of prepaid island rental	856	2,082	2,944
Allowance for doubtful debts — trade	248	2,532	835
Write back of allowance for doubtful debts — trade	—	(158)	(33)
Bad debts written off /(written back) — trade	—	123	(17)
	(375)	19,611	31,075
Operating profit before working capital changes — continuing operations	41,056	80,547	34,573
Decrease/(increase) in inventories	304	(1,004)	(622)
Increase in trade and other receivables	(11,201)	(566)	(9,570)
Decrease/(increase) amounts due from related parties	1,733	(639)	127
Increase in trade and other payables	10,315	7,442	6,442
Decrease in amounts due to associated companies	(901)	—	—
Decrease in amounts due to shareholders	(372)	—	—
	(122)	5,233	(3,623)
Cash flows generated from operating activities and continuing operations	40,934	85,780	30,950
Interest received	706	1,207	794
Interest paid	(2,769)	(3,462)	(7,328)
Tax paid	(12,635)	(10,417)	(6,934)
Net cash flows from operating activities and continuing operations	26,236	73,108	17,482

BANYAN TREE HOLDINGS LIMITED AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED CASH FLOW STATEMENTS — (Continued)

	For the financial years ended 31 December		
	2003	2004	2005
	$'000 (As restated)	$'000 (As restated)	$'000
Cash flows from investing activities			
Purchase of property, plant and equipment	(9,696)	(18,625)	(56,634)
Proceeds from disposal of property, plant and equipment	3,770	525	—
Proceeds from disposal of a subsidiary company	—	7,350	—
Conversion and acquisition of association companies, net of cash acquired	15,881	—	—
Advances to associated companies	(2,700)	—	—
Proceeds from capital contributions by minority interests	—	59	1,910
Acquisition of minority interests in subsidiary companies	(656)	(250)	—
Acquisition of subsidiary, net of cash acquired (Note 13)	—	—	1,152
Payment of lease rental	(1,977)	(1,897)	(35,375)
Acquisition of long term investments	—	—	(870)
Net cash flows used in investing activities	4,622	(12,838)	(89,817)
Cash flows from financing activities			
Proceed from issuance of loan stock	—	—	374
Loans from minority shareholder	—	—	1,921
Proceeds from loans	14,023	—	211,225
Repayment of loans	(14,582)	(22,870)	(148,040)
Payment of dividends			
— by subsidiary companies to minority interests and preference shareholders	(6,272)	(6,789)	(4,143)
— by Company to shareholders	—	(12,676)	(416)
Payment to hire purchase creditors	(25)	(24)	(19)
Net cash flows (used in)/from financing activities	(6,856)	(42,359)	60,902
Net increase/(decrease) in cash and cash equivalents	24,002	17,911	(11,433)
Net foreign exchange difference	7	(225)	(1,131)
Cash and cash equivalents at beginning of year (Note 29)	8,217	32,226	49,912
Cash and cash equivalents at end of year (Note 29)	32,226	49,912	37,348

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

1. CORPORATE INFORMATION

Banyan Tree Holdings Pte Ltd ("the Company") is a private limited Company, domiciled and incorporated in Singapore.

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

The principal activities of the Company are those of investment holding and the provision of project design and management services. The principal activities of the subsidiary companies are set out in Note 13 to the financial statements. There have been no significant changes in the nature of these activities during the years. The Group employed 4,177 (2004: 3,362; 2003: 3,246) employees as at 31 December 2005.

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") as required by the Singapore Companies Act, Cap. 50.

The financial statements have been prepared on a historical cost basis except for property, plant and equipment, derivative financial instruments and held for trading and available-for-sale financial assets that have been measured at their fair values.

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

2.2 Changes in Accounting Policies

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous financial year, except for the changes in accounting policies discussed below.

(a) **Adoption of new FRS**

On 1 January 2005, the Group and the Company adopted the following standards mandatory for annual financial periods beginning on or after 1 January 2005.

- FRS 39, Financial Instruments: Recognition and Measurement.
- FRS 103, Business Combinations, including amendments to FRS 36 *(revised)*, Impairment of Assets and FRS 38 *(revised)*, Intangible Assets.

(i) *FRS 39, Financial Instruments: Recognition and Measurement*

The Group and the Company had adopted FRS 39 prospectively on 1 January 2005. At that date, financial assets within the scope of FRS 39 were classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. Financial assets that were classified as financial assets at fair value through profit or loss and available-for-sale financial assets were measured at fair value while loans and receivables and held-to-maturity investments were measured at amortised cost using the effective interest rate method. At 1 January 2005, differences between the carrying values and fair values of financial assets at fair value through profit or loss were recognised in accumulated profits while the differences between carrying values and fair values of available-for-sale financial assets were recognised in the fair value adjustment reserve.

At 1 January 2005, financial liabilities (other than derivative financial instruments) within the Scope of FRS 39 were measured at amortised costs using the effective interest rate method. Any difference between the carrying values and amortised costs as at 1 January 2005 were recognised in accumulated profits.

According to FRS 39, all derivative financial instruments held by the Group and the Company were recognised as assets or liabilities in the balance sheets and classified as financial assets or

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

2.2 Changes in Accounting Policies — (Continued)

(a) **Adoption of new FRS — (Continued)**

financial liabilities at fair value through profit or loss. The impact of fair value adjustments of derivative financial instruments were recognised in accumulated profits at 1 January 2005. This change in accounting policy has no significant impact on the financial statements as at 31 December 2003, 31 December 2004 or 31 December 2005.

Under the transitional provisions of FRS 39, the change in accounting policy on 1 January 2005 resulted in the following net credit adjustments at that date:

- $1,489,000 to the Group's accumulated profits.
- $8,000 to the Group's fair value adjustment reserve.

(ii) *FRS 103, Business Combinations, FRS 36 (revised), Impairment of Assets and FRS 38 (revised), Intangible Assets*

FRS 103 has been applied for business combinations on or after 1 July 2004. The effect of the adoption of FRS 103 and revised FRS 36 has resulted in the Group ceasing annual goodwill amortisation and commencing testing for impairment at the cash-generating unit level annually (unless an event occurs during the year which requires the goodwill to be tested more frequently) from 1 January 2005.

According to the transitional provisions of FRS 103, the Group has also derecognized the remaining unamortized negative goodwill at 1 January 2005, amounting to $26,166,000, with a corresponding adjustment to accumulated profits as at 1 January 2005.

Moreover, the useful lives of intangible assets are now assessed at the individual asset level as having either a finite or indefinite life. Until 31 December 2004, intangible assets were considered to have a finite useful life with a rebuttable presumption that that life would not exceed twenty years from the date when the asset was available for use. In accordance with the revised FRS 38, some of the intangible assets are regarded to have an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group.

(b) **Adoption of revised FRS**

The Group adopted the following revised standards mandatory for annual financial periods beginning on or after 1 January 2005. Comparative figures have been restated where required.

(i) *FRS 1 (revised), Presentation of Financial Statements*

The adoption of revised FRS 1 results in the reclassification of comparative figures relating to the following:

For the financial year ended 31 December 2004, losses suffered by subsidiary companies as a result of a Tsunami amounting to $913,000 were classified as extraordinary item in accordance with FRS 8. However, revised FRS 1 prohibits presentation of any items of income and expense as extraordinary items. Therefore, the extraordinary item has been reclassified as part of other operating expense in the comparative figures.

(ii) *FRS 21 (revised), The Effects of Changes in Foreign Exchange Rates*

The adoption of FRS 21 *(revised)* has resulted in the exchange differences arising from a monetary item that forms part of the Company's net investment in a foreign operation being recognised in the Company's profit and loss account. Previously, these exchange differences were recognised in equity in the financial statements of the Company. In the consolidated financial statements, these exchange differences are reclassified to equity only if the functional currency of the loan is denominated in either the functional currency of the Company or the

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

2.2 Changes in Accounting Policies — (Continued)

(b) **Adoption of revised FRS — (Continued)**

borrowing foreign operation. Upon the disposal of the net investment, the exchange differences will be recognised in the profit and loss account.

There is no effect on the comparatives or the opening balances of accumulated profits for the Group.

As a result of the adoption of revised FRS 21, any goodwill arising on the acquisition of a foreign subsidiary company and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are now treated as assets and liabilities of the foreign operation and translated at the closing rate accordingly. In accordance with the transitional provision of revised FRS 21, this policy is adopted prospectively to all acquisitions occurring after 1 January 2005. Accordingly, comparative figures are not restated.

Goodwill acquired and any fair value adjustments to the carrying amounts of assets and liabilities which arose on acquisitions before 1 January 2005 were deemed to be assets and liabilities of the parent company. This change in accounting policy has no significant impact on the financial statements as at 31 December 2003, 31 December 2004 or 31 December 2005.

(iii) *FRS 28 (revised), Investments in Associates*

The adoption of FRS 28 *(revised)* has resulted in the Group recognising its share of the associated companies' loss to the extent of its investment and other long-term interest in the associated companies. Previously, INT FRS 20 limited the recognition of the Group's share of losses to the carrying amount of its investment in the equity of the associated companies. This standard requires retrospective implementation.

The Group's share of unabsorbed losses in the associated company is $1,531,000 as at 31 December 2002. The adoption of FRS 28 *(revised)* has resulted in the accumulated profits of the Group as at 31 December 2002 to be restated from $43,920,000 to $42,389,000. Accordingly, the Group's share of associated companies results for the years ended 31 December 2003 and 31 December 2004 have been accordingly restated from $6,019,000 to $6,318,000 and from $ nil to $465,000. The cumulative effect of adoption of FRS 28 is illustrated below:

The adoption of revised FRS 28 results in the restatement of comparative figures relating to the following:

	Group 2003 $'000	Group 2004 $'000
Increase/(Decrease) in:		
Share of associated companies' results	299	465
Associated companies	(1,232)	(767)
Accumulated profits as at 31 December	(1,232)	(767)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

2.2 Changes in Accounting Policies — (Continued)

(b) **Adoption of revised FRS — (Continued)**

(iv) *Other revised FRSs adopted*

In addition, the Group adopted the following revised standards which did not result in any significant change in accounting policies:

FRS 2	(*revised*),	Inventories
FRS 8	(*revised*),	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 10	(*revised*),	Events after the Balance Sheet Date
FRS 16	(*revised*),	Property, Plant and Equipment
FRS 17	(*revised*),	Leases
FRS 24	(*revised*),	Related Party Disclosures
FRS 27	(*revised*),	Consolidated and Separate Financial Statements
FRS 31	(*revised*),	Interests in Joint Ventures
FRS 32	(*revised*),	Financial Instruments: Disclosure and Presentation
FRS 33	(*revised*),	Earnings Per Share

(c) **FRS and INT FRS not yet effective**

The Group has not applied the following FRS and INT FRS that have been issued but are only effective for annual financial periods beginning on or after 1 January 2006:

(i) *FRS 19 (revised), Employee Benefits*

FRS 19 (revised) is effective for financial periods beginning on or after 1 January 2006.

Based on the existing conditions, the Group expects that the adoption of the standard will not have material impact on the financial statements in the period of initial application.

(ii) *FRS 40, Investment Property*

FRS 40 is effective for financial periods beginning on or after 1 January 2007. Based on the existing conditions, the Group expects that the adoption of the standard will not have material impact on the financial statements in the period of initial application.

(iii) *FRS 106, Exploration for and Evaluation of Mineral Resources*

This standard does not apply to the activities of the Group.

(iv) *INT FRS 104, Determining Whether an Arrangement Contains a Lease*

This interpretation requires the determination of whether an arrangement is, or contains a lease to be based on the substance of the arrangement and requires an assessment of whether the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

The Group expects that the adoption of the pronouncements listed above will have no impact on the financial statements in the period of initial application.

(v) *INT FRS 105, Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*

This interpretation is not expected to be relevant to the activities of the Group.

The Group expects that the adoption of the pronouncements listed above will have no impact on the financial statements in the period of initial application.

2.3 Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets,

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

2.3 Significant Accounting Estimates and Judgements — (Continued)

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.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) *Impairment of goodwill*

The Group determines whether goodwill are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's positive goodwill at 31 December 2005 was $2,778,000 (2004: $249,000; 2003: $207,000). More details are given in Note 19.

(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 to 50 years. The carrying amount of the Group's property, plant and equipment at 31 December 2005 was $438,713,000 (2004: $319,181,000; 2003: $311,769,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(iii) *Income taxes*

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement 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 amount of the Group's tax payables at 31 December 2005 was $2,056,000 (2004: $4,953,000; 2003: $6,027,000).

2.4 Functional and Foreign Currency

(a) **Functional currency**

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be SGD. Sales prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in SGD.

(b) **Foreign currency transactions**

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary companies and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. 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-

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

2.4 Functional and Foreign Currency — (Continued)

(b) **Foreign currency transactions — (Continued)**

monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the profit and loss account except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiary companies, which are recognised initially in a separate component of equity as foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated profit and loss account on disposal of the subsidiary company.

Differences on foreign currency borrowings that provide a hedge against a net investment in a foreign operation are also taken directly to the foreign currency translation reserve until the disposal of the net investment, at which time they are recognised in the profit and loss account. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in the foreign currency translation reserve.

(c) **Foreign currency translation**

The results and financial position of foreign operations are translated into SGD using the following procedures:

- Assets and liabilities for each balance sheet presented are translated at the closing rate ruling at that balance sheet date; and
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions.

All resulting exchange differences are recognised in a separate component of equity as foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date.

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

On disposal of a foreign operation, the cumulative amount of exchange differences deferred in equity relating to that foreign operation is recognised in the profit and loss account as a component of the gain or loss on disposal.

2.5 Subsidiary Companies and Principles of Consolidation

(a) **Subsidiary companies**

A subsidiary company is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

(b) **Principles of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the balance sheet date. The financial statements of the subsidiary companies are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

2.5 Subsidiary Companies and Principles of Consolidation — (Continued)

(b) **Principles of consolidation — (Continued)**

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.

Subsidiary companies are fully 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.

Acquisitions of subsidiary companies are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. The goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2.9 below.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the profit and loss account on the date of acquisition.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. They are presented in the consolidated balance sheet within equity, separately from the parent shareholders' equity, and are separately disclosed in the consolidated profit and loss account.

2.6 Associated Companies

An associated company is an entity, not being a subsidiary company or a joint venture company, in which the Group has significant influence. This generally coincides with the Group having 20% or more of the voting power, or has representation on the board of directors.

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

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

Any excess of the Group's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associated company's profit or loss in the period in which the investment is acquired.

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

The reporting dates of the associated companies and the Group are identical and the associated companies' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

2.7 Joint Venture Companies

The Company has interests in joint venture companies which are jointly controlled entities. A joint venture company is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture company that involves the establishment of a separate entity in which each venturer has an interest.

The Group's investments in joint venture companies are accounted for using the equity method. Under the equity method, the investment in joint venture company is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint venture company. The Group's share of the profit or loss of the joint venture company is recognised in the consolidated profit and loss account. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the joint venture company. The joint venture company is equity accounted for from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture company.

2.8 Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses. Land, land awaiting for development and buildings are subsequently revalued on an asset-by-asset basis, to their fair values. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are made annually to ensure that their carrying amount does not differ materially from their fair value at the balance sheet date.

When an asset is revalued, any increase in the carrying amount is credited directly to the asset revaluation reserve. However, the increase is recognised in the profit and loss account to the extent that it reverses a revaluation decrease of the same asset previously recognised in the profit and loss account. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in the profit and loss account. However, the decrease is debited directly to the asset revaluation reserve to the extent of any credit balance existing in the reserve in respect of that asset.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset 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 life of the asset as follows:

Land improvements	—	10 to 50 years
Freehold Buildings	—	40 to 50 years
Leasehold Buildings	—	Over the lease periods or 50 years, whichever is earlier
Furniture, fittings and equipment	—	3 to 20 years
Computers	—	3 years
Motor vehicles	—	5 to 10 years

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

2.8 Property, Plant and Equipment — (Continued)

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit and loss account in the year the asset is derecognized.

2.9 Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

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

- Represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- Is not larger than a segment based on either the Group's primary or the Group's secondary reporting format.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated are tested for impairment annually and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

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

2.10 Impairment of Non-financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset (i.e. an intangible asset with an indefinite useful life, an intangible asset not yet available for use, or goodwill acquired in a business combination) 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 to sell 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. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognised in the profit and loss account as 'impairment losses' or treated as a revaluation decrease for assets carried at revalued amount to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for that same asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

2.10 Impairment of Non-financial Assets — (Continued)

reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in the profit and loss account unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss previously recognised through the profit and loss account is treated as a revaluation increase. 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.

The Group does not reverse in a subsequent period, any impairment loss recognised for goodwill.

2.11 Financial Assets

Financial assets within the scope of FRS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

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

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

(a) **Financial assets at fair value through profit or loss**

Financial assets classified as held for trading are included in the category financial assets at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivative financial instruments are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in the profit and loss account.

The Group does not designate any financial assets not held for trading as financial assets at fair value through profit and loss.

(b) **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 assets to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount and minus any reduction for impairment or uncollectibility. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in the profit and loss account when the investments are derecognized or impaired, as well as through the amortisation process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

2.11 Financial Assets — (Continued)

(c) **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. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit and loss account when the loans and receivables are derecognized or impaired, as well as through the amortisation process.

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

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised in the fair value adjustment reserve until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

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

2.12 Investment Securities

Investment securities are classified as financial assets at fair value through profit or loss, held-to-maturity investments or available-for-sale financial assets, as appropriate.

The accounting policies for the aforementioned categories of financial assets are stated in Note 2.11.

2.13 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.

Cash and short term deposits carried in the balance sheets are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.11.

2.14 Trade and Other Receivables

Trade and other receivables, including amounts due from associated and related companies and loans to related companies are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.11.

An allowance is made for uncollectible amounts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 2.16 below.

2.15 Property Development Costs

Property development cost is stated at the lower of cost and net realisable value. Cost comprises cost of land, design fee, infrastructure and construction.

In determining the cost of sales of the time-share business, the cost of each condominium unit is divided equally by the number of weeks in a year and then the cost of each week sold is recognised in the profit and loss account on a first-in, first-out basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

2.16 Impairment of Financial Assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(a) **Assets carried at amortised cost**

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments 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 (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the profit and loss account.

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. Any subsequent reversal of an impairment loss is recognised in the profit and loss account, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(b) **Assets carried at cost**

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument 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 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**

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the profit and loss account, is transferred from equity to the income statement. Reversals in respect of equity instruments classified as available-for-sale are not recognised in the profit and loss account. Reversals of impairment losses on debt instruments are reversed through the profit and loss account, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss account.

2.17 Inventories

Inventories are valued at the lower of cost (on a first-in, first-out basis) and net realisable value.

Costs incurred in bringing the following inventories to their present location and condition are accounted for based on purchase costs on a first-in, first-out basis:

- Food and beverage;
- Trading goods and supplies;
- Materials and others

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.

2.18 Construction Contracts

Contract revenue and contract costs are recognised as revenue and expenses, respectively, by reference to the stage of completion of the contract activity at the balance sheet date, when the outcome of a construction

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

2.18 Construction Contracts — (Continued)

contract can be estimated reliably. An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

Revenue arising from fixed price contracts is recognised in accordance with the percentage of completion method. The stage of completion is measured by reference to professional surveys of work performed.

Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred plus a percentage of the contract fee earned during the year. Percentage of the contract fee earned is measured by the proportion that the costs incurred to date bear to the estimated total costs of the contract. Only costs that reflect services performed are included in the estimated total costs of the contract. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

2.19 Trade and Other Payables

Liabilities for trade and other amounts payable, which are normally settled on 30-90 day terms, and payables to related parties are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognized as well as through the amortisation process.

2.20 Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognized as well as through the amortisation process.

2.21 Borrowing Costs

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are ready for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

2.22 Redeemable Preference Shares

The component of the redeemable preference shares that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of issue costs. The corresponding dividends on those shares are charged as interest expense in the profit and loss account. On issuance of the redeemable preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long-term liability on the amortised cost basis until redemption.

Transaction costs are apportioned between the liability and equity component of the redeemable preference shares based on the respective carrying amounts of the liability and equity components when the instruments were first issued.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

2.23 Derecognition of Financial Assets and Liabilities

(a) **Financial assets**

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

- The contractual rights to receive cash flows from the asset have 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 'pass-through' arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

(b) **Financial liabilities**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

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

2.24 Provisions

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

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. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

2.25 Employee Benefits

(a) **Defined contribution plans**

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

(b) **Employee leave entitlement**

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.

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 the profit and loss account. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

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

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

(b) **As lessor**

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term.

2.27 Revenue

(a) **Revenue recognition**

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. The following specific recognition criteria must also be met before revenue is recognised:

(i) *Hotel investment*

Revenue from hotel investment mainly comprises room sales, food and beverage sales and auxiliary activities, and represents the invoiced value of goods supplied and services rendered after deducting discounts.

(ii) *Hotel management*

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

(iii) *Spa operation*

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

2.27 Revenue — (Continued)

(a) **Revenue recognition — (Continued)**

(iv) *Gallery operation*

Revenue from gallery operation represents the invoiced value of goods supplied after deducting discounts and allowance.

(v) *Property sales*

Revenue from property sales is recognised when a legally binding contract is signed, using the percentage of completion method. The percentage of completion is arrived at based on actual costs incurred to date and the total anticipated construction costs, excluding cost of land, and estimations performed by independent engineers. Revenue is recognised when initial payment and instalments received are at least 20% of the contract price and the construction work is at least 10% completed. Revenue recognition is discontinued when three consecutive instalments are overdue.

(vi) *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.

(vii) *Dividends*

Dividend income is recognised in the profit and loss account when the shareholder's right to receive payment is established.

(viii) *Interest*

Interest income is recognised on a time proportion basis (taking into account the effective yield on the asset) unless collectibility is in doubt.

2.28 Income taxes

(a) **Current tax**

Current 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 by the balance sheet date.

(b) **Deferred tax**

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

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

- Where the deferred tax liability 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 and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

2.28 Income taxes — (Continued)

(b) **Deferred tax — (Continued)**

available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition 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 deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date 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 income tax asset to be utilised. Unrecognized deferred income tax assets are reassessed at each balance sheet date 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 income tax assets and liabilities are measured at the tax rates that are expected to apply to 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 balance sheet date.

Income tax relating to items recognised directly in equity is recognised in equity.

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.

(c) **Sales tax**

Revenues, 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.

2.29 Derivative Financial Instruments

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivative financial instruments that do not qualify for hedge accounting are taken to the profit and loss account for the year.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

3. REVENUE

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

	Years ended 31 December		
	2003	2004	2005
	$'000	$'000	$'000
Hotel investment	82,263	133,860	111,553
Hotel management	6,756	8,951	6,640
Spa operation	14,297	16,764	17,092
Gallery operation	6,344	7,900	6,828
Property sales	39,317	44,098	30,973
Design fees and others	5,200	7,225	13,837
	154,177	218,798	186,923

4. OTHER OPERATING INCOME

	Years ended 31 December		
	2003	2004	2005
	$'000	$'000	$'000
Management and service fees	734	722	834
Negative goodwill amortisation	1,703	1,682	—
Write back of impairment of long-term investments	—	1,702	—
Dividend income	—	497	—
Others	120	1,186	839
	2,557	5,789	1,673

5. SALARIES AND RELATED EXPENSES

	Years ended 31 December		
	2003	2004	2005
	$'000	$'000	$'000
Salaries, wages and other related costs	30,611	41,268	53,164
CPF and contributions to other plans	1,192	1,598	1,880
Directors' remuneration			
— Directors of the Company	2,005	2,568	2,004
— Other directors	1,386	2,387	1,715
Executives' remuneration	445	592	378
	35,639	48,413	59,141

6. PROFIT FROM CONTINUING OPERATIONS

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

	Years ended 31 December		
	2003	2004	2005
	$'000	$'000	$'000
Allowance for doubtful debts			
— trade	449	2,532	835
Write back of allowance for doubtful debts			
— trade	(201)	(158)	(33)
Allowance for inventory obsolescence	(2)	11	110
Impairment loss in unquoted investment	—	—	64
Write back of impairment in property, plant and equipment	—	—	(1,309)
Non-audit fees			
— auditors of the Company	—	—	4
— other auditors	—	8	7
Bad debts written off/(written back) — trade	—	123	(17)
Exchange loss	1,614	1,201	1,283
(Gain)/loss on disposal of property, plant and equipment	(15,586)	16	31
Write off of property, plant and equipment	—	261	388
Impairment of property, plant and equipment	3,099	1,744	—

7. FINANCE INCOME

	Years ended 31 December		
	2003	2004	2005
	$'000	$'000	$'000
Interest received and receivable from:			
— banks	439	179	317
— related parties	179	76	51
— others	88	952	426
	706	1,207	794

8. FINANCE COSTS

	Years ended 31 December		
	2003	2004	2005
	$'000	$'000	$'000
Interest paid and payable to:			
— banks	2,695	2,344	7,325
— related parties	68	13	—
— holders of redeemable preference shares	4,331	2,166	2,393
— others	6	11	8
	7,100	4,534	9,726

9. INCOME TAX

Major components of income tax expense for the years ended 31 December 2003, 2004 and 2005 are:

	Years ended 31 December		
	2003	2004	2005
	$'000	$'000	$'000
Current tax expense — continuing operations			
Current taxation	5,971	7,983	2,452
Under/(over) provision in respect of prior years	107	61	(28)
	6,078	8,044	2,424
Deferred tax expense — continuing operations			
Movement in temporary differences	3,000	1,470	1,303
Benefits previously not recognised	(1,865)	—	(1,868)
Deferred tax assets utilised	—	557	—
Over provision in respect of prior years	—	—	(1)
	1,135	2,027	(566)
Withholding tax expense — continuing operations			
Current year provision	1,394	1,722	1,937
Over provision in respect of prior years	—	(343)	(274)
	1,394	1,379	1,663
Associated companies	320	—	—
Income tax expense	8,927	11,450	3,521

Reconciliation of Effective Tax Rate

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years then ended 31 December 2003, 2004 and 2005 is as follows:

	Years ended 31 December		
	2003	2004	2005
	$'000	$'000	$'000
Group			
Profit from continuing operations and before taxation	41,431	60,936	3,498
Income tax using Singapore tax rate	9,115	12,187	700
Effect of different tax rates in other countries	4,355	4,963	(335)
Expenses not deductible for tax purposes	1,136	2,210	4,867
Utilisation of previously unrecognized tax losses	(95)	(6,395)	(2,040)
Tax exempt income	(6,670)	(2,833)	(3,022)
Double tax relief and tax rebate	(1,243)	(807)	—
Under/(over) provision in respect of prior years	107	61	(28)
Deferred tax assets not recognised	770	1,061	1,749
Withholding tax	1,394	1,379	1,663
Others	58	(376)	(33)
Income tax expense recognised in the profit and loss account	8,927	11,450	3,521

The Group

Withholding tax is suffered on Group services fees and management fee income derived from Indonesia and Thailand at 15% (2004: 15%; 2003: 15%).

The Group also suffered withholding tax on dividend income received from Thailand at 10% (2004: 10%; 2003: 10%).

10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit from continuing operations attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the computation of basic earnings per share from continuing operations for the years ended 31 December:

	Years ended 31 December		
	2003	2004	2005
	$'000	$'000	$'000
Profit from continuing operations attributable to ordinary equity holders of the Company used in computation of basic earnings per share	27,189	30,388	1,028
*Weighted average number of ordinary shares for basic earnings per share computation	601,927,196	601,927,196	601,927,196

As there are no dilutive potential ordinary shares, the basic and fully diluted earnings per share are the same.

* After taking into account sub-division of every 1 share in the share capital of the Company into 2 shares on 28 April 2006 (Note 49).

11. PROPERTY, PLANT AND EQUIPMENT

Group	Land and land improvement	Freehold buildings	Leasehold buildings	Furniture, fittings and equipment	Computers	Motor vehicles	Construction-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2003, restated	14,652	4,834	22,211	10,640	789	215	4,917	58,258
Additions	1,133	14	3,308	3,661	—	139	1,441	9,696
Disposals	(3,352)	(1,700)	—	(442)	—	(219)	—	(5,713)
Additions through business acquisition	142,888	101,476	2	130,230	11	4,390	1,744	380,741
Net exchange differences	6,801	4,598	(242)	226	(1)	192	138	11,712
Transfer in/(out)	(1,987)	1,710	1,318	(186)	—	(101)	(2,557)	(1,803)
At 31 December 2003 and 1 January 2004	160,135	110,932	26,597	144,129	799	4,616	5,683	452,891
At cost	81,345	93,670	26,597	124,015	799	4,616	5,683	336,725
At valuation	78,790	17,262	—	20,114	—	—	—	116,166
	160,135	110,932	26,597	144,129	799	4,616	5,683	452,891
Additions	1,127	28	2,928	4,045	603	294	9,600	18,625
Disposals	(898)	(1,055)	—	(575)	(20)	(8)	(3,292)	(5,848)
Revaluation surplus	10,258	14,523	—	10,782	—	—	—	35,563
Net exchange differences	(3,619)	(2,625)	(967)	(3,785)	(24)	(108)	(48)	(11,176)
Reclassifications	(2,420)	(1,034)	560	6,491	1,857	(801)	(4,653)	—
At 31 December 2004 and 1 January 2005	164,583	120,769	29,118	161,087	3,215	3,993	7,290	490,055
At cost	75,535	88,984	29,118	130,191	3,215	3,993	7,290	338,326
At valuation	89,048	31,785	—	30,896	—	—	—	151,729
At 31 December 2004 and 1 January 2005	164,583	120,769	29,118	161,087	3,215	3,993	7,290	490,055
Additions	43	1,909	1,037	13,835	806	524	38,480	56,634
Disposals	—	—	—	(114)	(1)	(51)	—	(166)
Write off	—	—	—	(6,043)	(958)	(8)	(249)	(7,258)
Acquisition of subsidiary companies (Note 13)	14,439	78,364	—	40,120	527	83	316	133,849
Net exchange differences	(6,872)	2,529	370	(5,232)	31	(78)	(7,942)	(17,194)
At 31 December 2005	172,193	203,571	30,525	203,653	3,620	4,463	37,895	655,920

11. PROPERTY, PLANT AND EQUIPMENT — (Continued)

Group	Land and land improvement	Freehold buildings	Leasehold buildings	Furniture, fittings and equipment	Computers	Motor vehicles	Construction-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Accumulated depreciation and impairment:								
At 1 January 2003	—	118	5,520	7,174	479	46	—	13,337
Translation difference	—	972	(89)	3,890	(3)	123	—	4,893
Additions through business acquisition	—	21,301	2	87,697	3	2,692	—	111,695
Depreciation charge	—	1,698	1,351	8,737	—	413	—	12,199
Disposals	—	(168)	—	(842)	—	(178)	—	(1,188)
Transfer in/(out)	—	—	—	128	—	58	—	186
At 31 December 2003 and January 2004	—	23,921	6,784	106,784	479	3,154	—	141,122
Depreciation charge for the year	25	2,072	1,823	10,785	449	390	—	15,544
Depreciation on revaluation surplus	—	6,041	—	8,875	—	—	—	14,916
Impairment loss	—	1,831	—	1,397	—	—	—	3,228
Disposals	—	(46)	—	(217)	(15)	(6)	—	(284)
Reclassifications	794	(1,217)	220	(296)	1,446	(947)	—	—
Net exchange differences	2	(555)	(295)	(2,715)	(17)	(72)	—	(3,652)
At 31 December 2004 and 1 January 2005	821	32,047	8,532	124,613	2,342	2,519	—	170,874
Depreciation charge for the year	37	3,724	1,883	13,183	609	436	10	19,882
Write back of impairment loss	—	(1,790)	—	(2,146)	(10)	—	—	(3,946)
Disposals	—	—	—	(100)	(1)	(34)	—	(135)
Acquisition of subsidiary companies (Note 13)	—	17,114	—	25,911	371	29	—	43,425
Write off	—	(1)	—	(5,886)	(975)	(8)	—	(6,870)
Net exchange differences	(25)	(790)	27	(5,146)	(23)	(66)	—	(6,023)
At 31 December 2005	833	50,304	10,442	150,429	2,313	2,876	10	217,207
Net carrying amount:								
At 31 December 2003	160,135	87,011	19,813	37,345	320	1,462	5,683	311,769
At 31 December 2004	163,762	88,722	20,586	36,474	873	1,474	7,290	319,181
At 31 December 2005	171,360	153,267	20,083	53,224	1,307	1,587	37,885	438,713

Included in the property, plant and equipment of the Group are motor vehicles with a net book value of $103,271 (2004: $124,027; 2003: $144,773) and furniture, fittings and equipment with a net book value of Nil (2004: $2,370; 2003: $7,864) acquired under a hire purchase agreement.

Freehold land and building was revalued as at 30 January 2002 by Colliers Jardine Consultancy & Valuation (Singapore) Pte Ltd, a firm of independent licensed property valuers, at open market values on an existing use basis. The carrying amount of freehold land and building at the end of the year would have been $8,952,291 (2004: $9,000,792; 2003: $9,049,292).

The hotel properties and land in Phuket were reappraised by a professional independent appraisal company report dated 1 November 2004. The revaluation was conducted using the ''Replacement Cost'' basis for hotel properties and at ''Fair Market Value'' basis for land. Had the hotel properties and land been stated at cost less accumulated depreciation, their net book value at the end of the year would have been $245,247,000 (2004: $164,648,000; 2003: $177,389,000).

As at 31 December 2005, certain properties amounting to $263,574,879 (2004: $148,648,019; 2003: $120,976,000) were mortgaged to banks to secure credit facilities for the Group (Note 33).

12. LAND AWAITING FOR FUTURE DEVELOPMENT

	As at 31 December		
	2003	2004	2005
	$'000	$'000	$'000
Mae Hong Sorn	234	231	225
Chiang Rai	2,168	2,266	2,206
Phuket	25,871	26,858	23,656
	28,273	29,355	26,087

Land awaiting for future development in Phuket, Chiang Rai and Mae Hong Sorn province was revalued on a "fair market value" basis by a professional independent appraisal company on 1 November 2004.

As at 31 December 2005, land awaiting for future development in Phuket province of approximately 45 rai (2004: 45 rai; 2003: 45 rai), at a fair value of approximately $6.7 million (2004: $6.9 million; 2003: $6.7 million), has been mortgaged to secure bank overdrafts, short-term and long-term loan facilities of the Group (Note 33).

13. SUBSIDIARY COMPANIES

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

	Name of subsidiary company	Principal activities	Place of incorporation	Cost of investment 2003	2004	2005	Effective equity held by the Group 2003	2004	2005
				$'000	$'000	$'000	%	%	%
(i)	***Held by the Company***								
1	Banyan Tree Hotels & Resorts Pte. Ltd.	Providing resort, spa, project and golf management services	Singapore	5,466	5,466	5,466	100	100	100
2	Banyan Tree Resorts Limited	Providing resort management services	Hong Kong	4,131	4,131	4,131	100	100	100
2	Banyan Tree Spa (HK) Limited	Providing spa management services	Hong Kong	6,514	6,514	6,514	100	100	100
11	Banyan Tree Golf Club Limited	Dormant	Hong Kong	—	—	—	100	—	—
2##	Laguna Resorts & Hotels Public Company Limited	Hotel and tourism business	Thailand	53,190	50,743	50,743	51.68	51.78	51.78
6	Beruwela Walk Inn Limited	Operating holiday resorts	Sri Lanka	562	645	645	70.51	79.85	79.85
2	Vabbinvest Maldives Pvt Ltd	Operating holiday resorts	Maldives	3,513	3,513	3,513	96.69	96.69	96.69
2	Banyan Tree Resorts & Spas (Thailand) Company Limited (formerly known as Banyan Tree Spa Company Limited)	Providing spa services	Thailand	6,085	6,085	6,446	100	100	100
2	Noy Holdings Limited	Investment holding	New Zealand	3,701	3,701	—	100	100	100
2	Maypole New Zealand Limited	Rental of apartments	New Zealand	21	21	21	100	100	100
1	Banyan Tree Properties Pte Ltd (formerly known as Wah-Chang Holdings Pte. Ltd.)	Property holding	Singapore	10,673	10,673	10,673	100	100	100
8	Debenham Limited	Investment holding	British Virgin Islands	16	—	—	90.00	—	—
1	Banyan Tree Spas Pte. Ltd.	Operating of spas	Singapore	**	**	**	100	100	100
5	Jiwa Renga Resorts Limited	Hotel construction and operation	China	—	963	6,941	—	94.00	96.00

13. SUBSIDIARY COMPANIES — (Continued)

	Name of subsidiary company	Principal activities	Place of incorporation	Cost of investment 2003	Cost of investment 2004	Cost of investment 2005	Effective equity held by the Group 2003	Effective equity held by the Group 2004	Effective equity held by the Group 2005
				$'000	$'000	$'000	%	%	%
2	Maldives Bay Pvt Ltd	Development and management of resorts, hotels and spas	Maldives	—	—	6,561	—	100	77.45
2	Maldives Cape Pvt Ltd	Development and management of resorts, hotels and spas	Maldives	—	**	**	—	100	100
1	Banyantravel.com Pte Ltd	Providing travel agency services	Singapore	—	—	736	—	100	100
				93,872	92,455	102,390			
(ii)	***Held through subsidiary companies***								
2	Banyan Tree Guam Limited	Providing spa and other associated services	Guam	—	—	—	100	100	100
2	Banyan Tree Spas Sdn. Bhd.	Operating of spas	Malaysia	—	—	—	—	100	100
7	Banyan Tree Japan Yugen Kaisha (formerly known as Banyan Tree Spa Japan Yugen Kaisha)	Operating of spas	Japan	—	—	—	—	100	100
2	Heritage Spas Egypt LLC	Operating and investing in resorts, spas and retail outlets	Egypt	—	—	—	—	100	100
2	Banyan Tree (Private) Limited (formerly known as Heritage Spas (Private) Limited)	Operating of spas	Sri Lanka	—	—	—	—	100	100
2	Heritage Spas South Africa (Pty) Ltd	Operating and investing in resorts, spas and retail outlets	South Africa	—	—	—	—	100	100
2	Heritage Spas Dubai LLC	Operating of spas	Dubai	—	—	—	—	100	100
5	Wanyue Leisure Health (Shanghai) Co., Ltd	Operating of spas	China	—	—	—	—	100	100
2	Maldives Angsana Pvt Ltd	Operating holiday resorts	Maldives	—	—	—	96.69	96.69	96.69
1	Architrave Design & Project Services Pte Ltd	Providing consultancy services	Singapore	—	—	—	100	100	100
1	Hotelspa Pte. Ltd.	Investment holding	Singapore	—	—	—	100	100	100
9	Keelbay Pty Ltd	Operating of spas	Australia	—	—	—	100	100	100
2	TWR-Holdings Limited	Investment holding	Thailand	—	—	—	51.68	51.78	51.78
2	Laguna Holiday Club Limited	Time-share business	Thailand	—	—	—	51.68	51.78	51.78
2	Cheer Golden Limited	Investment holding	Hong Kong	—	—	—	51.68	51.78	51.78
2	Laguna(3) Limited	Property development	Thailand	—	—	—	51.68	51.78	51.78
3	Laguna Sports Limited	Dormant	Thailand	—	—	—	51.58	51.78	—
2	Wenco-Thai Limited	Dormant	Thailand	—	—	—	26.36	26.41	51.78
2	Banyan Tree Gallery (Thailand) Limited	Sale of merchandise	Thailand	—	—	—	75.36	75.41	75.41
1	Banyan Tree Gallery (Singapore) Pte Ltd	Sale of merchandise	Singapore	—	—	—	75.36	75.41	75.41
2	Pai Samart Development Company Limited	Property development	Thailand	—	—	—	51.68	51.78	51.78
2	Mae Chan Property Company Limited	Property development	Thailand	—	—	—	51.68	51.78	51.78
2	Phuket Resort Development Limited	Property development	Thailand	—	—	—	51.68	51.78	51.78
2	Laguna Grande Limited	Property development	Thailand	—	—	—	51.68	51.78	51.78

13. SUBSIDIARY COMPANIES — (Continued)

	Name of subsidiary company	Principal activities	Place of incorporation	Cost of investment 2003	Cost of investment 2004	Cost of investment 2005	Effective equity held by the Group 2003	Effective equity held by the Group 2004	Effective equity held by the Group 2005
				$'000	$'000	$'000	%	%	%
7	PT. AVC Indonesia	Not yet commenced operation	Indonesia	—	—	—	51.68	51.78	51.78
2	Laguna Banyan Tree Limited	Hotel operations	Thailand	—	—	—	51.68	51.78	51.78
3	PCD Limited	Dormant	Thailand	—	—	—	51.68	51.78	—
4	Laguna Beach Club Limited	Hotel operations	Thailand	—	—	—	31.01	31.07	31.07
4	Laguna(1) Limited	Property development	Thailand	—	—	—	31.01	31.07	31.07
2	Talang Development Company Limited	Property development	Thailand	—	—	—	25.84	25.89	25.89
5	Lijiang Banyan Tree Hotel Co. Ltd	Hotel construction and operation	China	—	—	—	66.18	66.25	66.25
2	Twin Waters Development Company Limited	Property development	Thailand	—	—	—	51.68	51.78	51.78
2	Bangtao(1) Limited	Property development	Thailand	—	—	—	51.68	51.78	51.78
2	Bangtao(2) Limited	Property development	Thailand	—	—	—	51.68	51.78	51.78
2	Bangtao(3) Limited	Property development	Thailand	—	—	—	51.68	51.78	51.78
2	Bangtao(4) Limited	Property development	Thailand	—	—	—	51.68	51.78	51.78
2	Bangtao Development Limited	Property development	Thailand	—	—	—	51.68	51.78	51.78
2	Bangtao Grande Limited	Hotel operations	Thailand	—	—	—	51.68	51.78	51.78
2	Laguna Central Limited	Not yet commenced operation	Thailand	—	—	—	51.68	51.78	51.78
2	Laguna Services Company Limited	Providing utility and other services to hotels of the Group	Thailand	—	—	—	46.08	46.17	46.17
2	Thai Wah Plaza Limited	Hotel operations	Thailand	—	—	—	—	—	51.78
2	Thai Wah Tower Company Limited	Office rental	Thailand	—	—	—	—	—	51.78
2	Thai Wah Tower(2) Company Limited	Office rental	Thailand	—	—	—	—	—	51.78
7	Laguna Excursion Limited	Not yet commenced operation	Thailand	—	—	—	—	—	51.78
7	Triumph International Holdings Limited	Investment holding	Hong Kong	—	—	—	—	—	80.00
5	Gyalthang Dzong Hotel	Touring, lodging and restaurant	China	—	—	—	—	—	79.20

1 Audited by Ernst & Young, Singapore
2 Audited by member firms of Ernst & Young Global in the respective countries
3 Liquidated during 2005
4 Audited by KPMG, Thailand
5 Audited by Horwath China (Shanghai)
6 Audited by Tudor V.P. & Co.
7 Not required to be audited by law of country of incorporation
8 Disposed off in 2004
9 Audited by KPMG, Cairns
10 Auditors not yet appointed
11 Liquidated during 2004
** Cost of investment is less than S$1,000
With effect from 1 April 2003, the Company controlled more than 50% of the voting rights shares in Laguna Resorts & Hotels Public Company Limited. Accordingly, LRH was consolidated as a subsidiary company from 1 April 2003.

13. SUBSIDIARY COMPANIES — (Continued)

Acquisition of subsidiaries

With effect from 1 April 2003, the Company controlled more than 50% of the voting rights shares in Laguna Resorts & Hotels Public Company Limited ("LRH"). Accordingly, LRH was consolidated as a subsidiary company from 1 April 2003.

On 3 October 2003, the Group acquired 70.51% of the voting shares in Beruwela Walk Inn Limited, a listed company based in Sri Lanka. The principal activity of the company is the operation of holiday resorts. The total cost of the acquisition was $562,000, and comprised cash consideration.

On 8 March 2005, the Group acquired 100% of the voting shares in Thai Wah Plaza Limited, an unlisted company based in Thailand. The principal activities of this company are rental of office building and hotel operations. The total cost of the acquisition was S$1,683,000, which comprised cash consideration and cost directly attributable to the acquisition.

On 29 November 2005, the Group acquired 100% of the voting shares in Banyantravel.com Pte Ltd, an unlisted company based in Singapore. The principal activities of the company are the provision of travel agency services. The total cost of the acquisition was S$736,000 which comprised cash consideration.

On 19 December 2005, the Group acquired 80% of the voting shares in Triumph International Holdings Limited, an unlisted company based in Hong Kong. The principal activity of this company is investment holding. The cost of acquisition was S$1.

The fair values of the identifiable assets and liabilities of Laguna Resorts & Hotels Company Ltd and Beruwela Walk Inn as at date of acquisition were:

	Laguna Resorts & Hotel Public Company Limited		Beruwela Walk Inn Limited		Aggregate effects	
	Carrying amount before combination	Recognised on acquisition	Carrying amount before combination	Recognised on acquisition	Carrying amount before combination	Recognised on acquisition
	$'000	$'000	$'000	$'000	$'000	$'000
Property, plant and equipment	267,192	267,192	1,854	1,854	269,046	269,046
Land awaiting for future development	27,098	27,098	—	—	27,098	27,098
Other non-current assets	10,560	10,560	—	—	10,560	10,560
Inventories	4,719	4,719	32	32	4,751	4,751
Trade and other receivables	27,163	27,163	144	144	27,307	27,307
Cash and bank balances	16,549	16,549	(75)	(75)	16,474	16,474
Trade and other payables	(54,320)	(54,320)	(1,371)	(1,371)	(55,691)	(55,691)
Interest-bearing loans and borrowings	(51,648)	(51,648)	(72)	(72)	(51,720)	(51,720)
Tax liabilities	(4,990)	(53,348)	—	—	(4,990)	(53,348)
Other liabilities	(1,665)	(1,665)	(8)	(8)	(1,673)	(1,673)
Net identifiable assets	240,658	192,300	504	504	241,162	192,804
(Negative goodwill)/ goodwill arising on acquisition		(29,339)		207		(29,132)
Fair value of net assets		162,961		711		163,672
Minority interests		(97,223)		(149)		(97,372)
Total purchase consideration		65,738		562		66,300

13. SUBSIDIARY COMPANIES — (Continued)

	Laguna Resorts & Hotels Public Company Limited	Beruwela Walk Inn Limited	Aggregate effects
	$'000	$'000	$'000
Cash consideration in prior years	65,707	—	65,707
Cash consideration paid in 2003	—	562	562
Cost directly attributable to the acquisition	31	—	31
Total cost of acquisition	65,738	562	66,300
Cash inflow on acquisition:			
Cash outflow on acquisition	(31)	(562)	(593)
Net cash acquired with the subsidiary companies	16,549	(75)	16,474
Net cash inflow/(outflow) on acquisition	16,518	(637)	15,881

The fair values of the identifiable assets and liabilities of Thai Wah Plaza Limited, Banyantravel.com Pte Ltd and Triumph International Holdings Limited as at the date of acquisition were:

	Thai Wah Plaza Limited		Banyantravel.com Pte Ltd		Triumph International Holdings Limited		Aggregate Effects	
	Carrying amount before combination	Recognised on acquisition	Carrying amount before combination	Recognised on acquisition	Carrying amount before combination	Recognised on acquisition	Carrying amount before combination	Recognised on acquisition
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Property, plant and equipment	89,180	89,180	2	2	1,242	1,242	90,424	90,424
Other non-current assets	17	17	—	—	—	—	17	17
Trade receivables and other current assets	2,046	2,046	—	—	184	184	2,230	2,230
Inventories	323	323	—	—	14	14	337	337
Advance due from related companies	86	86	694	694	—	—	780	780
Cash and cash equivalents	3,526	3,526	45	45	—	—	3,571	3,571
Long and short-term loan from related companies	(45,329)	(45,329)	—	—	—	—	(45,329)	(45,329)
Other non-current liabilities	(1,308)	(2,394)	—	—	(625)	(625)	(1,933)	(3,019)
Trade and other payables	(47,449)	(47,457)	(5)	(5)	(144)	(144)	(47,598)	(47,606)
Amount due to related companies	(844)	(844)	—	—	(1,862)	(671)	(2,706)	(1,515)
Net identifiable assets/(liabilities)	248	(846)	736	736	(1,191)	—	(207)	(110)
Goodwill arising on acquisition		2,529		—		—		2,529
Total purchase consideration		1,683		736		—		2,419

13. SUBSIDIARY COMPANIES — (Continued)

	Thai Wah Plaza Limited	Banyantravel.com Pte Ltd	Triumph International Holdings Limited	Aggregate Effects
	$'000	$'000	$'000	$'000
Costs of the acquisition:				
Cash consideration paid	716	736	—	1,452
Cost directly attributable to the acquisition	967	—	—	967
Total cost of acquisition	1,683	736	—	2,419
Cash inflow on acquisition:				
Cash outflow on acquisition	(1,683)	(736)	—	(2,419)
Net cash acquired with the subsidiary companies	3,526	45	—	3,571
Net cash inflow/(outflow) on acquisition	1,843	(691)	—	1,152

From the date of acquisition, Thai Wah Plaza Limited has contributed S$339,000 to the net profit of the Group. If the combination had taken place at the beginning of the year, the net profit for the Group would have been S$5,181,000 and revenue from continuing operations would have been S$192,000,000.

The acquisition of Banyantravel.com Pte Ltd and Triumph International Holdings Limited did not have any material impact on the Group's results.

Disposal of subsidiaries

On 8 March 2004, the Company entered into a sales and purchase agreement with Donvale Limited ("Donvale") to:

(a) divest all its interest i.e. 9,000 ordinary shares of US$1 each in Debenham Limited ("Debenham") which represents 90% of the issued and paid up capital of Debenham;

(b) assign the Company's outstanding receivables from Debenham amounting to S$7,192,890 to Donvale; and

(c) divest all its interest i.e. 13,000 ordinary shares of US$100 each in PT. Tropical Amethyst ("PTTA") which represents 50% of the issued and paid up share capital of PTTA

for a total cash consideration of S$7,350,354.

The effect of the disposal of the subsidiary on the financial position of the group at 31 December 2004 and its result for the year ended 31 December 2004 is shown as follow:

	2004
	$'000
Non current assets	11,081
Current assets	247
Current liabilities	(10,347)
Non current liabilities	(808)
Minority interest	(16)
Net assets	157
Assignment of the receivables due from Debenham to Donvale	7,193
Total consideration	7,350

14. ASSOCIATED COMPANIES

	As at 31 December		
	2003	2004	2005
	$'000	$'000	$'000
Unquoted equity shares, at cost	—	26	26
Share of post-acquisition reserves	26	(793)	(136)
Net exchange differences	(1,258)	—	—
Loan to an associated company	20,684	18,966	21,521
	19,452	18,199	21,411

The loan to an associated company is unsecured, interest free and with no fixed terms of repayment, and the Company will not demand repayment within the next twelve months.

The details of the associated companies at the end of the financial year are as follows:

	Name of associated company	Principal activities	Place of incorporation	Effective equity held by the Group 2003	2004	2005
				%	%	%
Held by the Company						
1	Banyan Tree Seychelles Holdings Limited	Investment holding	British Virgin Islands	30	30	30
2	PT. Tropical Ametheyst ("PTTA")	Development and management of golf course	Indonesia	50	—	—
Held through associate company						
3	Banyan Tree Resorts (Seychelles) Limited	Resort development	Seychelles	30	30	30

1 Audited by Ernst & Young, Singapore.
2 The Company has divested all its interests in PTTA which represent 50% of the issued and paid up share capital of PTTA on 8 March 2004.
3 Audited by AJ Shah & Associates, Seychelles.

The summarised financial information of associated companies are as follows:

	As at 31 December		
	2003	2004	2005
	$'000	$'000	$'000
Assets and liabilities:			
Current assets	11,328	11,313	12,567
Non-current assets	77,801	75,673	82,765
Total assets	89,129	86,986	95,332
Current liabilities	(4,471)	(6,722)	(6,362)
Non-current liabilities	(88,839)	(82,630)	(89,338)
	(93,310)	(89,352)	(95,700)
Results:			
Revenue	15,427	20,082	22,371
Profit for the year	996	1,549	2,034

15. JOINT VENTURE COMPANIES

	As at 31 December		
	2003	2004	2005
	$'000	$'000	$'000
Shares at cost	6,000	6,000	6,000
Share of post-acquisition reserves	(33)	(37)	(2,076)
Net exchange differences	136	(268)	(145)
Loan to a joint venture company	422	376	384
	6,525	6,071	4,163

The loan to a joint venture company is unsecured, interest-free and with no fixed terms of repayment, and the Company will not demand repayment within the next twelve months.

The details of the joint venture companies at the end of the financial year are as follows:

Name of joint venture company	Principal activities	Place of incorporation	Percentage of equity interest 2003	2004	2005
			%	%	%
Held by the Company					
1 Seychelles Tropical Resorts Holdings Limited and its subsidiary company	Investment holding	British Virgin Islands	50	50	50
Held through a joint venture company					
2 Seytropical Resorts Limited	Resort development	Seychelles	50	50	50

1 Audited by Ernst & Young, Singapore
2 Audited by AJ Shah & Associates, Seychelles

The aggregate amounts of each of current assets, non-current assets, current liabilities, non-current liabilities, and results related to the Group's interest in the joint venture companies are as follows:

	As at 31 December		
	2003	2004	2005
	$'000	$'000	$'000
Assets and liabilities:			
Current assets	370	337	258
Non-current assets	7,260	7,207	3,348
Total assets	7,630	7,544	3,606
Current liabilities	(412)	(2)	(4)
Non-current liabilities	(22)	(752)	(767)
Total liabilities	(434)	(754)	(771)
Results:			
Profit/(loss) for the year	20	(8)	(4,079)

The Group's share of the capital commitments and contingent liabilities of the joint venture companies is nil (2004: Nil; 2003: Nil).

16. PREPAID ISLAND RENTAL

	As at 31 December		
	2003	2004	2005
	$'000	$'000	$'000
At 1 January	2,470	3,662	3,402
Net exchange differences	(596)	(75)	64
Payment of island rental during the year	3,015	1,897	35,375
	4,889	5,484	38,841
Less: Amount charged to expenses during the year	(1,227)	(2,082)	(2,944)
At 31 December	3,662	3,402	35,897
Amount chargeable within 1 year (Note 24)	1,822	1,781	3,802
Amount chargeable after 1 year	1,840	1,621	32,095
	3,662	3,402	35,897

The above amounts were paid to the owners of the Vabbinfaru Island, Ihuru Island and Velavaru Island as operating lease rentals. The lease on the Vabbinfaru Island is for a period of 26½ years from 1 May 1993 to 31 October 2019. The lease on the Ihuru Island is for a period of 15 years from 16 October 2000 to 15 October 2015. The lease on the Velavaru Island is for a period of 17 years from 24 July 2005 to 24 August 2022.

17. LONG-TERM TRADE RECEIVABLES

Long-term trade receivables are repayable as follows:

	As at 31 December		
	2003	2004	2005
	$'000	$'000	$'000
Within 12 months (Note 23)	833	1,109	1,060
Between 2 to 5 years	1,608	1,447	1,437
After 5 years	464	214	—
	2,072	1,661	1,437

Long-term trade receivables consist of:

(i) Secured financing provided to customers of property sales which are mainly denominated in United States Dollars and bear interest at a rate of 5% per annum (2004: 5%; 2003: 5%) over the Singapore Inter Bank Offered Rate ("SIBOR"). The loan periods vary from 5 to 15 years.

(ii) Instalments receivable from property sales which bear interest at rates ranging from 9 to 12% per annum (2004: 9 to 12%; 2003: 9.75%) and are repayable over an instalment period of 3 to 5 years.

18. LONG-TERM LOAN DUE FROM A RELATED PARTY

For the year ended 31 December 2003, the long-term loan due from a related party is unsecured with interest charged at 0.5% to 14.5% per annum.

19. INTANGIBLE ASSETS

Group

	Goodwill	Negative goodwill	Total
	$'000	$'000	$'000
Cost			
At 1 January 2003	—	—	—
Transfer	—	(29,339)	(29,339)
Acquisition of a subsidiary company	207	—	207
Exchange difference	—	(7)	(7)
At 31 December 2003 and 1 January 2004	207	(29,346)	(29,139)
Acquisitions of subsidiary companies	42	(224)	(182)
At 31 December 2004 and 1 January 2005	249	(29,570)	(29,321)
Effects of adopting FRS103	—	29,570	29,570
At 1 January 2005, restated	249	—	249
Acquisitions of subsidiary companies	2,529	—	2,529
At 31 December 2005	2,778	—	2,778
Accumulated amortisation and impairment			
At 1 January 2003	—	—	—
Amortisation	—	1,703	1,703
Exchange difference	—	19	19
At 31 December 2003 and 1 January 2004	—	1,722	1,722
Amortisation	—	1,682	1,682
At 31 December 2004 and 1 January 2005	—	3,404	3,404
Effects of adopting FRS 103	—	(3,404)	(3,404)
At 1 January 2005, restated	—	—	—

	Goodwill	Negative goodwill	Total
	$'000	$'000	$'000
Net carrying amount			
At 31 December 2003	207	(27,624)	(27,417)
At 31 December 2004	249	(26,166)	(25,917)
At 31 December 2005	2,778	—	2,778

As from 1 January 2005, the date of adoption of FRS 103, goodwill was no longer amortised but is now subject to annual impairment testing (see below). As at 1 January 2005, negative goodwill of $26,166,000 has been credited to equity. For the year ended 31 December 2003 and 31 December 2004, the negative goodwill was amortised evenly over management's estimate of its useful life of 20 years. Comparative figures for goodwill and negative goodwill have been reclassified to conform with the current year's presentation.

Impairment testing of goodwill

Goodwill acquired through business combinations have been allocated to individual cash-generating units which are as follows:

- Beruwela Walk Inn
- Thai Wah Plaza Limited

The recoverable amount of a Cash Generating Unit ("CGU") is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by

19. INTANGIBLE ASSETS — (Continued)

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	Beruwela Walk
	$'000	$'000
Growth rate	5.00%	5.00%
Discount rate	7.78%	9.40%

These assumptions have been used for analysis of each CGU within the Group. Management determined the budgeted growth rate based on past performance and its expectation for market development. The weighted average cost of capital rate used are consistent with forecasts used in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant companies.

20. LONG-TERM INVESTMENTS

	As at 31 December		
	2003	2004	2005
	$'000	$'000	$'000
Quoted investments (available-for-sale)			
Equity shares, at fair value (2004; 2003: at cost)	13,465	13,141	906
Less: Impairment in value of quoted investments	(12,189)	(11,896)	—
Total quoted investments	1,276	1,245	906
Unquoted investments			
Equity shares	8,157	7,962	7,750
Less: Impairment in value of unquoted investments	(1,743)	—	(63)
Total unquoted investments	6,414	7,962	7,687
Total long term investments	7,690	9,207	8,593
Market value of quoted shares	2,923	1,262	906

Impairment in value of unquoted investments

Movements in impairment in value of investments during the year are as follows:

	Group
	$'000
At 1 January 2003	—
Additions through business acquisition	13,932
At 31 December 2003 and 1 January 2004	13,932
Net exchange difference	(334)
Written back	(1,702)
At 31 December 2004, as previously reported	11,896
Effects of adopting FRS 39	(11,896)
At 31 December 2004 as restated and 1 January 2005	—
Charge to profit and loss account	64
Net exchange differences	(1)
At 31 December 2005	63

21. OTHER NON-CURRENT ASSETS

	As at 31 December		
	2003	2004	2005
	$'000	$'000	$'000
Deposits	131	486	490
Prepayments	460	113	154
Others	136	171	161
	727	770	805

22. INVENTORIES

	As at 31 December		
	2003	2004	2005
	$'000	$'000	$'000
Food and beverage, at cost	1,247	1,363	2,067
Trading goods and supplies, at net realisable value	3,178	3,384	3,775
Materials, at cost	1,220	1,884	2,183
Others	238	97	93
	5,883	6,728	8,118

23. TRADE RECEIVABLES

	As at 31 December		
	2003	2004	2005
	$'000	$'000	$'000
Trade receivables	39,882	27,735	36,516
Current portion of long-term trade receivables (Note 17)	833	1,109	1,060
	40,715	28,844	37,576
Less: Allowance for doubtful debts	(487)	(2,738)	(3,565)
	40,228	26,106	34,011

24. OTHER RECEIVABLES

	As at 31 December		
	2003	2004	2005
	$'000	$'000	$'000
Deposits	1,351	758	784
Prepayments	1,272	4,007	6,372
Prepaid island rental — current portion (Note 16)	1,822	1,781	3,802
Interest receivable	568	2	6
Advances to suppliers	613	1,449	6,279
Staff advances	105	74	102
GST/VAT receivable	740	791	1,675
Deposits for land	169	590	1,006
Insurance recoverable	—	4,557	4,129
Others	438	2,774	1,898
	7,078	16,783	26,053

25. LOAN STOCK RECEIVABLE

For the year ended 31 December 2003, the loan stock receivable was due from Tropical Resorts Limited, a shareholder of the Company and of the Group. The loan stock receivable bears interest at 4% per annum above the three-month Singapore Interbank Offer Rates (SIBOR) and was repayable either by cash or conversion to ordinary shares of US$1 each or partly by cash and ordinary shares of US$1 each within the

25. LOAN STOCK RECEIVABLE — (Continued)

next 12 months from 31 December 2003. The loan stock is secured by charges over preferences shares of the Company and of the Group as well as shares in a third company, both held by the shareholder.

26. AMOUNTS DUE FROM/(TO) ASSOCIATED COMPANIES

	As at 31 December		
	2003	2004	2005
	$'000	$'000	$'000
Amounts due from associated companies			
— trade	830	449	614
— non-trade	118	90	111
	948	539	725
Amounts due to associated companies			
— trade	(5)	(1)	—

The amounts due from/(to) associated companies are unsecured and interest-free, with no fixed terms of repayment.

27. AMOUNTS DUE FROM/(TO) RELATED PARTIES

	As at 31 December		
	2003	2004	2005
	$'000	$'000	$'000
Amounts due from related parties			
— trade	4,130	3,282	2,816
— non-trade	1,484	539	394
	5,614	3,821	3,210
Amounts due to related parties			
— trade	(441)	(260)	(421)
— non-trade	(112)	(29)	(18)
— loan (current)	(2,335)	—	—
	(2,888)	(289)	(439)
— loan (non-current)	(3,103)	—	—
	(5,991)	(289)	(439)

The amounts due from/(to) related parties are unsecured and interest-free, with no fixed terms of repayment.

For the year ended 31 December 2003, the non-current loan due to a related party was unsecured, with interest charged at 0.5% to 14.5% per annum.

28. PROPERTY DEVELOPMENT COSTS

	As at 31 December		
	2003	2004	2005
	$'000	$'000	$'000
Properties under development			
Cost incurred to date	14,663	34,517	57,628
Less: Allowance for foreseeable losses	(3,926)	(3,832)	(3,730)
	10,737	30,685	53,898
Attributable profit	8,603	24,490	23,275
Less: Progress billing	(10,510)	(35,168)	(61,160)
	8,830	20,007	16,013
Property held for sale	4,794	3,855	5,555
Property for sale under time-share membership	2,319	2,317	510
	15,943	26,179	22,078

29. CASH AND CASH EQUIVALENTS

	As at 31 December		
	2003	2004	2005
	$'000	$'000	$'000
Current:			
Cash on hand and at bank	29,203	31,379	35,206
Fixed deposit, secured	1,310	—	—
Fixed deposit, unsecured	3,021	20,254	2,985
	33,534	51,633	38,191
Less: Bank overdraft (Note 33)	(1,308)	(1,721)	(843)
	32,226	49,912	37,348

30. WORK-IN-PROGRESS

	As at 31 December		
	2003	2004	2005
	$'000	$'000	$'000
Cost incurred	1,439	1,693	130
Less: Progress billings	(1,561)	(1,561)	(160)
(Excess of progress billings over work-in-progress)/Excess of work-in-progress over progress billings	(122)	132	(30)

31. OTHER PAYABLES

	As at 31 December		
	2003	2004	2005
	$'000	$'000	$'000
Deposits and advances received	10,102	10,537	11,698
Accrued operating expenses	7,265	8,410	14,386
Accrued service charges	1,952	2,219	1,503
Deposit from sales and marketing	306	306	—
Hire purchase creditors (Note 34)	24	20	19
Redeemable preference shares dividend payable	4,331	6,497	7,355
Construction payables	947	3,293	3,014
Others	9,615	8,257	11,985
	34,542	39,539	49,960

32. LOAN DUE TO SHAREHOLDERS

For the year ended 31 December 2003, the loan due to shareholders was unsecured, interest-free and have no fixed terms of repayment.

33. INTEREST-BEARING LOANS AND BORROWINGS

	As at 31 December		
	2003	2004	2005
	$'000	$'000	$'000
Non-current liabilities			
Secured bank loans	44,951	28,957	128,332
Current liabilities			
Short-term bank loans	9,020	2,515	24,072
Secured bank loans	17,288	15,376	43,815
Bank overdrafts (Note 29)	1,308	1,721	843
	27,616	19,612	68,730

Bank overdrafts facility of a subsidiary company is secured by deposits of USD770,000 (2004: Nil; 2003: Nil) pledged by the Company. In addition, the long-term secured bank loans are secured by corporate guarantees issued by the Company and the secured bank loans of the Group and the Company are secured by the assets with the following net book values:

	As at 31 December		
	2003	2004	2005
	$'000	$'000	$'000
Freehold land and buildings	108,210	148,648	263,575
Leasehold building	12,766	—	—
Quoted shares in a subsidiary company	21,153	31,856	29,376
Land awaiting for future development	6,657	6,858	6,675
	148,786	187,362	299,626
Capitalised interest	—	2	372

34. HIRE PURCHASE CREDITORS

The Group had obligations under hire purchase that are repayable as follows:

	2003			2004			2005		
	Payments	Interest	Principal	Payments	Interest	Principal	Payments	Interest	Principal
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Within 1 year (Note 31)	30	6	24	24	4	20	23	4	19
After 1 year but within 5 years	83	13	70	59	9	50	36	5	31
	113	19	94	83	13	70	59	9	50

35. LOAN STOCK

Loan stock represents 102,218 (2004: 10,410; 2003: 10,410) non-redeemable preference shares issued by Banyan Tree Resorts & Spas (Thailand) Co, Ltd., a subsidiary company, to minority shareholders at a par value of Baht 100 each. These preference shares carry a cumulative preference dividend of 10% per annum.

36. REDEEMABLE PREFERENCE SHARES

On 28 July 2003, the Company issued the following redeemable preference shares to the holders of the notes payable:

	Number of shares
"A" preference share of $0.10 each	301,108
"B" cumulative preference share of $0.10 each	270,698,892
	271,000,000

The "A" preference shares will be redeemed at the date falling six years after the issue date at a redemption amount for each "A" preference share equal to the par value of $0.10 and a premium of $10.00. The total premium of "A" preference shares amounts to $3,011,080. The premium is amortised to the profit and loss account over a period of 6 years using the effective interest rate method. The balance of the unamortized premium will be charged to the profit and loss account upon redemption should the redemption occur before the end of the 6-year period.

The "B" cumulative preference shares will be redeemed at the earlier of the date falling six years after the issue date or the business day immediately after the period of 14 business days commencing on the day of the listing and quotation of the ordinary shares of the Company on the Singapore Exchange Securities Trading Limited at a redemption amount for each "B" preference share equal to the par value of $0.10 and any arrears and accruals of preference dividends up to but excluding the redemption date. These "B" preference shares carry a fixed cumulative preference dividend of $0.016 per share for the year ended 31 December 2003 and 8% per annum thereafter, payable yearly in arrears. These dividends are charged as interest expense in the profit and loss account over the shorter of either the period of 6 years or the period covering from the date of issuance to redemption upon listing using the effective interest rate method.

The holders of the above redeemable preference shares have no voting rights.

37. OTHER NON-CURRENT LIABILITIES

	As at 31 December		
	2003	2004	2005
	$'000	$'000	$'000
Shop rental deposits	398	453	1,528
Land rental deposits	1,012	951	888
Advance golf membership fees	188	315	439
Others	4	119	60
	1,602	1,838	2,915

38. DEFERRED INCOME TAX

	As at 31 December		
	2003	2004	2005
	$'000	$'000	$'000
Deferred tax liabilities			
Revaluation surplus	(49,255)	(53,443)	(57,246)
Other items	(8,454)	(9,516)	(10,193)
Gross deferred tax liabilities	(57,709)	(62,959)	(67,439)
Deferred tax assets			
Unutilised tax losses	5,216	4,535	11,679
Other items	1,617	2,106	1,850
Gross deferred tax assets	6,833	6,641	13,529
Net deferred tax liabilities	(50,876)	(56,318)	(53,910)

The Group has tax losses of $9 million as at 31 December 2005 (2004: $9 million; 2003: $29 million) 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. The use of these tax losses is subject

38. DEFERRED INCOME TAX — (Continued)

to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

There are no income tax consequences of dividends to shareholders that were proposed by the Company, but not recognised as a liability in the consolidated financial statement.

39. LOAN FROM MINORITY SHAREHOLDER OF A SUBSIDIARY COMPANY

The loan is unsecured, interest-free and not repayable within the next twelve months.

40. SHARE CAPITAL

	As at 31 December		
	2003	2004	2005
	$'000	$'000	$'000
Authorized:			
800,000,000 ordinary shares of $0.10 each	80,000	80,000	80,000
Issued and fully paid:			
300,963,598 ordinary shares of $0.10 each	30,096	30,096	30,096

The holders of ordinary shares are entitled to receive dividend as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

41. RESERVES

The application of share premium account is governed by Sections 69-69F of the Companies Act, Chapter 50.

The merger deficit comprises the difference between the consideration paid, in the form of the acquiring Company's shares and nominal value of the issued share capital of subsidiary companies acquired and is governed by Section 69B of the Companies Act, Chapter 50.

The capital reserve comprises a waiver of debt by the joint venture company on amounts due from the Company and accounting of assets in subsidiary companies at their fair values as at the acquisition date and cannot be used for dividend payments.

The asset revaluation reserve is used to record increases in the fair value of revalued property, plant and equipment and decreases to the extent that such decrease relates to an increase on the same asset previously recognised.

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.

The fair value adjustment reserve records the cumulative fair value changes of available- for-sale financial assets until they are derecognized or impaired.

The legal reserve set up in accordance to the Public Limited Companies Act B.E. 2535 under Section 116 in Thailand. The Group is required to set aside a statutory reserve of at least 5% of its net profit until the reserve reaches 10% of its registered share capital for its listed subsidiary company in Thailand.

42. COMMITMENTS AND CONTINGENCIES

(a) Capital Commitments

Capital expenditure contracted for as at the balance sheet date but not recognised in the financial statements is as follows:

	As at 31 December		
	2003	2004	2005
	$'000	$'000	$'000
Capital commitments in respect of property, plant and equipment	2,415	51,163	67,186
Authorized but not contracted for	1,417	—	—
	3,832	51,163	67,186

(b) Operating Lease Commitments

Future minimum lease payments payable under non-cancellable operating leases as at 31 December are as follows:

	As at 31 December		
	2003	2004	2005
	$'000	$'000	$'000
Payable:			
Within 1 year	848	2,203	2,335
After 1 year but within 5 years	3,180	8,296	9,077
After 5 years	7,144	15,237	13,405
	10,324	23,533	22,482
	11,172	25,736	24,817

The above operating lease commitments relate principally to the lease of Vabbinfaru Island and Ihuru Island. The operating lease of Vabbinfaru Island and Ihuru Island expire in 2019 and 2015 respectively and do not include any contingent rentals.

In addition to the operating lease commitments detailed above, as at the balance sheet date, a subsidiary company entered into lease agreements for periods of 3 to 30 years, with an option to renew the lease after that date, with certain companies and owners of the hotel. In consideration for such services, the subsidiary company is committed to pay operating lease expenses contingent upon revenue earned in accordance with the rates specified in the agreements.

Certain subsidiary companies, entered into operating agreements with certain companies whereby these companies are to operate the subsidiary companies' hotels and golf business. In consideration for such services, the subsidiary companies are committed to pay remunerations contingent upon revenue earned in accordance with the notes specified in the agreements.

(c) Contingent Liabilities

As at the balance sheet date, the Company had issued the following outstanding guarantees:

	As at 31 December		
	2003	2004	2005
	$'000	$'000	$'000
Guarantees issued on banking facilities of subsidiary companies	16,970	10,733	10,507

A case has been brought to the Administration Court in Thailand in which certain subsidiary companies are co-defendants. The Plaintiff has requested the Court to order the Phuket Provincial Land Office, named as the defendant, to revoke some land title deeds under ownership of the said companies, on the grounds that such title deeds were issued illegally. All evidence has been submitted to the Court which the Court is now considering. The land titles in question were issued well before the subsidiary companies purchased the land, which the subsidiary companies subsequently purchased

42. COMMITMENTS AND CONTINGENCIES — (Continued)

(c) **Contingent Liabilities — (Continued)**

in good faith. Although it is expected that it will take at least 1 year to receive judgment, the Group is confident that it has sufficient evidence to support its defence of this case.

(d) **Contingent Assets**

Arising out of the 2004 Tsunami, the Group sustained some property damage and substantial loss of earnings. The Group has made claims for these from its insurers and initiated legal proceedings by way of arbitration against the insurers for the recovery of the sums which the Group has been advised are recoverable under the policies.

The total claim aggregated in the arbitral proceedings by the Group is approximately US$39 million as of July 2005 which is subject to changes as the Business Interruption claim amount is open for 18 months from 26 December 2004.

43. RELATED PARTY TRANSACTIONS

An entity or individual is considered a related party of the Group for the purpose of the financial statements if (i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or (ii) it is subject to common control or common significant influence.

Other than that disclosed in the financial statements, the Group had the following significant related party transactions on terms agreed during the financial year:

	As at 31 December		
	2003	**2004**	**2005**
	$'000	**$'000**	**$'000**
(a) ***Sale and purchase of goods and services***			
Associated companies:			
— Management and service fee income	2,207	2,532	2,787
— Reservation fee income	133	171	200
— Royalty fee income	41	55	—
— Consultancy fee	286	—	—
Related parties:			
— Management and service fee income	6,606	8,254	6,496
— Rental income	100	53	40
— Consultancy fees	178	—	—
— Reservation fee income	759	887	490
(b) Acquisition of subsidiaries through related parties	—	—	736

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principle financial instruments, other than derivative financial instruments, comprise bank loans and overdraft, redeemable preference shares, finance leases and hire purchase contracts, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including principally forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations and its sources of financing.

It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risks (both fair value and cash flow), liquidity risk, foreign currency risk and credit risk. The Board of Directors reviews and agrees policies

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES — (Continued)

for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivative financial instruments are set out in Note 2.29.

(a) **Interest Rate Risk**

The Group's exposure to market risk for changes in interest rate environment relates primarily to the Group's investment portfolio and long-term debt obligations. The Group does not use derivative financial instruments to hedge its investment portfolio.

The Group's policy is to manage its exposure to interest rate risks using a mix of fixed and variable rate debts.

(b) **Foreign Currency Risk**

The Group is exposed to exchange risk as the majority of its receivables and payables, project costs and progress billings are denominated in foreign currencies, mainly US dollars and Thai Baht. There is no formal hedging policy with respect to the foreign exchange exposure. Exposure to exchange risk is monitored on an ongoing basis and the Group uses foreign currency forward exchange contracts to manage the exchange risks.

As at 31 December 2005, the Group had entered into foreign currency forward exchange contracts amounting to $37,023,900 (2004: $28,793,600; 2003: $Nil). The fair value adjustment to the forward exchange contracts (which is the difference between notional principal amount and market value of the contracts) is loss of $748,162 (2004: gain of $99,000; 2003: $Nil).

The fair values of foreign currency forward exchange contracts have been calculated (using rates quoted by the banks) assuming the contracts are terminated at the balance sheet date.

(c) **Credit Risk**

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets. Cash is placed with financial institutions with good credit rating.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets.

Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments carried at fair value

The Group and Company has carried all investment securities that are classified as held for trading or available-for-sale financial assets, and all derivative financial instruments, at their fair value as required by FRS 39.

Financial instruments whose carrying amount approximate fair value

Management has determined that the carrying amounts of cash and short term deposits, current trade and other receivables, bank overdrafts, current trade and other payables and current bank loans, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES — (Continued)

Fair values — (Continued)

Financial instruments carried at other than fair value

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments that are carried in the financial statements at other than fair values as at 31 December.

	As at 31 December					
	Carrying Amount			Fair value		
	2003	2004	2005	2003	2004	2005
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets:						
Trade receivables	40,228	26,106	34,011	40,228	26,106	34,246
Financial liabilities:						
Other payable	34,542	39,539	49,960	34,542	39,539	51,267

Methods and assumptions used to determine fair values.

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values as mentioned earlier, are as follow:

Financial assets and liabilities	Methods and assumptions
• Investment securities (quoted shares)	Fair value has been determined by reference to published market prices or broker quotes at the balance sheet date without factoring in transaction costs.
• Non-redeemable preference shares • Investment securities (unquoted shares)	It is not practicable to determine the fair values because of the lack of quoted market prices and the assumptions used in valuation models to value these investments cannot be reasonably determined.

During the year, no amount (2004: Nil; 2003: Nil) has been recognised in the profit and loss account in relation to the change in fair value of financial assets or financial liabilities estimated using a valuation technique.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES — (Continued)

Fair values — (Continued)

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following tables indicates their effective interest rates at balance sheet date and the periods in which they reprice.

	Note	2003 Effective rate	Total	1 year	1 to 5 Years	After 5 Years
		%	$'000	$'000	$'000	$'000
Group						
Financial assets						
Cash and cash equivalents	29	0.0 – 1.75	33,534	33,534	—	—
Long-term loan due from a related party	18	0.5 – 14.5	11,340	—	—	11,340
Long-term trade receivables						
— Fixed rate	17	9.75	727	320	407	—
— Floating rate	17	SIBOR + 5	2,178	513	1,201	464
Loan stock receivable	25	SIBOR + 2	2,101	2,101	—	—
			49,880	36,468	1,608	11,804
Financial liabilities						
Long-term loan due to a related party	27	0.5	(3,103)	—	—	(3,103)
Hire purchase creditors	34	2.6 – 6.13	(94)	(24)	(70)	—
Short-term bank loan	33	MMR	(9,020)	(9,020)	—	—
Bank overdraft	29	AAA-2	(1,308)	(1,308)	—	—
Secured bank loan						
— S$ floating rate loan	33	PLR+0.125	(850)	(300)	(550)	—
— S$ floating rate loan	33	PLR+0.5	(7,557)	(925)	(4,627)	(2,005)
— US$ floating rate loan	33	SIBOR+2	(1,488)	(1,488)	—	—
— BHT fixed rate loan	33	4 – 4.80	(39,085)	(13,745)	(25,340)	—
— BHT floating rate loan	33	MLR-1 to -2	(13,190)	(812)	(12,378)	—
— LKR fixed rate loan	33	5.0	(69)	(18)	(51)	—
Redeemable preference shares	36	16.0	(27,100)	—	(27,100)	—
			(102,864)	(27,640)	(70,116)	(5,108)

SIBOR: Singapore inter-bank offered rate
MMR: Money market rate
PLR: Prime lending rate
MLR: Minimum lending rate
COF: Cost of fund
AAA: HSBC in-house credit rating based rates

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES — (Continued)

Fair values — (Continued)

	Note	2004 Effective rate	Total	1 year	1 to 5 Years	After 5 Years
		%	$'000	$'000	$'000	$'000
Group						
Financial assets						
Cash and cash equivalents	29	0.0 – 2.0	51,633	51,633	—	—
Long-term trade receivables						
— Fixed rate	17	9.0 – 12.0	1,475	776	699	—
— Floating rate	17	SIBOR + 5	1,295	333	748	214
			54,403	52,742	1,447	214
Financial liabilities						
Hire purchase creditors	34	2.60 – 6.13	(70)	(20)	(50)	—
Short-term bank loan	33	MMR	(2,515)	(2,515)	—	—
Bank overdrafts	29	AAA-2	(1,721)	(1,721)	—	—
Secured bank loan						
— S$ floating rate loan	33	PLR+0.125	(550)	(300)	(250)	—
— S$ floating rate loan	33	COF+2	(6,632)	(925)	(4,627)	(1,080)
— BHT fixed rate loan	33	3.50 – 4.0	(25,150)	(12,575)	(12,575)	—
— BHT floating rate loan	33	MLR-1 to-2	(11,954)	(1,560)	(10,394)	—
— LKR fixed rate loan	33	5.0	(47)	(16)	(31)	—
Redeemable preference shares	36	8.0	(27,100)	—	(27,100)	—
			(75,739)	(19,632)	(55,027)	(1,080)

SIBOR: Singapore inter-bank offered rate
MMR: Money market rate
PLR: Prime lending rate
MLR: Minimum lending rate
COF: Cost of fund
AAA: HSBC in-house credit rating based rates

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES — (Continued)

Fair values — (Continued)

	Note	2005 Effective rate	Total	1 year	1 to 5 Years	After 5 Years
		%	$'000	$'000	$'000	$'000
Group						
Financial assets						
Cash and cash equivalents	29	0.0 – 3.8	38,191	38,191	—	—
Long-term trade receivables						
— Fixed rate	17	9.0 – 12.0	1,430	665	765	—
— Floating rate	17	SIBOR + 5%	1,067	395	672	—
			40,688	39,251	1,437	—
Financial liabilities						
Hire purchase creditors	34	2.6 – 6.13	(50)	(19)	(31)	—
Short-term bank loan	33	MMR	(24,072)	(24,072)	—	—
Bank overdrafts	29	AAA – 2	(843)	(843)	—	—
Secured bank loan						
— S$ floating rate loan	33	1.5 above SGD swap cost	(1,100)	(450)	(650)	—
— S$ floating rate loan	33	COF + 2	(5,705)	(925)	(4,626)	(154)
— US$ floating rate loan		COF + 2.25%	(7,515)	(376)	(7,139)	—
— US$ floating rate loan	33	SIBOR + 1.5%	(10,020)	—	(10,020)	—
— US$ fixed rate loan	33	8.5	(15,468)	(15,468)	—	—
— BHT fixed rate loan	33	2.0 – 4.0	(24,123)	(14,280)	(9,843)	
— BHT floating rate loan	33	MLR to MLR – 2	(108,183)	(12,299)	(77,680)	(18,204)
— LKR fixed rate loan	33	5.0	(33)	(17)	—	(16)
Redeemable preference shares	36	8.0	(27,100)	—	(27,100)	—
			(224,212)	(68,749)	(137,089)	(18,374)

SIBOR: Singapore inter-bank offered rate
MMR: Money market rate
PLR: Prime lending rate
MLR: Minimum lending rate
COF: Cost of fund
AAA: HSBC in-house credit rating based rates

45. SEGMENT INFORMATION

Reporting format

The primary reporting format is determined to be business segments as the Group's risk and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating business is organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

45. SEGMENT INFORMATION — (Continued)

Business segments

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The hotel investment segment relates to hotel and restaurant operations.

The hotel management segment relates to the management of hotels and resorts.

The spa operation segment relates to the management and operation of spas.

The gallery operation segment relates to sales of merchandise.

The property sales segment relates to property development operations and time-share business.

Design and others segment includes mainly provision of design services, management and ownership of golf course and rental of retail outlets and offices.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets and expenses.

The turnover by geographical segments are based on the location of customers where the products are produced and services rendered. The assets and capital expenditure are based on the location of those assets.

Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

Allocation basis and transfer pricing

Segments results, assets and liabilities include items directly attributable to a segment as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

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.

45. SEGMENT INFORMATION — (Continued)

(a) Business segments

The following tables present revenue and results information regarding the Group's business segments for the years ended 31 December 2003, 2004 and 2005:

Business segment	Continuing Operations Hotel investment	Hotel management	Spa operation	Gallery operation	Property sales	Design fees and others	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 31 December 2003							
Segment revenue							
Sales to external customers	82,263	12,546	16,111	6,344	39,317	6,687	163,268
Intersegment sales	—	(5,790)	(1,814)	—	—	(1,487)	(9,091)
	82,263	6,756	14,297	6,344	39,317	5,200	154,177
Unallocated income							2,557
Total revenue							156,734
Segment results	17,031	2,146	5,128	859	22,471	(8,705)	38,930
Unallocated income							854
Amortisation of negative goodwill							1,703
Profit from operations							41,487
Finance income							706
Finance costs							(7,100)
Share of results of associated companies							6,318
Share of results of joint venture companies							20
Profit before taxation							41,431
Income tax expense							(8,927)
Profit for the year							32,504

45. SEGMENT INFORMATION — (Continued)

(a) Business segments — (Continued)

Business segment	Continuing Operations: Hotel investment	Hotel management	Spa operation	Gallery operation	Property sales	Design fees and others	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 31 December 2004							
Segment revenue							
Sales to external customers	134,659	15,617	18,572	7,961	44,098	8,732	229,639
Intersegment sales	(799)	(6,666)	(1,808)	(61)	—	(1,507)	(10,841)
	133,860	8,951	16,764	7,900	44,098	7,225	218,798
Unallocated income							5,789
Total revenue							224,587
Segment results	35,083	3,809	6,083	1,858	18,396	(7,216)	58,013
Unallocated income							4,107
Amortisation of negative goodwill							1,682
Profit from operations							63,802
Finance income							1,207
Finance expenses							(4,534)
Share of results of associated companies							465
Share of results of joint venture companies							(4)
Profit before taxation							60,936
Income tax expense							(11,450)
Profit for the year							49,486

45. SEGMENT INFORMATION — (Continued)

(a) Business segments — (Continued)

	Continuing Operations						
Business segment	Hotel investment	Hotel management	Spa operation	Gallery operation	Property sales	Design fees and others	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 31 December 2005							
Revenue							
Segment revenue							
Sales to external customers	112,266	14,360	18,259	6,943	30,973	14,658	197,459
Intersegment sales	(713)	(7,720)	(1,167)	(115)	—	(821)	(10,536)
	111,553	6,640	17,092	6,828	30,973	13,837	186,923
Unallocated income							1,673
Total revenue							188,596
Results							
Segment results	2,307	523	1,530	316	10,878	(5,372)	10,182
Unallocated income							1,673
Profit from operations							11,855
Finance income							794
Finance expenses							(9,726)
Share of results of associated companies							610
Share of results of joint venture companies							(35)
Profit before taxation							3,498
Income tax expense							(3,521)
Loss for the year							(23)

45. SEGMENT INFORMATION — (Continued)

(a) Business segments — (Continued)

The following tables present certain assets, liabilities and other information regarding the Group's business segments for the years ended 31 December 2003, 2004 and 2005:

	Continuing Operations						
Business segment	Hotel investment	Hotel management	Spa operation	Gallery operation	Property sales	Design fees and others	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 31 December 2003							
Segment assets	239,599	5,679	11,868	8,624	140,114	41,739	447,623
Investment in associated companies							19,452
Investment in joint venture companies							6,525
Deferred tax assets							6,833
Total assets							480,433
Segment liabilities	79,492	2,412	11,515	1,405	8,105	47,430	150,359
Current and deferred tax liabilities							63,736
Total liabilities							214,095
Other segment information:							
Capital expenditure	5,648	179	3,201	37	408	223	9,696
Depreciation	10,413	190	820	122	39	615	12,199
Amortisation of prepaid island rental	1,227	—	—	—	—	—	1,227
Impairment loss	—	—	—	—	799	2,300	3,099
Year ended 31 December 2004							
Segment assets	287,343	7,464	12,629	7,118	96,122	57,123	467,799
Investment in associated companies							18,199
Investment in joint venture companies							6,071
Deferred tax assets							6,641
Total assets							498,710
Segment liabilities	55,546	2,896	9,228	1,368	14,993	43,336	127,367
Current and deferred tax liabilities							67,912
Total liabilities							195,279
Other segment information:							
Capital expenditure	15,201	413	1,477	150	234	1,150	18,625
Depreciation	13,655	—	1,046	167	117	559	15,544
Amortisation of prepaid island rental	2,082	—	—	—	—	—	2,082
Impairment of property, plant and equipment	1,744	—	—	—	—	—	1,744

45. SEGMENT INFORMATION — (Continued)

(a) **Business segments — (Continued)**

Business segment	Hotel investment	Hotel management	Spa operation	Gallery operation	Property sales	Design fees and others	Total
	Continuing Operations						
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 31 December 2005							
Assets and liabilities:							
Segment assets	468,950	9,036	13,293	7,883	42,807	100,925	642,894
Investment in associated companies							21,411
Investment in joint venture companies							4,163
Deferred tax assets							13,529
Total assets							681,997
Segment liabilities	187,720	3,505	8,558	1,528	18,118	72,252	291,681
Current and deferred tax liabilities							69,495
Total liabilities							361,176
Other segment information:							
Capital expenditure	50,446	81	788	164	194	4,961	56,634
Depreciation	16,407	24	1,200	203	175	1,873	19,882
Amortisation of prepaid island rental	2,944	—	—	—	—	—	2,944
Write back of impairment of property, plant and equipment	(1,309)	—	—	—	—	—	(1,309)

(b) **Geographical segments**

The following tables present revenue, capital expenditure and certain assets information regarding the Group's geographical segments for the years ended 31 December 2003, 2004 and 2005:

Geographical segment	South East Asia	Indian Oceania	North East Asia	Rest of the world	Total
	$'000	$'000	$'000	$'000	$'000
Year ended 31 December 2003					
Revenue:					
Segment revenue					
Sales to external customers	105,391	25,707	279	22,800	154,177
	105,391	25,707	279	22,800	154,177
Unallocated income					2,557
Total revenue					156,734
Other segment information:					
Segment assets	379,544	30,181	1,576	36,322	447,623
Investment in associated companies					19,452
Investment in joint venture companies					6,525
Deferred tax assets					6,833
Total assets					480,433
Capital expenditure	3,808	2,777	2,355	756	9,696

45. SEGMENT INFORMATION — (Continued)

(b) Geographical segments — (Continued)

Geographical segment	South East Asia	Indian Oceania	North East Asia	Rest of the world	Total
	$'000	$'000	$'000	$'000	$'000
Year ended 31 December 2004					
Revenue:					
Segment revenue Sales to external customers	180,227	33,806	950	3,815	218,798
	180,227	33,806	950	3,815	218,798
Unallocated income					5,789
Total revenue					224,587
Other segment information:					
Segment assets	415,637	32,695	3,412	16,055	467,799
Investment in associated companies					18,199
Investment in joint venture companies					6,071
Deferred tax assets					6,641
Total assets					498,710
Capital expenditure	11,681	6,508	186	250	18,625
Year ended 31 December 2005					
Revenue:					
Segment revenue Sales to external customers	142,240	32,354	2,699	9,630	186,923
	142,240	32,354	2,699	9,630	186,923
Unallocated income					1,673
Total revenue					188,596
Other segment information:					
Segment assets	558,552	68,174	13,255	2,913	642,894
Investment in associated companies					21,411
Investment in joint venture companies					4,163
Deferred tax assets					13,529
Total assets					681,997
Capital expenditure	44,577	2,463	9,419	175	56,634

46. DIVIDENDS PAID

	Years ended 31 December		
	2003	2004	2005
	$'000	$'000	$'000
Final:			
— Ordinary shares Nil (2004: S$0.0421; 2003: Nil) per share less tax	—	12,676	—

47. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

	Group	
	As currently reported 2003 $'000	As previously reported 2003 $'000
Profit and loss account:		
Other operating income	2,557	3,877
Other operating expenses	(26,374)	(24,595)
Exceptional items	—	(3,099)
	(23,817)	(23,817)
Balance sheet account:		
Amounts due from associated companies	948	—
Amounts due from related parties	5,614	6,562
Deferred tax assets	6,833	—
Deferred tax liabilities	(57,709)	(50,876)
Amounts due to associated companies	(5)	—
Amounts due to related parties	(2,888)	(2,893)
Interest-bearing loans and borrowings (current)	27,616	34,248
Interest-bearing loans and borrowings (non-current)	44,951	38,319
	25,360	25,360

	Group	
	As currently reported 2004 $'000	As previously reported 2004 $'000
Profit and loss account:		
Other operating income	5,789	7,126
Other operating expenses	(31,712)	(31,305)
Minority interests	(19,098)	(19,929)
Exceptional items	—	(913)
	(45,021)	(45,021)
Balance sheet account:		
Deferred tax assets	6,641	—
Deferred tax liabilities	(62,959)	(56,318)
Amounts due to associated companies	(1)	—
Amounts due to related parties	(289)	(290)
Amounts due from associated companies	539	—
Amounts due from related parties	3,821	4,360
	(52,248)	(52,248)

48. AUTHORIZATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2005 were authorized for issue in accordance with a resolution of the Directors on 26 May 2006.

49. EVENTS AFTER THE BALANCE SHEET DATE

Pursuant to written resolutions dated 17 April 2006 and 28 April 2006 and at the annual general meeting of the Company held on 28 April 2006, the shareholders of the Company approved, among other things, the following:

(a) the conversion of the Company to a public limited company and the change of name from ''Banyan Tree Holdings Pte Ltd'' to ''Banyan Tree Holdings Limited'';

(b) the adoption of a new set of articles of association;

(c) the sub-division of every one (1) share in the share capital of the Company into 2 shares;

(d) the allotment and issue of new shares to Executive Directors (save for Executive Chairman Mr Ho KwonPing), Executive Officers (save for Mr Ho KwonCjan and Ms Claire Chiang), other employees of the Group and persons who are employees of the resorts, spas and business units managed by the Group (but not necessarily employed by the Group);

(e) the allotment and issue of new shares to holders of the ''B'' preference shares pursuant to the redemption of the ''B'' preference shares by way of conversion into shares;

(f) the allotment and issue of new shares to Tropical Resorts Management Co Ltd pursuant to the trademark acquisition;

(g) the allotment and issue of shares and any additional shares to be issued pursuant to the exercise of the over-allotment option, which are the subject of the offering. The issue shares and any additional shares, when allotted, issued and fully paid-up, will rank pari passu in all respects with the existing shares;

(h) that authority be given pursuant to Section 161 of the Singapore Companies Act to the Directors to allot and issue shares and/or convertible securities (where the maximum number of shares to be issued upon conversion is determinable at the time of the issue of such securities) in the Company (whether by way of rights, bonus, or otherwise) at any time and from time to time thereafter to such persons and on such terms and conditions for and such purposes as the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares and/or convertible securities to be issued shall not exceed 50.0 per cent of the issued share capital of the Company, of which the aggregate number of shares and/or convertible securities to be issued other than on a pro rata basis to existing shareholders shall not exceed 20.0 per cent of the issued share capital of the Company (the percentage of issued share capital being based on the issued share capital at the time such authority is given after adjusting for new shares arising from the conversion of any convertible securities or employee share options in issue at the time such authority is given and any subsequent consolidation or subdivision of shares) and unless revoked or varied by the Company in general meeting and that such authority shall continue in force until the conclusion of the next annual general meeting or the expiration of the period within which the next annual general meeting of the Company is required by law to be held, whichever is the earlier;

(i) the adoption of the Banyan Tree Share Option Scheme, that authority be given to the Directors to allot and issue new shares upon the exercise of options granted under the Banyan Tree Share Option Scheme and that authority be given to the committee to grant options at a discount up to a maximum of 20.0 per cent; and

(j) the adoption of the Banyan Tree Performance Share Plan.

At an extraordinary general meeting of the Company held on 2 May 2006, the independent shareholders, approved:

(a) the adoption of the founder's grant to Executive Chairman, Mr Ho KwonPing, pursuant to the approval of the employment agreement between the Company and Mr Ho KwonPing; and

(b) the shareholders' mandate for interested person transactions.

On 25 April 2006, a subsidiary company, Banyan Tree Properties Pte Ltd, entered into deeds of assignment with Gold Sand Investments Ltd. (a related party), in relation to the assignment by Gold Sand Investments

49. EVENTS AFTER THE BALANCE SHEET DATE — (Continued)

Ltd to Banyan Tree Properties Pte Ltd of amongst others, each lease agreement entered into between Gold Sand Investments Ltd., as lessee and Kingley Realty Limited, as lessor, in respect of certain number of Bintan Units, for a consideration of $60. If Banyan Tree Properties Pte Ltd leases the maximum number of units available under the deeds of assignment, the total consideration payable to Kingley Realty Limited would be $13.07 million.

On 25 April 2006, a subsidiary company, Banyan Tree Properties Pte Ltd, entered into deeds of assignments with Salvia Investments Ltd (a related party), in relation to the assignment by Salvia Investments Ltd to Banyan Tree Properties Pte Ltd of amongst others, each lease agreement entered into between Salvia Investments Ltd as lessee and Kingley Realty Limited, as lessor, in respect of certain number of Bintan Units, for a consideration of $2.17 million which is payable by 24 June 2006.

On 5 May 2006, a subsidiary company, Maldives Cape Pvt Ltd, signed an agreement for the lease over a picnic island in the Maldives, for a term of approximately 16 years. The upfront premium payable for the lease is US$833,087 and the rent for the first year is US$300,000. The annual rent after the first year is US$276,667.

On 8 May 2006, the Company entered into a sale and purchase agreement to acquire the ''Banyan Tree'', ''Angsana'', ''Elements'', ''Yue Chun'' and ''Yue Rong'' trademarks from Tropical Resorts Management Co Ltd (''TRMC'') and ''The Allamanda'' trademark from The Allamanda Residential Suites Limited (''TARS'') at an aggregate consideration of S$24.3 million. Subsequently, on 22 May 2006, the said brands were transferred to the Company under Deeds of Assignment from TRMC and TARS respectively for the issue of 15,552,000 of the Company's ordinary shares to TRMC as part settlement of the consideration.

On 16 May 2006, the Company participated in the incorporation of 3 companies, Maldives Sun Pvt Ltd, Maldives Sand Pvt Ltd and Maldives Shore Pvt Ltd, all in the Republic of Maldives. The Company owns 49% of the issued capital in each of the 3 companies. Each of these entities has an issued and paid-up share capital of MRF10,000 divided into 10,000 ordinary shares of par value MRF1 each. The principal activities of these subsidiaries are property investment.

The shareholders of the Company at an extraordinary general meeting held on 22 May 2006 approved that contingent upon the close of the proposed initial public offer by the Company, the Directors of the Company are authorized to allot and issue up to an aggregate of 8 million ordinary shares, at no consideration, to eligible employees and employees of the Company's associated companies and/or the resorts, spas and business units managed by the Group, as determined by the Executive Chairman and approved by the Nominating and Remuneration Committee of the Company.

On 22 May 2006, the Company issued a Notice of Redemption to ''B'' Preference Shareholders of the Company, giving notice of redemption by the Company of the ''B'' Preference Shares held by the ''B'' Preference Shareholders by way of conversion into 22,848,000 ordinary shares of the Company.

Company Registration No. 2000 03108 H

Consolidated Interim Financial Statements

BANYAN TREE HOLDINGS LIMITED AND ITS SUBSIDIARY COMPANIES

Period from 1 January 2006 to 31 March 2006

CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF BANYAN TREE HOLDINGS LIMITED

26 May 2006

The Board of Directors
Banyan Tree Holdings Limited
211 Upper Bukit Timah Road
Singapore 588182

Dear Sirs,

We have reviewed the accompanying consolidated interim financial statements of Banyan Tree Holdings Limited (''the Company'') and its subsidiary companies (collectively, the ''Group''), comprising the Group's consolidated interim balance sheets as at 31 March 2006, its consolidated interim profit and loss accounts, cash flows and changes in shareholders' equity for the periods from 1 January 2006 to 31 March 2006 and 1 January 2005 to 31 March 2005. These consolidated interim financial statements of the Group are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated interim financial statements based on our review.

We conducted our review in accordance with Singapore Engagement Standards applicable to review engagements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to enquiries of Group personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements are not presented fairly, in all material respects, in accordance with Singapore Financial Reporting Standards.

ERNST & YOUNG
Certified Public Accountants
Singapore

Partner-in-Charge: Mr Tan Chian Khong

BANYAN TREE HOLDINGS LIMITED AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNT FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2006 TO 31 MARCH 2006

		Group	
	Note	1.1.2006 to 31.3.2006	1.1.2005 to 31.3.2005
		$'000	$'000
Continuing operations			
Revenue	3	80,754	34,941
Other operating income	4	617	461
		81,371	35,402
Costs and expenses			
Operating supplies		(12,817)	(4,716)
Salaries and related expenses	5	(16,996)	(13,994)
Administrative expenses		(4,601)	(4,674)
Sales and marketing expenses		(3,008)	(2,368)
Depreciation of property, plant and equipment		(5,376)	(4,515)
Other operating expenses		(11,035)	(7,532)
Total costs and expenses		(53,833)	(37,799)
Profit/(Loss) from continuing operations	6	27,538	(2,397)
Finance income	7	370	251
Finance costs	8	(3,783)	(1,588)
Share of results of associated companies		289	403
Share of results of joint venture companies		(2)	(2)
Profit/(Loss) from continuing operations before taxation		24,412	(3,333)
Income tax expenses	9	(6,932)	163
Profit/(Loss) from continuing operations after taxation		17,480	(3,170)
Attributable to:			
Equity holders of the Company		11,079	(903)
Minority interests		6,401	(2,267)
		17,480	(3,170)
Basic and diluted earnings/(loss) per share	10	1.84 cents	(0.15) cents

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

BANYAN TREE HOLDINGS LIMITED AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED INTERIM BALANCE SHEETS AS AT 31 MARCH 2006

	Note	Group 31.3.2006 $'000	Group 31.12.2005 $'000
Non-current assets			
Property, plant and equipment	11	450,395	438,713
Land awaiting for future development	12	26,599	26,087
Associated companies	14	21,201	21,411
Joint venture companies	15	4,054	4,163
Prepaid island rental	16	30,669	32,095
Long-term trade receivables	17	1,418	1,437
Intangible assets	18	2,828	2,778
Long-term investments	19	8,762	8,593
Other non-current assets	20	907	805
Deferred tax assets	35	12,997	13,529
		559,830	549,611
Current assets			
Inventories	21	8,459	8,118
Trade receivables	22	40,299	34,011
Other receivables	23	31,940	26,053
Amounts due from associated companies	24	1,816	725
Amounts due from related parties	25	3,502	3,210
Property development costs	26	24,502	22,078
Cash and bank balances	27	46,784	38,191
		157,302	132,386
		717,132	681,997
Current liabilities			
Excess of progress billings over work-in-progress	28	—	30
Trade payables		12,767	11,802
Other payables	29	53,217	49,960
Amounts due to associated companies	24	12	—
Amounts due to related parties	25	431	439
Interest-bearing loans and borrowings	30	71,452	68,730
Tax payable		6,201	2,056
		144,080	133,017
Net current assets/(liabilities)		13,222	(631)
Non-current liabilities			
Hire purchase creditors	31	86	31
Interest-bearing loans and borrowings	30	131,082	128,332
Loan stock	32	421	421
Redeemable preference shares	33	27,100	27,100
Other non-current liabilities	34	3,162	2,915
Deferred tax liabilities	35	70,091	67,439
Loan from minority shareholder of a subsidiary company	36	1,876	1,921
		233,818	228,159
Net assets		339,234	320,821
Equity attributable to equity holders of the Company			
Share capital	37	60,192	30,096
Share premium		—	30,096
Reserves	38	138,337	128,631
		198,529	188,823
Minority interests		140,705	131,998
Total equity		339,234	320,821

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

BANYAN TREE HOLDINGS LIMITED AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 1 JANUARY 2006 TO 31 MARCH 2006

Group	Note	Share capital	Share premium	Merger deficit	Capital reserve	Revaluation reserve	Currency translation reserve	Fair value adjustment reserve	Legal reserve	Accumulated profits	Total attributable to equity holders of the Company	Minority interest	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2006		30,096	30,096	(18,038)	7,852	26,813	(2,994)	(551)	613	114,936	188,823	131,998	320,821
Exchange differences on translation of financial statements of overseas subsidiary and associated companies		—	—	—	—	—	(1,373)	—	—	—	(1,373)	2,263	890
Net profit for the period		—	—	—	—	—	—	—	—	11,079	11,079	6,401	17,480
Capital contribution by minority interest		—	—	—	—	—	—	—	—	—	—	43	43
Transfer from share premium account to share capital upon implementation of the Companies (Amendment) Act 2005	37	30,096	(30,096)	—	—	—	—	—	—	—	—	—	—
At 31 March 2006		60,192	—	(18,038)	7,852	26,813	(4,367)	(551)	613	126,015	198,529	140,705	339,234
At 1 January 2005		30,096	30,096	(18,038)	7,852	28,260	(1,997)	8	463	114,474	191,214	139,880	331,094
Exchange differences on translation of financial statements of overseas subsidiary and associated companies		—	—	—	—	—	1,361	—	—	—	1,361	563	1,924
Surplus on revaluation of property, plant and equipment		—	—	—	—	126	—	—	—	—	126	61	187
Net income recognised directly in equity		—	—	—	—	126	1,361	—	—	—	1,487	624	2,111
Net profit for the period		—	—	—	—	—	—	—	—	(903)	(903)	(2,267)	(3,170)
Net change in FRS39 reserve		—	—	—	—	—	—	(147)	—	—	(147)	(137)	(284)
At 31 March 2005		30,096	30,096	(18,038)	7,852	28,386	(636)	(139)	463	113,571	191,651	138,100	329,751

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

BANYAN TREE HOLDINGS LIMITED AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED INTERIM CASH FLOW STATEMENT
FOR THE PERIOD FROM 1 JANUARY 2006 TO 31 MARCH 2006

	1.1.2006 to 31.3.2006	1.1.2005 to 31.3.2005
	$'000	$'000
Cash flows from operating activities		
Profit/(loss) from continuing operations before taxation	24,412	(3,333)
Adjustments for:		
Share of results of associated companies	(289)	(403)
Share of results of joint venture companies	2	2
Depreciation of property, plant and equipment	5,376	4,515
Loss/(gain) on disposal of property, plant and equipment	1	(2)
Write off of property, plant and equipment	—	300
Finance income	(370)	(251)
Finance costs	3,783	1,588
Currency realignment	(1,255)	249
Amortisation of prepaid island rental	995	514
Allowance for doubtful debts — trade	18	317
Write back of allowance for doubtful debts — trade	(16)	(22)
Bad debts written back — trade	(11)	—
Allowance for inventory obsolescence	24	16
	8,258	6,823
Operating profit before working capital changes — continuing operations	32,670	3,490
(Increase)/decrease in inventories	(8)	57
(Increase)/decrease in trade and other receivables	(6,560)	2,840
Increase in amounts due from related parties	(2,834)	(1,025)
Increase/(decrease) in trade and other payables	1,467	(11,097)
	(7,935)	(9,225)
Cash flows generated from/(used in) operating activities and continuing operations	24,735	(5,735)
Interest received	358	251
Interest paid	(2,285)	(931)
Tax paid	(403)	(339)
Net cash flows from/(used in) operating activities and continuing operations	22,405	(6,754)
Cash flows from investing activities		
Purchase of property, plant and equipment	(17,499)	(6,199)
Acquisition of subsidiary, net of cash acquired (Note 13)	—	1,843
Acquisition of long term investments	—	(899)
Net cash flows used in investing activities	(17,499)	(5,255)
Cash flows from financing activities		
Proceeds from loans	9,245	63,959
Repayment of loans	(6,404)	(51,106)
Increase in hire purchase creditors	55	—
Net cash flows from financing activities	2,896	12,853
Net increase in cash and cash equivalents	7,802	844
Net foreign exchange difference	455	96
Cash and cash equivalents at beginning of period	37,348	49,912
Cash and cash equivalents at end of period (Note 27)	45,605	50,852

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

1. CORPORATE INFORMATION

Banyan Tree Holdings Pte Ltd (''the Company'') is a private limited Company, domiciled and incorporated in Singapore.

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

The principal activities of the Company are those of investment holding and the provision of project design and management services. The principal activities of the subsidiary companies are set out in Note 13 to the financial statements. There have been no significant changes in the nature of these activities during the year. The Group and Company employed 4,617 and 8 (31.12.2005: 4,177 and 8) employees as at 31 March 2006 respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The consolidated interim financial statements of the Group have been prepared in accordance with Singapore Financial Reporting Standards (''FRS'') as required by the Singapore Companies Act, Cap. 50.

The consolidated interim financial statements have been prepared on a historical cost basis except for property, plant and equipment, derivative financial instruments and held for trading and available-for-sale financial assets that have been measured at their fair values.

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

2.2 Changes in Accounting Policies

The accounting polices have been consistently applied by the Group and are consistent with those used in the previous financial year.

(a) **Adoption of new FRS**

The adoption of the new and revised standards mandatory for annual financial period beginning on or after 1 January 2006 did not result in any significant changes in accounting policies:

FRS 19 (revised), Employee Benefits

FRS 106, Exploration for and Evaluation of Mineral Resources

INT FRS 104, Determining Whether an Arrangement Contains a Lease

INT FRS 105, Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

INT FRS 106, Liabilities Arising from Participating in a Specific Market — Waste Electrical and Electronic Equipment

(b) **FRS and INT FRS not yet effective**

The Group has not applied the following FRS and INT FRS that have been issued but not yet effective.

(i) ***FRS 40, Investment Property***

FRS 40 is effective for financial periods beginning on or after 1 January 2007. Based on the existing conditions, the Group expects that the adoption of the standard will not have material impact on the financial statements in the period of initial application.

(ii) ***FRS 107, Financial Instruments: Disclosure***

This standard, effective for annual financial periods beginning on or after 1 January 2007, requires quantitative disclosures of nature and extent of risks arising from financial instruments in addition to the disclosures currently required under FRS 32. Adoption of this standard will result in additional disclosures in the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

2.2 Changes in Accounting Policies — (Continued)

(b) **FRS and INT FRS not yet effective — (Continued)**

(iii) ***INT FRS 107, Applying the Restatement Approach under FRS 29, Financial Reporting in Hyperinflationary Economies***

This interpretation, effective for annual financial periods beginning on or after 1 March 2006, does not apply to the activities of the Group.

2.3 Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements 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.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) **Impairment of goodwill**

The Group determines whether goodwill are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's positive goodwill at 31 March 2006 was $2,828,000 (31.12.2005: $2,778,000). More details are given in Note 18.

(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 to 50 years. The carrying amount of the Group's property, plant and equipment at 31 March 2006 was $450,395,000 (31.12.2005: $438,713,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(iii) **Income taxes**

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement 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 amount of the Group's tax payables at 31 March 2006 was $6,201,000 (31.12.2005: $2,056,000).

2.4 Functional and Foreign Currency

(a) **Functional currency**

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be SGD. Sales prices and major costs of providing

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

2.4 Functional and Foreign Currency — (Continued)

(a) **Functional currency — (Continued)**

goods and services including major operating expenses are primarily influenced by fluctuations in SGD.

(b) **Foreign currency transactions**

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary companies and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. 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 determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the profit and loss account except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiary companies, which are recognised initially in a separate component of equity as foreign currency translation reserve in the consolidated interim balance sheet and recognised in the consolidated interim profit and loss account on disposal of the subsidiary company.

Differences on foreign currency borrowings that provide a hedge against a net investment in a foreign operation are also taken directly to the foreign currency translation reserve until the disposal of the net investment, at which time they are recognised in the profit and loss account. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in the foreign currency translation reserve.

(c) **Foreign currency translation**

The results and financial position of foreign operations are translated into SGD using the following procedures:

- Assets and liabilities for each balance sheet presented are translated at the closing rate ruling at that balance sheet date; and
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions.

All resulting exchange differences are recognised in a separate component of equity as foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date.

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

On disposal of a foreign operation, the cumulative amount of exchange differences deferred in equity relating to that foreign operation is recognised in the profit and loss account as a component of the gain or loss on disposal.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

2.5 Subsidiary Companies and Principles of Consolidation

(a) **Subsidiary companies**

A subsidiary company is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

(b) **Principles of consolidation**

The consolidated interim financial statements comprise the financial statements of the Company and its subsidiary companies as at the balance sheet date. The financial statements of the subsidiary companies are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.

Subsidiary companies are fully 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.

Acquisitions of subsidiary companies are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. The goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2.9 below.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the profit and loss account on the date of acquisition.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. They are presented in the consolidated interim balance sheet within equity, separately from the parent shareholders' equity, and are separately disclosed in the consolidated interim profit and loss account.

2.6 Associated Companies

An associated company is an entity, not being a subsidiary company or a joint venture company, in which the Group has significant influence. This generally coincides with the Group having 20% or more of the voting power, or has representation on the board of directors.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

2.6 Associated Companies — (Continued)

Any excess of the Group's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associated company's profit or loss in the period in which the investment is acquired.

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

The reporting dates of the associated companies and the Group are identical and the associated companies' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

2.7 Joint Venture Companies

The Company has interests in joint venture companies which are jointly controlled entities. A joint venture company is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture company that involves the establishment of a separate entity in which each venturer has an interest.

The Group's investments in joint venture companies are accounted for using the equity method. Under the equity method, the investment in joint venture company is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint venture company. The Group's share of the profit or loss of the joint venture company is recognised in the consolidated interim profit and loss account. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the joint venture company. The joint venture company is equity accounted for from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture company.

2.8 Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses. Land, land awaiting for development and buildings are subsequently revalued on an asset-by-asset basis, to their fair values. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are made annually to ensure that their carrying amount does not differ materially from their fair value at the balance sheet date.

When an asset is revalued, any increase in the carrying amount is credited directly to the asset revaluation reserve. However, the increase is recognised in the profit and loss account to the extent that it reverses a revaluation decrease of the same asset previously recognised in the profit and loss account. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in the profit and loss account. However, the decrease is debited directly to the asset revaluation reserve to the extent of any credit balance existing in the reserve in respect of that asset.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

2.8 Property, Plant and Equipment — (Continued)

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Land improvements	—	10 to 50 years
Freehold Buildings	—	40 to 50 years
Leasehold Buildings	—	Over the lease periods or 50 years, whichever is earlier
Furniture, fittings and equipment	—	3 to 20 years
Computers	—	3 years
Motor vehicles	—	5 to 10 years

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

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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit and loss account in the year the asset is derecognized.

2.9 Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

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

- Represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- Is not larger than a segment based on either the Group's primary or the Group's secondary reporting format.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated are tested for impairment annually and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

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

2.10 Impairment of Non-financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset (i.e. an intangible asset with an

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

2.10 Impairment of Non-financial Assets — (Continued)

indefinite useful life, an intangible asset not yet available for use, or goodwill acquired in a business combination) 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 to sell 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. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognised in the profit and loss account as 'impairment losses' or treated as a revaluation decrease for assets carried at revalued amount to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for that same asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in the profit and loss account unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss previously recognised through the profit and loss account is treated as a revaluation increase. 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.

The Group does not reverse in a subsequent period, any impairment loss recognised for goodwill.

2.11 Financial Assets

Financial assets within the scope of FRS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

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

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

(a) **Financial assets at fair value through profit or loss**

Financial assets classified as held for trading are included in the category financial assets at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivative financial instruments are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in the profit and loss account.

The Group does not designate any financial assets not held for trading as financial assets at fair value through profit and loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

2.11 Financial Assets — (Continued)

(b) **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 assets to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount and minus any reduction for impairment or uncollectibility. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in the profit and loss account when the investments are derecognized or impaired, as well as through the amortisation process.

(c) **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. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit and loss account when the loans and receivables are derecognized or impaired, as well as through the amortisation process.

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

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised in the fair value adjustment reserve until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

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

2.12 Investment Securities

Investment securities are classified as financial assets at fair value through profit or loss, held-to-maturity investments or available-for-sale financial assets, as appropriate.

The accounting policies for the aforementioned categories of financial assets are stated in Note 2.11.

2.13 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.

Cash and short term deposits carried in the balance sheets are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.11.

2.14 Trade and Other Receivables

Trade and other receivables, including amounts due from subsidiary, associated and related companies and loans to related companies are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.11.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

2.14 Trade and Other Receivables — (Continued)

An allowance is made for uncollectible amounts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 2.16 below.

2.15 Property Development Costs

Property development cost is stated at the lower of cost and net realisable value. Cost comprises cost of land, design fee, infrastructure and construction.

In determining the cost of sales of the time-share business, the cost of each condominium unit is divided equally by the number of weeks in a year and then the cost of each week sold is recognised in the profit and loss account on a first-in, first-out basis.

2.16 Impairment of Financial Assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(a) **Assets carried at amortised cost**

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments 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 (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the profit and loss account.

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. Any subsequent reversal of an impairment loss is recognised in the profit and loss account, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(b) **Assets carried at cost**

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument 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 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**

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the profit and loss account, is transferred from equity to the income statement. Reversals in respect of equity instruments classified as available-for-sale are not recognised in the profit and loss account. Reversals of impairment losses on debt instruments are reversed through the profit and loss account, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss account.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

2.17 Inventories

Inventories are valued at the lower of cost (on a first-in, first-out basis) and net realisable value.

Costs incurred in bringing the following inventories to their present location and condition are accounted for based on purchase costs on a first-in, first-out basis:

- Food and beverage;
- Trading goods and supplies;
- Materials and others

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.

2.18 Construction Contracts

Contract revenue and contract costs are recognised as revenue and expenses, respectively, by reference to the stage of completion of the contract activity at the balance sheet date, when the outcome of a construction contract can be estimated reliably. An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

Revenue arising from fixed price contracts is recognised in accordance with the percentage of completion method. The stage of completion is measured by reference to professional surveys of work performed.

Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred plus a percentage of the contract fee earned during the year. Percentage of the contract fee earned is measured by the proportion that the costs incurred to date bear to the estimated total costs of the contract. Only costs that reflect services performed are included in the estimated total costs of the contract. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

2.19 Trade and other Payables

Liabilities for trade and other amounts payable, which are normally settled on 30-90 day terms, and payables to related parties are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognized as well as through the amortisation process.

2.20 Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognized as well as through the amortisation process.

2.21 Borrowing Costs

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are ready for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

2.22 Redeemable Preference Shares

The component of the redeemable preference shares that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of issue costs. The corresponding dividends on those shares are charged as interest expense in the profit and loss account. On issuance of the redeemable preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long-term liability on the amortised cost basis until redemption.

Transaction costs are apportioned between the liability and equity component of the redeemable preference shares based on the respective carrying amounts of the liability and equity components when the instruments were first issued.

2.23 Derecognition of Financial Assets and Liabilities

(a) **Financial assets**

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

- The contractual rights to receive cash flows from the asset have 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 ’pass-through’ arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

(b) **Financial liabilities**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

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

2.24 Provisions

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

2.24 Provisions — (Continued)

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. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

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

2.25 Employee Benefits

(a) **Defined contribution plans**

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

(b) **Employee leave entitlement**

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.

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 the profit and loss account. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

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

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

(b) **As lessor**

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

2.27 Revenue

(a) **Revenue recognition**

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. The following specific recognition criteria must also be met before revenue is recognised:

(i) *Hotel investment*

Revenue from hotel investment mainly comprises room sales, food and beverage sales and auxiliary activities, and represents the invoiced value of goods supplied and services rendered after deducting discounts.

(ii) *Hotel management*

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

(iii) *Spa operation*

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

(iv) *Gallery operation*

Revenue from gallery operation represents the invoiced value of goods supplied after deducting discounts and allowance.

(v) *Property sales*

Revenue from property sales is recognised when a legally binding contract is signed, using the percentage of completion method. The percentage of completion is arrived at based on actual costs incurred to date and the total anticipated construction costs, excluding cost of land, and estimations performed by independent engineers. Revenue is recognised when initial payment and instalments received are at least 20% of the contract price and the construction work is at least 10% completed. Revenue recognition is discontinued when three consecutive instalments are overdue.

(vi) *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.

(vii) *Dividends*

Dividend income is recognised in the profit and loss account when the shareholder's right to receive payment is established.

(viii) *Interest*

Interest income is recognised on a time proportion basis (taking into account the effective yield on the asset) unless collectibility is in doubt.

2.28 Income Taxes

(a) **Current tax**

Current 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 by the balance sheet date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

2.28 Income Taxes — (Continued)

(b) **Deferred tax**

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

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

- Where the deferred tax liability 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 and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition 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 deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date 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 income tax asset to be utilised. Unrecognized deferred income tax assets are reassessed at each balance sheet date 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 income tax assets and liabilities are measured at the tax rates that are expected to apply to 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 balance sheet date.

Income tax relating to items recognised directly in equity is recognised in equity.

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.

(c) **Sales tax**

Revenues, 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

2.29 Derivative Financial Instruments

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivative financial instruments that do not qualify for hedge accounting are taken to the profit and loss account for the year.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

3. REVENUE

Revenue of the Group represents revenue from operation and management of hotels, operation of spas, gallery and property sales after eliminating intercompany transactions. The amount of each significant category of revenue recognised during the period is as follows:

	Group	
	1.1.2006 to 31.3.2006	1.1.2005 to 31.3.2005
	$'000	$'000
Hotel investment	51,003	20,744
Hotel management	1,228	2,215
Spa operation	5,250	3,312
Gallery operation	2,421	1,346
Property sales	16,761	4,988
Design fees and others	4,091	2,336
	80,754	34,941

4. OTHER OPERATING INCOME

	Group	
	1.1.2006 to 31.3.2006	1.1.2005 to 31.3.2005
	$'000	$'000
Management and service fees	161	234
Others	456	227
	617	461

5. SALARIES AND RELATED EXPENSES

	Group	
	1.1.2006 to 31.3.2006	1.1.2005 to 31.3.2005
	$'000	$'000
Salaries, wages and other related costs	14,880	12,218
CPF and contributions to other plans	536	447
Directors' remuneration		
— Directors of the Company	589	799
— Other directors	799	394
Executives' remuneration	192	136
	16,996	13,994

6. PROFIT/(LOSS) FROM CONTINUING OPERATIONS

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

	Group	
	1.1.2006 to 31.3.2006	1.1.2005 to 31.3.2005
	$'000	$'000
Allowance for doubtful debts — trade	18	317
Write back of allowance for doubtful debts — trade	(16)	(22)
Allowance for inventory obsolescence	24	16
Non-audit fees — auditors of the Company	—	3
Bad debts written back — trade	(11)	—
Exchange (gain)/loss	(3,315)	431
Loss/(gain) on disposal of property, plant and equipment	1	(2)

7. FINANCE INCOME

	Group	
	1.1.2006 to 31.3.2006	1.1.2005 to 31.3.2005
	$'000	$'000
Interest received and receivable from:		
— banks	25	109
— related parties	17	16
— others	328	126
	370	251

8. FINANCE COSTS

	Group	
	1.1.2006 to 31.3.2006	1.1.2005 to 31.3.2005
	$'000	$'000
Interest paid and payable to:		
— banks	2,498	926
— related parties	30	4
— holders of redeemable preference shares	1,251	655
— others	4	3
	3,783	1,588

9. INCOME TAX

Major components of income tax expense for the periods ended 31 March are:

	Group	
	1.1.2006 to 31.3.2006	1.1.2005 to 31.3.2005
	$'000	$'000
Current tax expense — continuing operations		
Current taxation	4,079	2,168
Under provision in respect of prior years	—	9
	4,079	2,177
Deferred tax expense — continuing operations		
Movement in temporary differences	2,220	—
Benefits previously not recognised	(25)	(2,922)
Over provision in respect of prior years	213	248
	2,408	(2,674)
Withholding tax expense — continuing operations		
Current provision	445	334
Income tax expense	6,932	(163)

Reconciliation of Effective Tax Rate

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the periods then ended 31 March are as follows:

	Group	
	1.1.2006 to 31.3.2006	1.1.2005 to 31.3.2005
	$'000	$'000
Group		
Profit/(loss) from continuing operations and before taxation	24,412	(3,333)
Income tax using Singapore tax rate of 20% (2005: 20%)	4,882	(667)
Effect of different tax rates in other countries	1,869	(560)
Expenses not deductible for tax purposes	489	3,701
Utilisation of previously unrecognized tax losses	(18)	(2,736)
Tax exempt income	(1,088)	(670)
Double tax relief and tax rebate	(209)	—
(Over)/under provision in respect of prior years	(25)	257
Deferred tax assets not recognised	587	168
Withholding tax	445	334
Others	—	10
Income tax expense recognised in the profit and loss account	6,932	(163)

9. INCOME TAX — (Continued)

The Group

Withholding tax is suffered on Group services fees and management fee income derived from Indonesia and Thailand at 15% (31.3.2005: 15%).

The Group also suffered withholding tax on dividend income received from Thailand at 10% (31.3.2005: 10%).

10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit from continuing operations attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the computation of basic earnings per share from continuing operations for the periods ended 31 March:

	Group	
	1.1.2006 to 31.3.2006	1.1.2005 to 31.3.2005
	$'000	$'000
Profit/(loss) from continuing operations attributable to ordinary equity holders of the Company used in computation of basic earnings per share	11,079	(903)
*Weighted average number of ordinary shares for basic earnings per share computation	601,927,196	601,927,196

As there are no dilutive potential ordinary shares, the basic and fully diluted earnings per share are the same.

* After taking into account sub-division of every 1 share in the share capital of the Company into 2 shares on 28 April 2006 (Note 44).

11. PROPERTY, PLANT AND EQUIPMENT

	Land and land improvement	Freehold buildings	Leasehold buildings	Furniture, fittings and equipment	Computers	Motor vehicles	Construction-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Cost or valuation:								
At 1 January 2005								
At cost	75,535	88,984	29,118	130,191	3,215	3,993	7,290	338,326
At valuation	89,048	31,785	—	30,896	—	—	—	151,729
	164,583	120,769	29,118	161,087	3,215	3,993	7,290	490,055
Additions	43	1,909	1,037	13,835	806	524	38,480	56,634
Disposals	—	—	—	(114)	(1)	(51)	—	(166)
Write off	—	—	—	(6,043)	(958)	(8)	(249)	(7,258)
Acquisition of subsidiary companies	14,439	78,364	—	40,120	527	83	316	133,849
Net exchange differences	(6,872)	2,529	370	(5,232)	31	(78)	(7,942)	(17,194)
At 31 December 2005 and 1 January 2006	172,193	203,571	30,525	203,653	3,620	4,463	37,895	655,920
At cost	99,432	176,385	30,525	177,051	3,620	4,463	37,895	529,371
At valuation	72,761	27,186	—	26,602	—	—	—	126,549
At 31 December 2005 and 1 January 2006	172,193	203,571	30,525	203,653	3,620	4,463	37,895	655,920
Additions	96	453	224	1,508	155	18	15,045	17,499
Disposals	—	—	—	—	(3)	—	—	(3)
Net exchange differences	3,512	4,747	(609)	6,764	60	61	(11,447)	3,088
At 31 March 2006	175,801	208,771	30,140	211,925	3,832	4,542	41,493	676,504
Accumulated depreciation and impairment:								
At 1 January 2005	821	32,047	8,532	124,613	2,342	2,519	—	170,874
Depreciation charge for the year	37	3,724	1,883	13,183	609	436	10	19,882
Write back of impairment loss	—	(1,790)	—	(2,146)	(10)	—	—	(3,946)
Disposals	—	—	—	(100)	(1)	(34)	—	(135)
Acquisition of subsidiary companies (Note 13)	—	17,114	—	25,911	371	29	—	43,425
Write off	—	(1)	—	(5,886)	(975)	(8)	—	(6,870)
Net exchange differences	(25)	(790)	27	(5,146)	(23)	(66)	—	(6,023)
At 31 December 2005 and 1 January 2006	833	50,304	10,442	150,429	2,313	2,876	10	217,207
Depreciation charge for the period	10	1,032	452	3,590	185	100	7	5,376
Disposals	—	—	—	—	(2)	—	—	(2)
Net exchange differences	56	976	(211)	2,612	47	48	—	3,528
At 31 March 2006	899	52,312	10,683	156,631	2,543	3,024	17	226,109
Net carrying amount:								
At 31 March 2006	174,902	156,459	19,457	55,294	1,289	1,518	41,476	450,395
At 31 December 2005	171,360	153,267	20,083	53,224	1,307	1,587	37,885	438,713

Included in the property, plant and equipment of the Group are motor vehicles with a net book value of $98,082 (31.12.2005: $103,271) and furniture, fittings and equipments of $92,619 (31.12.2005: nil) acquired under a hire purchase agreement.

Freehold land and building was revalued as at 30 January 2002 by Colliers Jardine Consultancy & Valuation (Singapore) Pte Ltd, a firm of independent licensed property valuers, at open market values on an existing use basis. The carrying amount of freehold land and building at the end of the period would have been $8,952,291 (31.12.2005: $8,952,291).

The hotel properties and land in Phuket were reappraised by a professional independent appraisal company report dated 1 November 2004. The revaluation was conducted using the "Replacement Cost" basis for

11. PROPERTY, PLANT AND EQUIPMENT — (Continued)

hotel properties and at "Fair Market Value" basis for land. Had the hotel properties and land been stated at cost less accumulated depreciation, their net book value at the end of the year would have been $252,745,000 (31.12.2005: $245,247,000).

As at 31 March 2006, certain properties amounting to $268,362,776 (31.12.2005: $263,574,879) were mortgaged to banks to secure credit facilities for the Group (Note 30).

12. LAND AWAITING FOR FUTURE DEVELOPMENT

	Group	
	31.3.2006	31.12.2005
	$'000	$'000
Mae Hong Sorn	229	225
Chiang Rai	2,249	2,206
Phuket	24,121	23,656
	26,599	26,087

Land awaiting for future development in Phuket, Chiang Rai and Mae Hong Sorn province was revalued on a "fair market value" basis by a professional independent appraisal company on 1 November 2004.

As at 31 March 2006, land awaiting for future development in Phuket province of approximately 44 rai, (31.12.2005: 45 rai) at a fair value of approximately $6.8 million (31.12.2005: $6.7 million), has been mortgaged to secure bank overdrafts, short-term and long-term loan facilities of the Group (Note 30).

13. SUBSIDIARY COMPANIES

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

	Name of subsidiary company	Principal activities	Place of incorporation	Cost of investment 31.3.2006	Cost of investment 31.12.2005	Effective equity held by the Group 31.3.2006	Effective equity held by the Group 31.12.2005
				$'000	$'000	%	%
(i)	***Held by the Company***						
1	Banyan Tree Hotels & Resorts Pte. Ltd.	Providing resort, spa, project and golf management services	Singapore	5,466	5,466	100	100
2	Banyan Tree Resorts Limited	Providing resort management services	Hong Kong	4,131	4,131	100	100
2	Banyan Tree Spa (HK) Limited	Providing spa management services	Hong Kong	6,514	6,514	100	100
2	Laguna Resorts & Hotels Public Company Limited	Hotel and tourism business	Thailand	50,743	50,743	51.78	51.78
6	Beruwela Walk Inn Limited	Operating holiday resorts	Sri Lanka	645	645	79.85	79.85
2	Vabbinvest Maldives Pvt Ltd	Operating holiday resorts	Maldives	3,513	3,513	96.69	96.69
2	Banyan Tree Resorts & Spas (Thailand) Company Limited	Providing spa services	Thailand	6,446	6,446	100	100
3	Noy Holdings Limited	Investment holding	Mauritius	—	—	100	100
2	Maypole New Zealand Limited	Rental of apartments	New Zealand	21	21	100	100
1	Banyan Tree Properties Pte Ltd	Property holding	Singapore	10,673	10,673	100	100
1	Banyan Tree Spas Pte. Ltd.	Operating of spas	Singapore	**	**	100	100
5	Jiwa Renga Resorts Limited	Hotel construction and operation	China	7,964	6,941	96.00	96.00

13. SUBSIDIARY COMPANIES — (Continued)

	Name of subsidiary company	Principal activities	Place of incorporation	Cost of investment 31.3.2006	Cost of investment 31.12.2005	Effective equity held by the Group 31.3.2006	Effective equity held by the Group 31.12.2005
				$'000	$'000	%	%
2	Maldives Bay Pvt Ltd	Development and management of resorts, hotels and spas	Maldives	6,561	6,561	77.45	77.45
2	Maldives Cape Pvt Ltd	Development and management of resorts, hotels and spas	Maldives	**	**	100	100
1	Banyantravel.com Pte Ltd	Providing travel agency services	Singapore	736	736	100	100
				103,413	102,390		
(ii)	***Held through subsidiary companies***						
2	Banyan Tree Guam Limited	Providing spa and other associated services	Guam	—	—	100	100
2	Banyan Tree Spas Sdn. Bhd.	Operating of spas	Malaysia	—	—	100	100
7	Banyan Tree Japan Yugen Kaisha	Operating of spas	Japan	—	—	100	100
2	Heritage Spas Egypt LLC	Operating and investing in resorts, spas and retail outlets	Egypt	—	—	100	100
2	Banyan Tree (Private) Limited	Operating of spas	Sri Lanka	—	—	100	100
2	Heritage Spas South Africa (Pty) Ltd	Operating and investing in resorts, spas and retail outlets	South Africa	—	—	100	100
2	Heritage Spas Dubai LLC	Operating of spas	Dubai	—	—	100	100
5	Wanyue Leisure Health (Shanghai) Co., Ltd	Operating of spas	China	—	—	100	100
2	Maldives Angsana Pvt Ltd	Operating holiday resorts	Maldives	—	—	96.69	96.69
1	Architrave Design & Project Services Pte Ltd	Providing consultancy services	Singapore	—	—	100	100
1	Hotelspa Pte. Ltd.	Investment holding	Singapore	—	—	100	100
8	Keelbay Pty Ltd	Operating of spas	Australia	—	—	100	100
2	TWR — Holdings Limited	Investment holding	Thailand	—	—	51.78	51.78
2	Laguna Holiday Club Limited	Time-share business	Thailand	—	—	51.78	51.78
2	Cheer Golden Limited	Investment holding	Hong Kong	—	—	51.78	51.78
2	Laguna (3) Limited	Property development	Thailand	—	—	51.78	51.78
2	Wenco-Thai Limited	Dormant	Thailand	—	—	51.78	51.78
2	Banyan Tree Gallery (Thailand) Limited	Sale of merchandise	Thailand	—	—	75.41	75.41
1	Banyan Tree Gallery (Singapore) Pte Ltd	Sale of merchandise	Singapore	—	—	75.41	75.41
2	Pai Samart Development Company Limited	Property development	Thailand	—	—	51.78	51.78
2	Mae Chan Property Company Limited	Property development	Thailand	—	—	51.78	51.78
2	Phuket Resort Development Limited	Property development	Thailand	—	—	51.78	51.78
2	Laguna Grande Limited	Property development	Thailand	—	—	51.78	51.78
7	PT. AVC Indonesia	Not yet commenced operation	Indonesia	—	—	51.78	51.78

13. SUBSIDIARY COMPANIES — (Continued)

	Name of subsidiary company	Principal activities	Place of incorporation	Cost of investment 31.3.2006	Cost of investment 31.12.2005	Effective equity held by the Group 31.3.2006	Effective equity held by the Group 31.12.2005
				$'000	$'000	%	%
2	Laguna Banyan Tree Limited	Hotel operations	Thailand	—	—	51.78	51.78
4	Laguna Beach Club Limited	Hotel operations	Thailand	—	—	31.07	31.07
4	Laguna (1) Limited	Property development	Thailand	—	—	31.07	31.07
2	Talang Development Company Limited	Property development	Thailand	—	—	25.89	25.89
5	Lijiang Banyan Tree Hotel Co. Ltd	Hotel construction and operation	China	—	—	66.25	66.25
2	Twin Waters Development Company Limited	Property development	Thailand	—	—	51.78	51.78
2	Bangtao (1) Limited	Property development	Thailand	—	—	51.78	51.78
2	Bangtao (2) Limited	Property development	Thailand	—	—	51.78	51.78
2	Bangtao (3) Limited	Property development	Thailand	—	—	51.78	51.78
2	Bangtao (4) Limited	Property development	Thailand	—	—	51.78	51.78
2	Bangtao Development Limited	Property development	Thailand	—	—	51.78	51.78
2	Bangtao Grande Limited	Hotel operations	Thailand	—	—	51.78	51.78
2	Laguna Central Limited	Not yet commenced operation	Thailand	—	—	51.78	51.78
2	Laguna Services Company Limited	Providing utility and other services to hotels of the Group	Thailand	—	—	46.17	46.17
2	Thai Wah Plaza Limited	Hotel operations	Thailand	—	—	51.78	51.78
2	Thai Wah Tower Company Limited	Office rental	Thailand	—	—	51.78	51.78
2	Thai Wah Tower (2) Company Limited	Office rental	Thailand	—	—	51.78	51.78
7	Laguna Excursion Limited	Not yet commenced operation	Thailand	—	—	51.78	51.78
7	Triumph International Holdings Limited	Investment holding	Hong Kong	—	—	80.00	80.00
5	Gyalthang Dzong Hotel	Touring, lodging and restaurant	China	—	—	79.20	79.20

1 Audited by Ernst & Young, Singapore for the year ended 31 December 2005
2 Audited by member firms of Ernst & Young Global in the respective countries for the year ended 31 December 2005
3 The subsidiary was deregistered as a company in New Zealand and registered by continuation as a company in Mauritius in March 2006.
4 Audited by KPMG, Thailand for the year ended 31 December 2005
5 Audited by Horwath China (Shanghai) for the year ended 31 December 2005
6 Audited by Tudor V.P. & Co. for the year ended 31 December 2005
7 Not required to be audited by law of country of incorporation
8 Audited by KPMG, Cairns for the year ended 31 December 2005
** Cost of investment is less than S$1,000

Acquisition of subsidiaries

On 8 March 2005, the Group acquired 100% of the voting shares in Thai Wah Plaza Limited, an unlisted company based in Thailand. The principal activities of this company are rental of office building and hotel operations. The total cost of the acquisition was S$1,683,000, which comprised cash consideration and cost directly attributable to the acquisition.

On 29 November 2005, the Group acquired 100% of the voting shares in Banyantravel.com Pte Ltd, an unlisted company based in Singapore. The principal activities of the company are the provision of travel agency services. The total cost of the acquisition was S$736,000 which comprised cash consideration.

13. SUBSIDIARY COMPANIES — (Continued)

On 19 December 2005, the Group acquired 80% of the voting shares in Triumph International Holdings Limited, an unlisted company based in Hong Kong. The principal activity of this company is investment holding. The cost of acquisition was S$1.

The fair values of the identifiable assets and liabilities of Thai Wah Plaza Limited, Banyantravel.com Pte Ltd and Triumph International Holdings Limited as at the date of acquisition were:

	Thai Wah Plaza Limited		Banyantravel.com Pte Ltd		Triumph International Holdings Limited		Aggregate Effects	
	Carrying amount before combination	Recognised on acquisition	Carrying amount before combination	Recognised on acquisition	Carrying amount before combination	Recognised on acquisition	Carrying amount before combination	Recognised on acquisition
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Property, plant and equipment	89,180	89,180	2	2	1,242	1,242	90,424	90,424
Other non-current assets	17	17	—	—	—	—	17	17
Trade receivables and other current assets	2,046	2,046	—	—	184	184	2,230	2,230
Inventories	323	323	—	—	14	14	337	337
Advance due from related companies	86	86	694	694	—	—	780	780
Cash and cash equivalents	3,526	3,526	45	45	—	—	3,571	3,571
Long and short-term loan from related companies	(45,329)	(45,329)	—	—	—	—	(45,329)	(45,329)
Other non-current liabilities	(1,308)	(2,394)	—	—	(625)	(625)	(1,933)	(3,019)
Trade and other payables	(47,449)	(47,457)	(5)	(5)	(144)	(144)	(47,598)	(47,606)
Amount due to related companies	(844)	(844)	—	—	(1,862)	(671)	(2,706)	(1,515)
Net identifiable assets/(liabilities)	248	(846)	736	736	(1,191)	—	(207)	(110)
Goodwill arising on acquisition		2,529		—		—		2,529
Total purchase consideration		1,683		736		—		2,419

	Thai Wah Plaza Limited	Banyantravel.com Pte Ltd	Triumph International Holdings Limited	Aggregate Effects
	$'000	$'000	$'000	$'000
Costs of the acquisition:				
Cash consideration paid	716	736	—	1,452
Cost directly attributable to the acquisition	967	—	—	967
Total cost of acquisition	1,683	736	—	2,419
Cash inflow on acquisition:				
Cash outflow on acquisition	(1,683)	(736)	—	(2,419)
Net cash acquired with the subsidiary companies	3,526	45	—	3,571
Net cash inflow/(outflow) on acquisition	1,843	(691)	—	1,152

14. ASSOCIATED COMPANIES

	Group 31.3.2006 $'000	Group 31.12.2005 $'000
Unquoted equity shares, at cost	26	26
Share of post-acquisition reserves	153	(136)
Loan to an associated company	21,022	21,521
	21,201	21,411

The loan to an associated company is unsecured, interest-free and with no fixed terms of repayment, and the Company will not demand repayment within the next twelve months.

The details of the associated companies are as follows:

Name of associated company	Principal activities	Place of incorporation	Effective equity held by the Group 31.3.2006 %	Effective equity held by the Group 31.12.2005 %
Held by the Company				
1 Banyan Tree Seychelles Holdings Limited	Investment holding	British Virgin Islands	30	30
Held through an associated company				
2 Banyan Tree Resorts (Seychelles) Limited	Resort development	Seychelles	30	30

1 Audited by Ernst & Young, Singapore for the year ended 31 December 2005

2 Audited by AJ Shah & Associates, Seychelles for the year ended 31 December 2005

The summarised financial information of associated companies are as follows:

	31.3.2006 $'000	31.12.2005 $'000
Assets and liabilities:		
Current assets	8,176	12,567
Non-current assets	81,408	82,765
Total assets	89,584	95,332
Current liabilities	(7,007)	(6,362)
Non-current liabilities	(81,976)	(89,338)
	(88,983)	(95,700)
Results:		
Revenue	1,489	22,371
Profit for the period/year	963	2,034

15. JOINT VENTURE COMPANIES

	Group 31.3.2006 $'000	Group 31.12.2005 $'000
Shares at cost	6,000	6,000
Share of post-acquisition reserves	(2,078)	(2,076)
Net exchange differences	(243)	(145)
Loan to a joint venture company	375	384
	4,054	4,163

The loan to a joint venture company is unsecured, interest-free and with no fixed terms of repayment, and the Company will not demand repayment within the next twelve months.

15. JOINT VENTURE COMPANIES — (Continued)

The details of the joint venture companies are as follows:

Name of joint venture company	Principal activities	Place of incorporation	Percentage of equity interest 31.3.2006	Percentage of equity interest 31.12.2005
			%	%
Held by the Company				
1 Seychelles Tropical Resorts Holdings Limited and its subsidiary company	Investment holding	British Virgin Islands	50	50
Held through a joint venture company				
2 Seytropical Resorts Limited	Resort development	Seychelles	50	50

1 Audited by Ernst & Young, Singapore for the year ended 2005
2 Audited by AJ Shah & Associates, Seychelles for the year ended 2005

The aggregate amounts of each of current assets, non-current assets, current liabilities, non-current liabilities, and results related to the Group's interest in the joint venture companies are as follows:

	31.3.2006	31.12.2005
	$'000	$'000
Assets and liabilities:		
Current assets	—	258
Non-current assets	3,519	3,348
Total assets	3,519	3,606
Current liabilities	(5)	(4)
Non-current liabilities	(749)	(767)
Total liabilities	(754)	(771)
Results:		
Loss for the period/year	(3)	(4,079)

The Group's share of the capital commitments and contingent liabilities of the joint venture companies is nil (31.12.2005: Nil).

16. PREPAID ISLAND RENTAL

	Group 31.3.2006	Group 31.12.2005
	$'000	$'000
At beginning of period/year	35,897	3,402
Net exchange differences	(841)	64
Payment of island rental during the period/year	—	35,375
	35,056	38,841
Less: Amount charged to expenses during the period	(995)	(2,944)
At end of period/year	34,061	35,897
Amount chargeable within 1 year (Note 23)	3,392	3,802
Amount chargeable after 1 year	30,669	32,095
	34,061	35,897

The above amounts were paid to the owners of the Vabbinfaru Island, Ihuru Island and Velavaru Island as operating lease rentals. The lease on the Vabbinfaru Island is for a period of 26½ years from 1 May 1993 to 31 October 2019. The lease on the Ihuru Island is for a period of 15 years from 16 October 2000 to

16. PREPAID ISLAND RENTAL — (Continued)

15 October 2015. The lease on the Velavaru Island is for a period of 17 years from 24 July 2005 to 24 August 2022.

17. LONG-TERM TRADE RECEIVABLES

Long-term trade receivables are repayable as follows:

	Group	
	31.3.2006	31.12.2005
	$'000	$'000
Within 12 months (Note 22)	603	1,060
Between 2 to 5 years	1,381	1,437
After 5 years	37	—
	1,418	1,437

Long-term trade receivables consist of:

(i) Secured financing provided to customers of property sales which are mainly denominated in United States Dollars and bear interest at a rate of 5% per annum (31.12.2005: 5%) over the Singapore Inter Bank Offered Rate ("SIBOR"). The loan periods vary from 5 to 15 years.

(ii) Instalments receivable from property sales which bear interest at rates ranging from 9 to 12% per annum (31.12.2005: 9 to 12%) and are repayable over an instalment period of 2 to 3 years.

18. INTANGIBLE ASSETS

Group

	Goodwill
	$'000
Cost	
At 1 January 2005	249
Acquisitions of subsidiary companies	2,529
At 31 December 2005 and 1 January 2006	2,778
Translation Difference	50
At 31 March 2006	2,828

Impairment testing of goodwill

Goodwill acquired through business combinations have been allocated to individual cash-generating units which are as follows:

- Beruwela Walk Inn
- Thai Wah Plaza Limited

The recoverable amount of a Cash Generating Unit ("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	Beruwela Walk
	$'000	$'000
Growth rate	5.00%	5.00%
Discount rate	7.78%	9.40%

18. INTANGIBLE ASSETS — (Continued)

These assumptions have been used for analysis of each CGU within the Group. Management determined the budgeted growth rate based on past performance and its expectation for market development. The weighted average cost of capital rate used are consistent with forecasts used in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant companies.

19. LONG-TERM INVESTMENTS

	Group	
	31.3.2006	31.12.2005
	$'000	$'000
Quoted investments (available-for-sale)		
Equity shares, at fair value	923	906
Unquoted investments		
Equity shares	7,902	7,750
Less: Impairment in value of unquoted investments	(63)	(63)
Total unquoted investments	7,839	7,687
Total long-term investments	8,762	8,593
Market value of quoted shares	923	906

20. OTHER NON-CURRENT ASSETS

	Group	
	31.3.2006	31.12.2005
	$'000	$'000
Deposits	577	490
Prepayments	166	154
Others	164	161
	907	805

21. INVENTORIES

	Group	
	31.3.2006	31.12.2005
	$'000	$'000
Food and beverage, at cost	2,144	2,067
Trading goods and supplies, at net realisable value	3,983	3,775
Materials, at cost	2,329	2,183
Others	3	93
	8,459	8,118

22. TRADE RECEIVABLES

	Group	
	31.3.2006	31.12.2005
	$'000	$'000
Trade receivables	42,781	36,516
Current portion of long-term trade receivables (Note 17)	603	1,060
	43,384	37,576
Less: Allowance for doubtful debts	(3,085)	(3,565)
	40,299	34,011

23. OTHER RECEIVABLES

	Group	
	31.3.2006	31.12.2005
	$'000	$'000
Deposits	683	784
Prepayments	7,545	6,372
Prepaid island rental — current portion (Note 16)	3,392	3,802
Interest receivable	2	6
Advances to suppliers	9,488	6,279
Staff advances	192	102
GST/VAT receivable	1,485	1,675
Deposits for land	1,110	1,006
Insurance recoverable	4,127	4,129
Others	3,916	1,898
	31,940	26,053

24. AMOUNTS DUE FROM/(TO) ASSOCIATED COMPANIES

	Group	
	31.3.2006	31.12.2005
	$'000	$'000
Amounts due from associated companies		
— trade	1,604	614
— non-trade	212	111
	1,816	725
Amounts due to associated companies		
— trade	(2)	—
— non-trade	(10)	—
	(12)	—

The amounts due from/(to) associated companies are unsecured and interest-free, with no fixed terms of repayment.

25. AMOUNTS DUE FROM/(TO) RELATED PARTIES

	Group	
	31.3.2006	31.12.2005
	$'000	$'000
Amounts due from related parties		
— trade	3,057	2,816
— non-trade	445	394
	3,502	3,210
Amounts due to related parties		
— trade	(401)	(421)
— non-trade	(30)	(18)
	(431)	(439)

The amounts due from/(to) related parties are unsecured and interest-free, with no fixed terms of repayment.

26. PROPERTY DEVELOPMENT COSTS

	Group	
	31.3.2006	31.12.2005
	$'000	$'000
Properties under development		
Cost incurred to date	17,862	57,628
Less: Allowance for foreseeable losses	(3,803)	(3,730)
	14,059	53,898
Attributable profit	7,460	23,275
Less: Progress billing	(6,743)	(61,160)
	14,776	16,013
Property held for sale	4,087	5,555
Property for sale under time-share membership	5,639	510
	24,502	22,078

27. CASH AND CASH EQUIVALENTS

	Group	
	31.3.2006	31.12.2005
	$'000	$'000
Current:		
Cash on hand and at bank	43,116	35,206
Fixed deposit, unsecured	3,668	2,985
	46,784	38,191
Less: Bank overdraft (Note 30)	(1,179)	(843)
	45,605	37,348

28. WORK-IN-PROGRESS

	Group	
	31.3.2006	31.12.2005
	$'000	$'000
Cost incurred	—	130
Less: Progress billings	—	(160)
Excess of progress billings over work-in-progress	—	(30)

29. OTHER PAYABLES

	Group	
	31.3.2006	31.12.2005
	$'000	$'000
Deposits and advances received	7,577	11,698
Accrued operating expenses	17,513	14,386
Accrued service charges	1,603	1,503
Deposit from sales and marketing	39	—
Hire purchase creditors (Note 31)	44	19
Redeemable preference shares dividend payable	8,607	7,355
Construction payables	5,419	3,014
Others	12,415	11,985
	53,217	49,960

30. INTEREST-BEARING LOANS AND BORROWINGS

	Group	
	31.3.2006	31.12.2005
	$'000	$'000
Non-current liabilities		
Secured bank loans	131,082	128,332
Current liabilities		
Short-term bank loans	24,690	24,072
Secured bank loans	45,583	43,815
Bank overdrafts (Note 27)	1,179	843
	71,452	68,730

Bank overdrafts facility of a subsidiary company is secured by deposits of US$770,000 (31.12.2005: US$770,000) pledged by the Company. In addition, the long-term secured bank loans are secured by corporate guarantees issued by the Company and the secured bank loans of the Group and the Company are secured by the assets with the following net book values:

	Group	
	31.3.2006	31.12.2005
	$'000	$'000
Freehold land and buildings	268,363	263,575
Quoted shares in a subsidiary company	32,614	29,376
Land awaiting for future development	6,806	6,675
	307,783	299,626
Capitalised interest	307	372
Capitalization rate	5.6%	5.1%

31. HIRE PURCHASE CREDITORS

The Group had obligations under hire purchase that are repayable as follows:

	31.3.2006			31.12.2005		
	Payments	Interest	Principal	Payments	Interest	Principal
	$'000	$'000	$'000	$'000	$'000	$'000
Within 1 year (Note 29)	54	10	44	23	4	19
After 1 year but within 5 years	99	16	83	36	5	31
After 5 years	3	—	3	—	—	—
	156	26	130	59	9	50

32. LOAN STOCK

Loan stock represents 102,218 (31.12.2005: 102,218) non-redeemable preference shares issued by Banyan Tree Resorts & Spas (Thailand) Co, Ltd., a subsidiary company, to minority shareholders at a par value of Baht 100 each. These preference shares carry a fixed cumulative preference dividend of 10% per annum.

33. REDEEMABLE PREFERENCE SHARES

On 28 July 2003, the Company issued the following redeemable preference shares to the holders of the notes payable:

	Number of shares
"A" preference share of $0.10 each	301,108
"B" cumulative preference share of $0.10 each	270,698,892
	271,000,000

33. REDEEMABLE PREFERENCE SHARES — (Continued)

The "A" preference shares will be redeemed at the date falling six years after the issue date at a redemption amount for each "A" preference share equal to the par value of $0.10 and a premium of $10.00. The total premium of "A" preference shares amounts to $3,011,080. The premium is amortised to the profit and loss account over a period of 6 years using the effective interest rate method. The balance of the unamortized premium will be charged to the profit and loss account upon redemption should the redemption occur before the end of the 6-year period.

The "B" cumulative preference shares will be redeemed at the earlier of the date falling six years after the issue date or the business day immediately after the period of 14 business days commencing on the day of the listing and quotation of the ordinary shares of the Company on the Singapore Exchange Securities Trading Limited at a redemption amount for each "B" preference share equal to the par value of $0.10 and any arrears and accruals of preference dividends up to but excluding the redemption date. These "B" preference shares carry a fixed cumulative preference dividend of $0.016 per share for the year ended 31 December 2003 and 8% per annum thereafter, payable yearly in arrears. These dividends are charged as interest expense in the profit and loss account over the shorter of either the period of 6 years or the period covering from the date of issuance to redemption upon listing using the effective interest rate method. The amortisation charge for "B" preference shares for the second quarter of 2006 will be approximately $1,371,000 should the redemption occur upon listing which is assumed to be at end of June 2006.

The holders of the above redeemable preference shares have no voting rights.

34. OTHER NON-CURRENT LIABILITIES

	Group	
	31.3.2006	31.12.2005
	$'000	$'000
Shop rental deposits	1,502	1,528
Land rental deposits	897	888
Advance golf membership fees	500	439
Others	263	60
	3,162	2,915

35. DEFERRED INCOME TAX

	Group	
	31.3.2006	31.12.2005
	$'000	$'000
Deferred tax liabilities		
Revaluation surplus	(58,107)	(57,246)
Other items	(11,984)	(10,193)
Gross deferred tax liabilities	(70,091)	(67,439)
Deferred tax assets		
Unutilised tax losses	10,893	11,679
Other items	2,104	1,850
Gross deferred tax assets	12,997	13,529
Net deferred tax liabilities	(57,094)	(53,910)

The Group has tax losses of $4 million as at 31 March 2006 (31.12.2005: $9 million) 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. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

There are no income tax consequences of dividends to shareholders that were proposed by the Company, but not recognised as a liability in the consolidated financial statement.

36. LOAN FROM MINORITY SHAREHOLDER OF A SUBSIDIARY COMPANY

The loan is unsecured, interest-free and not repayable within the next twelve months.

37. SHARE CAPITAL

	Group			
	31.3.2006		31.12.2005	
	No. of Shares	$'000	No. of shares	$'000
Ordinary shares issued and fully paid	300,963,598	30,096	300,963,598	30,096
Transfer of share premium reserve to share capital	—	30,096	—	—
At end of period/year	300,963,598	60,192	300,963,598	30,096

The ordinary shareholders are entitled to receive dividend as and when declared by the Company. All ordinary shares carry one vote per share without restriction. On 30 January 2006, in accordance with the Companies (Amendment) Act 2005, the concepts of "par value" and "authorized capital" was abolished and on that date, the shares of the Company ceased to have a par value. In addition, the amount standing in the share premium reserve had become part of the Company's share capital.

38. RESERVES

The merger deficit comprises the difference between the consideration paid, in the form of the acquiring Company's shares and nominal value of the issued share capital of subsidiary companies acquired and is governed by Section 69B of the Companies Act, Chapter 50.

The capital reserve comprises a waiver of debt by the joint venture company on amounts due from the Company and accounting of assets in subsidiary companies at their fair values as at the acquisition date and cannot be used for dividend payments.

The asset revaluation reserve is used to record increases in the fair value of revalued property, plant and equipment and decreases to the extent that such decrease relates to an increase on the same asset previously recognised.

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.

The fair value adjustment reserve records the cumulative fair value changes of available-for-sale financial assets until they are derecognized or impaired.

The legal reserve set up in accordance to the Public Limited Companies Act B.E. 2535 under Section 116 in Thailand. The Group is required to set aside a statutory reserve of at least 5% of its net profit until the reserve reaches 10% of its registered share capital for its listed subsidiary company in Thailand.

39. COMMITMENTS AND CONTINGENCIES

(a) Capital commitments

Capital expenditure contracted for as at the balance sheet date but not recognised in the consolidated interim financial statements is as follows:

	Group	
	31.3.2006	31.12.2005
	$'000	$'000
Capital commitments in respect of property, plant and equipment	58,594	67,186

39. COMMITMENTS AND CONTINGENCIES — (Continued)

(b) Operating lease commitments

Future minimum lease payments payable under non-cancellable operating leases as at 31 March 2006 and 31 December 2005 are as follows:

Payable:		
Within 1 year	2,386	2,335
After 1 year but within 5 years	8,879	9,077
After 5 years	12,625	13,405
	21,504	22,482
	23,890	24,817

The above operating lease commitments relate principally to the lease of Vabbinfaru Island and Ihuru Island. The operating lease of Vabbinfaru Island and Ihuru Island expire in 2019 and 2015 respectively and do not include any contingent rentals.

In addition to the operating lease commitments detailed above, as at the balance sheet date, a subsidiary company entered into lease agreements for periods of 3 to 30 years, with an option to renew the lease after that date, with certain companies and owners of the hotel. In consideration for such services, the subsidiary company is committed to pay operating lease expenses contingent upon revenue earned in accordance with the rates specified in the agreements.

Certain subsidiary companies, entered into operating agreements with certain companies whereby these companies are to operate the subsidiary companies' hotels and golf business. In consideration for such services, the subsidiary companies are committed to pay remunerations contingent upon revenue earned in accordance with the notes specified in the agreements.

(c) Contingent liabilities

As at the balance sheet date, the Company had issued the following outstanding guarantees:

	Company	
	31.3.2006	31.12.2005
	$'000	$'000
Guarantees issued on banking facilities of subsidiary companies	10,657	10,507

A case has been brought to the Administration Court in Thailand in which certain subsidiary companies are co-defendants. The Plaintiff has requested the Court to order the Phuket Provincial Land Office, named as the defendant, to revoke some land title deeds under ownership of the said companies, on the grounds that such title deeds were issued illegally. All evidence has been submitted to the Court which the Court is now considering. The land titles in question were issued well before the subsidiary companies purchased the land, which the subsidiary companies subsequently purchased in good faith. Although it is expected that it will take at least 1 year to receive judgment, the Group is confident that it has sufficient evidence to support its defence of this case.

(d) Contingent assets

Arising out of the 2004 Tsunami, the Group sustained some property damage and substantial loss of earnings. The Group has made claims for these from its insurers and initiated legal proceedings by way of arbitration against the insurers for the recovery of the sums which the Group has been advised are recoverable under the policies.

The total claim aggregated in the arbitral proceedings by the Group is approximately US$39 million as of July 2005 which is subject to changes as the Business Interruption claim amount is open for 18 months from 26 December 2004.

40. RELATED PARTY TRANSACTIONS

An entity or individual is considered a related party of the Group for the purpose of the financial statements if (i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or (ii) it is subject to common control or common significant influence.

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	
	1.1.2006 to 31.3.2006	1.1.2005 to 31.3.2005
	$'000	$'000
(a) ***Sale and purchase of goods and services***		
Associated companies:		
— Management and service fee income	1,148	763
— Reservation fee income	49	55
Related parties:		
— Management and service fee income	1,313	1,674
— Rental income	4	4
— Reservation fee income	85	164

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivative financial instruments, comprise bank loans and overdraft, redeemable preference shares, finance leases and hire purchase contracts, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including principally forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations and its sources of financing.

It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risks (both fair value and cash flow), liquidity risk, foreign currency risk and credit risk. The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivative financial instruments are set out in Note 2.29.

(a) **Interest rate risk**

The Group's exposure to market risk for changes in interest rate environment relates primarily to the Group's investment portfolio and long-term debt obligations. The Group does not use derivative financial instruments to hedge its investment portfolio.

The Group's policy is to manage its exposure to interest rate risks using a mix of fixed and variable rate debts.

(b) **Foreign currency risk**

The Group is exposed to exchange risk as the majority of its receivables and payables, project costs and progress billings are denominated in foreign currencies, mainly US dollars and Thai Baht. There is no formal hedging policy with respect to the foreign exchange exposure. Exposure to exchange risk is monitored on an ongoing basis and the Group uses foreign currency forward exchange contracts to manage the exchange risks.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES — (Continued)

(b) **Foreign currency risk — (Continued)**

As at 31 March 2006, the Group had entered into foreign currency forward exchange contracts amounting to $44,178,652 (31.12.2005: $37,023,900). The fair value adjustment to the forward exchange contracts (which is the difference between notional principal amount and market value of the contracts) is gain of $1,636,730 (31.12.2005: loss of $748,162).

The fair values of foreign currency forward exchange contracts have been calculated (using rates quoted by the banks) assuming the contracts are terminated at the balance sheet date.

(c) **Credit risk**

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets. Cash is placed with financial institutions with good credit rating.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets.

Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments carried at fair value

The Group and Company has carried all investment securities that are classified as held for trading or available-for-sale financial assets, and all derivative financial instruments, at their fair value as required by FRS 39.

Financial instruments whose carrying amount approximate fair value

Management has determined that the carrying amounts of cash and short term deposits, current trade and other receivables, bank overdrafts, current trade and other payables and current bank loans, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

Financial instruments carried at other than fair value

Set out below is a comparison by category of carrying amounts and fair values of all of the Group and Company's financial instruments that are carried in the consolidated interim financial statements at other than fair values as at 31 March 2006 and 31 December 2005.

	Group			
	Carrying amount		Fair value	
	31.3.2006	31.12.2005	31.3.2006	31.12.2005
	$'000	$'000	$'000	$'000
Financial assets:				
Trade receivables	40,299	34,011	40,473	34,246
Financial liabilities:				
Other payables	53,217	49,960	54,633	51,267

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES — (Continued)

Fair values — (Continued)

Methods and assumptions used to determine fair values.

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values as mentioned earlier, are as follow:

Financial assets and liabilities	Methods and assumptions
• Investment securities (quoted shares)	Fair value has been determined by reference to published market prices or broker quotes at the balance sheet date without factoring in transaction costs.
• Non-redeemable preference shares • Investment securities (unquoted shares)	It is not practicable to determine the fair values because of the lack of quoted market prices and the assumptions used in valuation models to value these investments cannot be reasonably determined.

During the period, no amount (31.12.2005: Nil) has been recognised in the profit and loss account in relation to the change in fair value of financial assets or financial liabilities estimated using a valuation technique.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at balance sheet date and the periods in which they reprice.

	Note	31.3.2006 Effective rate	Total	1 year	1 to 5 Years	After 5 Years	31.12.2005 Effective rate	Total	1 year	1 to 5 Years	After 5 Years
		%	$'000	$'000	$'000	$'000	%	$'000	$'000	$'000	$'000
Group											
Financial assets											
Cash and cash equivalents	27	0.0 – 4.0	46,784	46,784	—	—	0.0 – 3.8	38,191	38,191	—	—
Long-term trade receivables											
— Fixed rate	17	9.0 – 12.0	1,173	344	829	—	9.0 – 12.0	1,430	665	765	—
— Floating rate	17	SIBOR + 5%	848	259	552	37	SIBOR + 5%	1,067	395	672	—
			48,805	47,387	1,381	37		40,688	39,251	1,437	—

SIBOR: Singapore inter-bank offered rate
MMR: Money market rate
PLR: Prime lending rate
MLR: Minimum lending rate
COF: Cost of fund
AAA: HSBC in-house credit rating based rates

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES — (Continued)

Fair values — (Continued)

	Note	31.3.2006 Effective rate	Total	1 year	1 to 5 Years	After 5 Years	31.12.2005 Effective rate	Total	1 year	1 to 5 Years	After 5 Years
		%	$'000	$'000	$'000	$'000	%	$'000	$'000	$'000	$'000
Financial liabilities											
Hire purchase creditors	31	5.0	(130)	(44)	(83)	(3)	2.6 – 6.13	(50)	(19)	(31)	—
Short-term bank loan	30	2.0	(24,690)	(24,690)	—	—	MMR	(24,072)	(24,072)	—	—
Bank overdrafts	30	AAA – 2	(1,179)	(1,179)	—	—	AAA – 2	(843)	(843)	—	—
Secured bank loan											
— S$ floating rate loan	30	1.5 above SGD swap cost	(975)	(375)	(600)	—	1.5 above SGD swap cost	(1,100)	(450)	(650)	—
— S$ floating rate loan	30	COF + 2	(8,475)	(3,925)	(4,550)	—	COF + 2	(5,705)	(925)	(4,626)	(154)
— US$ floating rate loan	30	COF + 2.25	(7,340)	(734)	(6,606)	—	COF + 2.25%	(7,515)	(376)	(7,139)	—
— US$ floating rate loan	30	SIBOR + 1.5%	(9,786)	—	(9,786)	—	SIBOR + 1.5%	(10,020)	—	(10,020)	—
— US$ fixed rate loan	30	8.5	(14,621)	(14,621)	—	—	8.5	(15,468)	(15,468)	—	—
— BHT fixed rate loan	30	2.0 – 4.0	(22,464)	(12,480)	(9,984)		2.0 – 4.0	(24,123)	(14,280)	(9,843)	
— BHT floating rate loan	30	MLR to MLR – 2	(112,369)	(13,431)	(81,914)	(17,024)	MLR to MLR – 2	(108,183)	(12,299)	(77,680)	(18,204)
— LKR fixed rate loan	30	5.0	(27)	(17)	—	(10)	5.0	(33)	(17)	—	(16)
— RMB fixed rate loan	30	6.5	(608)	—	(608)	—	—	—	—	—	—
Redeemable preference shares	33	8.0	(27,100)	—	(27,100)	—	8.0	(27,100)	—	(27,100)	—
			(229,764)	(71,496)	(141,231)	(17,037)		(224,212)	(68,749)	(137,089)	(18,374)

SIBOR: Singapore inter-bank offered rate
MMR: Money market rate
PLR: Prime lending rate
MLR: Minimum lending rate
COF: Cost of fund
AAA: HSBC in-house credit rating based rates

42. SEGMENT INFORMATION

Reporting format

The primary reporting format is determined to be business segments as the Group's risk and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating business is organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Business segments

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The hotel investment segment relates to hotel and restaurant operations.

The hotel management segment relates to the management of hotels and resorts.

The spa operation segment relates to the management and operation of spas.

42. SEGMENT INFORMATION — (Continued)

The gallery operation segment relates to sales of merchandise.

The property sales segment relates to property development operations and time-share business.

Design fees and others segment includes mainly provision of design services, management and ownership of golf course and rental of retail outlets and offices.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets and expenses.

The turnover by geographical segments are based on the location of customers where the products are produced and services rendered. The assets and capital expenditure are based on the location of those assets.

Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

Allocation basis and transfer pricing

Segments results, assets and liabilities include items directly attributable to a segment as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

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.

42. SEGMENT INFORMATION — (Continued)

(a) Business segments

The following tables present revenue and results information regarding the Group's business segments for the periods ended 31 March 2006 and 31 March 2005:

	Continuing Operations						
	Hotel investment	Hotel management	Spa operation	Gallery operation	Property sales	Design fees and others	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Period from 1 January 2006 to 31 March 2006							
Revenue							
Segment revenue							
Sales to external customers	51,254	4,597	5,679	2,481	16,761	4,364	85,136
Intersegment sales	(251)	(3,369)	(429)	(60)	—	(273)	(4,382)
	51,003	1,228	5,250	2,421	16,761	4,091	80,754
Unallocated income							617
Total revenue							81,371
Results							
Segment results	17,432	(3)	1,690	236	8,785	(1,219)	26,921
Unallocated income							617
Profit from operations							27,538
Finance income							370
Finance expenses							(3,783)
Share of results of associated companies							289
Share of results of joint venture companies							(2)
Profit before taxation							24,412
Income tax expense							(6,932)
Profit for the period							17,480
Period from 1 January 2005 to 31 March 2005							
Revenue							
Segment revenue							
Sales to external customers	20,782	3,764	3,554	1,346	4,988	2,489	36,923
Intersegment sales	(38)	(1,549)	(242)	—	—	(153)	(1,982)
	20,744	2,215	3,312	1,346	4,988	2,336	34,941
Unallocated income							461
Total revenue							35,402
Results							
Segment results	(1,997)	644	(222)	(352)	1,153	(2,084)	(2,858)
Unallocated income							461
Profit from operations							(2,397)
Finance income							251
Finance expenses							(1,588)
Share of results of associated companies							403
Share of results of joint venture companies							(2)
Profit before taxation							(3,333)
Income tax expense							163
Profit for the period							(3,170)

42. SEGMENT INFORMATION — (Continued)

(a) Business segments — (Continued)

The following tables present certain asset, liability and other information regarding the Group's business segments as at 31 March 2006 and 31 December 2005:

	Continuing Operations						
	Hotel investment	Hotel management	Spa operation	Gallery operation	Property sales	Design fees and others	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 31 March 2006							
Assets and liabilities:							
Segment assets	508,797	8,298	14,040	8,665	53,036	86,044	678,880
Investment in associated companies							21,201
Investment in joint venture companies							4,054
Deferred tax assets							12,997
Total assets							717,132
Segment liabilities	211,837	4,026	9,221	2,199	7,186	67,137	301,606
Current and deferred tax liabilities							76,292
Total liabilities							377,898
Period from 1 January 2006 to 31 March 2006							
Other segment information:							
Capital expenditure	17,079	51	253	28	35	53	17,499
Depreciation	4,436	6	308	40	49	537	5,376
Amortisation of prepaid island rental	995	—	—	—	—	—	995
As at 31 December 2005							
Assets and liabilities:							
Segment assets	468,950	9,036	13,293	7,883	42,807	100,925	642,894
Investment in associated companies							21,411
Investment in joint venture companies							4,163
Deferred tax assets							13,529
Total assets							681,997
Segment liabilities	187,720	3,505	8,558	1,528	18,118	72,252	291,681
Current and deferred tax liabilities							69,495
Total liabilities							361,176
Period from 1 January 2005 to 31 March 2005							
Other segment information:							
Capital expenditure	5,477	19	342	78	21	262	6,199
Depreciation	3,645	6	281	48	37	498	4,515
Amortisation of prepaid island rental	514	—	—	—	—	—	514

42. SEGMENT INFORMATION — (Continued)

(b) **Geographical segments**

The following tables present revenue, capital expenditure and certain assets information regarding the Group's geographical segments for the periods ended 31 March 2006 and 2005:

	South East Asia	Indian Oceania	North East Asia	Rest of the world	Total
	$'000	$'000	$'000	$'000	$'000
Period from 1 January 2006 to 31 March 2006					
Revenue:					
Sales to external customers	64,375	13,444	659	2,276	80,754
	64,375	13,444	659	2,276	80,754
Unallocated income					617
Total revenue					81,371
As at 31 March 2006					
Other segment information:					
Segment assets	590,413	70,252	15,263	2,952	678,880
Investment in associated companies					21,201
Investment in joint venture companies					4,054
Deferred tax assets					12,997
Total assets					717,132
Period from 1 January 2006 to 31 March 2006					
Capital expenditure	16,017	1,088	363	31	17,499

	South East Asia	Indian Oceania	North East Asia	Rest of the world	Total
	$'000	$'000	$'000	$'000	$'000
Period from 1 January 2005 to 31 March 2005					
Revenue:					
Sales to external customers	24,803	7,749	238	2,151	34,941
	24,803	7,749	238	2,151	34,941
Unallocated income					461
Total revenue					35,402
As at 31 December 2005					
Other segment information:					
Segment assets	558,552	68,174	13,255	2,913	642,894
Investment in associated companies					21,411
Investment in joint venture companies					4,163
Deferred tax assets					13,529
Total assets					681,997
Period from 1 January 2005 to 31 March 2005					
Capital expenditure	5,756	417	—	26	6,199

43. AUTHORIZATION OF FINANCIAL STATEMENTS

The consolidated interim financial statements for the period from 1 January 2006 to 31 March 2006 were authorized for issue in accordance with a resolution of the directors dated 26 May 2006.

44. EVENTS AFTER THE BALANCE SHEET DATE

Pursuant to written resolutions dated 17 April 2006 and 28 April 2006 and at the annual general meeting of the Company held on 28 April 2006, the shareholders of the Company approved, among other things, the following:

(a) the conversion of the Company to a public limited company and the change of name from ''Banyan Tree Holdings Pte Ltd'' to ''Banyan Tree Holdings Limited'';

(b) the adoption of a new set of articles of association;

(c) the sub-division of every one (1) share in the share capital of the Company into 2 shares;

(d) the allotment and issue of new shares to Executive Directors (save for Executive Chairman Mr Ho KwonPing), Executive Officers (save for Mr Ho KwonCjan and Ms Claire Chiang), other employees of the Group and persons who are employees of the resorts, spas and business units managed by the Group (but not necessarily employed by the Group);

(e) the allotment and issue of new shares to holders of the ''B'' preference shares pursuant to the redemption of the ''B'' preference shares by way of conversion into shares;

(f) the allotment and issue of new shares to Tropical Resorts Management Co Ltd pursuant to the trademark acquisition;

(g) the allotment and issue of shares and any additional shares to be issued pursuant to the exercise of the over-allotment option, which are the subject of the offering. The issue shares and any additional shares, when allotted, issued and fully paid-up, will rank pari passu in all respects with the existing shares;

(h) that authority be given pursuant to Section 161 of the Singapore Companies Act to the Directors to allot and issue shares and/or convertible securities (where the maximum number of shares to be issued upon conversion is determinable at the time of the issue of such securities) in the Company (whether by way of rights, bonus, or otherwise) at any time and from time to time thereafter to such persons and on such terms and conditions for and such purposes as the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares and/or convertible securities to be issued shall not exceed 50.0 per cent of the issued share capital of the Company, of which the aggregate number of shares and/or convertible securities to be issued other than on a pro rata basis to existing shareholders shall not exceed 20.0 per cent of the issued share capital of the Company (the percentage of issued share capital being based on the issued share capital at the time such authority is given after adjusting for new shares arising from the conversion of any convertible securities or employee share options in issue at the time such authority is given and any subsequent consolidation or subdivision of shares) and unless revoked or varied by the Company in general meeting and that such authority shall continue in force until the conclusion of the next annual general meeting or the expiration of the period within which the next annual general meeting of the Company is required by law to be held, whichever is the earlier;

(i) the adoption of the Banyan Tree Share Option Scheme, that authority be given to the Directors to allot and issue new shares upon the exercise of options granted under the Banyan Tree Share Option

44. EVENTS AFTER THE BALANCE SHEET DATE — (Continued)

Scheme and that authority be given to the committee to grant options at a discount up to a maximum of 20.0 per cent; and

(j) the adoption of the Banyan Tree Performance Share Plan.

At an extraordinary general meeting of the Company held on 2 May 2006, the independent shareholders, approved:

(a) the adoption of the founder's grant to Executive Chairman, Mr Ho KwonPing, pursuant to the approval of the employment agreement between the Company and Mr Ho KwonPing; and

(b) the shareholders' mandate for interested person transactions.

On 25 April 2006, a subsidiary company, Banyan Tree Properties Pte Ltd, entered into deeds of assignment with Gold Sand Investments Ltd. (a related party), in relation to the assignment by Gold Sand Investments Ltd. to Banyan Tree Properties Pte Ltd of amongst others, each lease agreement entered into between Gold Sand Investments Ltd., as lessee and Kingley Realty Limited, as lessor, in respect of certain number of Bintan Units, for a consideration of $60. If Banyan Tree Properties Pte Ltd leases the maximum number of units available under the deeds of assignment, the total consideration payable to Kingley Realty Limited would be $13.07 million.

On 25 April 2006, a subsidiary company, Banyan Tree Properties Pte Ltd, entered into deeds of assignments with Salvia Investments Ltd (a related party), in relation to the assignment by Salvia Investments Ltd to Banyan Tree Properties Pte Ltd of amongst others, each lease agreement entered into between Salvia Investments Ltd as lessee and Kingley Realty Limited, as lessor, in respect of certain number of Bintan Units, for a consideration of $2.17 million which is payable by 24 June 2006.

On 5 May 2006, a subsidiary company, Maldives Cape Pvt Ltd, signed an agreement for the lease over a picnic island in the Maldives, for a term of approximately 16 years. The upfront premium payable for the lease is US$833,087, and the rent for the first year is US$300,000. The annual rent after the first year is US$276,667.

On 8 May 2006, the Company entered into a sale and purchase agreement to acquire the "Banyan Tree", "Angsana", "Elements", "Yue Chun" and "Yue Rong" trademarks from Tropical Resorts Management Co Ltd ("TRMC") and "The Allamanda" trademark from The Allamanda Residential Suites Limited ("TARS") at an aggregate consideration of S$24.3 million. Subsequently, on 22 May 2006, the said brands were transferred to the Company under Deeds of Assignment from TRMC and TARS respectively for the issue of 15,552,000 of the Company's ordinary shares to TRMC as part settlement of the consideration.

On 16 May 2006, the Company participated in the incorporation of 3 companies, Maldives Sun Pvt Ltd, Maldives Sand Pvt Ltd and Maldives Shore Pvt Ltd, all in the Republic of Maldives. The Company owns 49% of the issued capital in each of the 3 companies. Each of these entities has an issued and paid-up share capital of MRF10,000 divided into 10,000 ordinary shares of par value MRF1 each. The principal activities of these subsidiaries are property investment.

The shareholders of the Company at an extraordinary general meeting held on 22 May 2006 approved that contingent upon the close of the proposed initial public offer by the Company, the Directors of the Company are authorized to allot and issue up to an aggregate of 8 million ordinary shares, at no consideration, to eligible employees and employees of the Company's associated companies and/or the resorts, spas and business units managed by the Group, as determined by the Executive Chairman and approved by the Nominating and Remuneration Committee of the Company.

On 22 May 2006, the Company issued a Notice of Redemption to "B" Preference Shareholders of the Company, giving notice of redemption by the Company of the "B" Preference Shares held by the "B" Preference Shareholders by way of conversion into 22,848,000 ordinary shares of the Company.

REPORT FROM THE REPORTING AUDITORS ON EXAMINATION OF THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF BANYAN TREE HOLDINGS LIMITED

26 May 2006

The Board of Directors
Banyan Tree Holdings Limited
211 Upper Bukit Timah Road
Singapore 588182

Dear Sirs,

We report on the pro forma consolidated financial information set out in the prospectus dated 26 May 2006 (the "Prospectus"), which has been prepared, for illustrative purposes only, and based on certain assumptions and after making certain adjustments to show what:

(i) the financial results of Banyan Tree Holdings Limited and its subsidiary companies (collectively, the "Group") for the year ended 31 December 2005 would have been if the group structure as of date of lodgement of Prospectus had been in place since the beginning of the period being reported on;

(ii) the financial position of the Group as of the date of the balance sheet as at 31 December 2005 would have been if the group structure as of date of lodgement of the Prospectus had been in place on that date; and

(iii) the cash flows of the Group for the year ended 31 December 2005 would have been if the group structure as of date of lodgement of Prospectus had been in place since the beginning of that financial year.

The pro forma consolidated financial information, because of their nature, may not give a true picture of the Group's actual financial results, position or cash flows.

The pro forma consolidated financial information are the responsibility of the Directors of the Banyan Tree Holdings Limited ("Company"). Our responsibility is to express an opinion on the pro forma consolidated financial information based on our work.

We carried out procedures in accordance with Singapore Statement of Auditing Practice ("SAP 24"): *"Auditors and Public Offering Documents"*. Our work, which involved no independent examination of the underlying financial statements, consisted primarily of comparing the pro forma consolidated financial information to the Group's consolidated financial statements or where information is not available in the Group's consolidated financial statements, to accounting records, considering the evidence supporting the adjustments and discussing the pro forma consolidated financial information with the Directors of the Company.

(a) In our opinion, the pro forma consolidated financial information has been properly prepared:

  (i) in a manner consistent with the format of the consolidated financial statements and the accounting policies of the Company, which are in accordance with Singapore Financial Reporting Standards; and

  (ii) on the basis of the assumptions set out on Note 4 to the pro forma consolidated financial information; and

(b) each material adjustment made to the information used in the preparation of the pro forma consolidated financial information is appropriate for the purpose of preparing such financial information.

ERNST & YOUNG
Certified Public Accountants
Singapore

Partner-in-Charge: Mr Tan Chian Khong

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF BANYAN TREE HOLDINGS LIMITED

PRO FORMA CONSOLIDATED PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	Group 2005 S$'000	Group 2005 US$'000
Continuing operations			
Revenue	6	191,527	115,170
Other operating income	7	11,003	6,616
		202,530	121,786
Costs and expenses			
Operating supplies		(29,664)	(17,838)
Salaries and related expenses	8	(60,014)	(36,088)
Administrative expenses		(24,371)	(14,655)
Sales and marketing expenses		(10,242)	(6,158)
Depreciation of property, plant and equipment		(20,750)	(12,477)
Other operating expenses		(35,182)	(21,156)
Total costs and expenses		(180,223)	(108,372)
Profit from continuing operations	9	22,307	13,414
Finance income	10	797	479
Finance costs	11	(12,537)	(7,539)
Share of results of associated companies		610	367
Share of results of joint venture companies		(35)	(21)
Profit from continuing operations before taxation		11,142	6,700
Income tax expenses	12	(3,521)	(2,117)
Profit from continuing operations after taxation		7,621	4,583
Attributable to:			
Equity holders of the Company		5,181	3,115
Minority interests		2,440	1,468
		7,621	4,583
Basic and diluted earnings per share*	13	0.86 cents	0.52 cents

* These pro forma earnings per share were computed based on the issued share capital of 601,927,196 ordinary shares after taking into account sub-division of every 1 share in the share capital of the Company into 2 shares on 28 April 2006 (Note 2).

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF BANYAN TREE HOLDINGS LIMITED

PRO FORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2005

	Note	Group 2005 S$'000	Group 2005 US$'000
Non-current assets			
Property, plant and equipment	14	438,713	263,808
Land awaiting for future development	15	26,087	15,687
Associated companies	16	21,411	12,875
Joint venture companies	17	4,163	2,503
Prepaid island rental	18	32,095	19,299
Long-term trade receivables	19	1,437	864
Intangible assets	20	27,078	16,283
Long-term investments	21	8,593	5,167
Other non-current assets	22	805	484
Deferred tax assets	37	13,529	8,135
		573,911	345,105
Current assets			
Inventories	23	8,118	4,882
Trade receivables	24	34,011	20,452
Other receivables	25	26,454	15,907
Amounts due from associated companies	26	725	436
Amounts due from related parties	27	3,210	1,930
Property development costs	28	22,078	13,276
Cash and bank balances	29	38,191	22,965
		132,787	79,848
		706,698	424,953
Current liabilities			
Excess of progress billings over work-in-progress	30	30	18
Trade payables		11,802	7,097
Other payables	31	49,960	30,042
Amounts due to related parties	27	24,739	14,876
Interest-bearing loans and borrowings	32	68,730	41,329
Tax payable		2,056	1,236
		157,317	94,598
Net current liabilities		(24,530)	(14,750)
Non-current liabilities			
Hire purchase creditors	33	31	19
Interest-bearing loans and borrowings	32	128,332	77,169
Loan stock	34	421	253
Redeemable preference shares	35	27,100	16,296
Other non-current liabilities	36	2,915	1,752
Deferred tax liabilities	37	67,439	40,553
Loan from minority shareholder of a subsidiary company	38	1,921	1,155
		228,159	137,197
Net assets		321,222	193,158
Pro forma equity attributable to equity holders of the Company		185,733	111,685
Minority interests		135,489	81,473
Total pro forma equity		321,222	193,158

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF BANYAN TREE HOLDINGS LIMITED

PRO FORMA CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

	2005	2005
	S$'000	US$'000
Cash flows from operating activities		
Profit from continuing operations before taxation	11,142	6,700
Adjustments for:		
Share of results of associated companies	(610)	(367)
Share of results of joint venture companies	35	21
Depreciation of property, plant and equipment	20,750	12,477
Loss on disposal of property, plant and equipment	31	19
Impairment of long term investments	64	38
Gain from property sales	(1,404)	(844)
Write off of property, plant and equipment	388	233
Finance income	(797)	(479)
Finance expenses	12,537	7,539
Write back of impairment of property, plant and equipment	(1,309)	(787)
Currency realignment	1,337	805
Amortisation of prepaid island rental	2,944	1,770
Allowance for doubtful debts — trade	835	502
Write back of allowance for doubtful debts — trade	(33)	(20)
Bad debts written back — trade	(17)	(10)
	34,751	20,897
Operating profit before working capital changes — continuing operations	45,893	27,597
Increase in inventories	(622)	(374)
Increase in trade and other receivables	(10,839)	(6,518)
Decrease amounts due from related parties	127	76
Increase in trade and other payables	6,442	3,874
	(4,892)	(2,942)
Cash flows generated from operating activities and continuing operations	41,001	24,655
Interest received	797	479
Interest paid	(10,139)	(6,097)
Tax paid	(6,934)	(4,170)
Net cash flows from operating activities and continuing operations	24,725	14,867
Cash flows from investing activities		
Purchase of property, plant and equipment	(56,634)	(34,055)
Proceeds from capital contributions by minority interests	1,910	1,149
Acquisition of subsidiary, net of cash acquired	(6,091)	(3,663)
Payment of lease rental	(35,375)	(21,272)
Acquisition of long term investments	(870)	(523)
Net cash flows used in investing activities	(97,060)	(58,364)
Cash flows from financing activities		
Proceed from issuance of loan stock	374	225
Loans from minority shareholder	1,921	1,155
Proceeds from loans	211,225	127,014
Repayment of loans	(148,040)	(89,020)
Payment of dividends		
— by subsidiary companies to minority interests	(4,143)	(2,491)
— by Company to shareholders	(416)	(250)
Payment to hire purchase creditors	(19)	(11)
Net cash flows from financing activities	60,902	36,622
Net decrease in cash and cash equivalents	(11,433)	(6,875)
Net foreign exchange difference	(1,131)	(680)
Cash and cash equivalents at beginning of year	49,912	30,013
Cash and cash equivalents at end of year (Note 29)	37,348	22,458

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF BANYAN TREE HOLDINGS LIMITED

NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

1. INTRODUCTION

The pro forma consolidated financial information of the Group have been prepared for inclusion in the Prospectus.

For the convenience of the readers, the pro forma consolidated financial information as at 31 December 2005 (with the exception of notes) present additional information expressed in US dollars, which has been obtained by re-measurement of the Singapore dollars figures using the exchange rate of S$1.663 to US$1.00, based on The Business Times' interbank cross rates on 30 December 2005 (last working day of 2005). Such transaction should not be construed as a representation that the Singapore dollar amounts have been or could be converted into US dollars in this or any other rates.

2. THE COMPANY

Banyan Tree Holdings Pte Ltd ("the Company") is a private limited company, domiciled and incorporated in Singapore on 11 April 2000.

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

The principal activities of the Company are those of investment holding and the provision of project design and management services. The principal activities of the subsidiary companies are set out in Note 3 to the pro forma consolidated financial information.

The Group employed 4,177 employees as at 31 December 2005.

Pursuant to written resolutions dated 17 April 2006 and 28 April 2006, and at the annual general meeting and extraordinary general meeting of the Company held on 28 April 2006 and 22 May 2006 respectively, the shareholders of the Company approved, among other things, the following:

(a) the conversion of the Company to a public limited company and the change of name from "Banyan Tree Holdings Pte Ltd" to "Banyan Tree Holdings Limited";

(b) the adoption of a new set of articles of association;

(c) the sub-division of every one (1) share in the share capital of the Company into 2 shares;

(d) the allotment and issue of new shares to Executive Directors (save for Executive Chairman Mr Ho KwonPing), Executive Officers (save for Mr Ho KwonCjan and Ms Claire Chiang) and other employees of the Group and persons who are employees of the resorts, spas and business units managed by the Group (but not necessarily employed by the Group);

(e) the allotment and issue of new shares to holders of the "B" preference shares pursuant to the redemption of the "B" preference shares by way of conversion into shares;

(f) the allotment and issue of new shares to Tropical Resorts Management Co Ltd pursuant to the trademark acquisition;

(g) the allotment and issue of shares and any additional shares to be issued pursuant to the exercise of the over-allotment option, which are the subject of the offering. The issue shares and any additional shares, when allotted, issued and fully paid-up, will rank pari passu in all respects with the existing shares;

(h) that authority be given pursuant to Section 161 of the Singapore Companies Act to the Directors to allot and issue shares and/or convertible securities (where the maximum number of shares to be issued upon conversion is determinable at the time of the issue of such securities) in the Company (whether by way of rights, bonus, or otherwise) at any time and from time to time thereafter to such persons and on such terms and conditions for and such purposes as the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares and/or convertible securities to be issued shall not exceed 50.0 per cent of the issued share capital of the Company, of which the aggregate number of shares and/or convertible securities to be issued other than on a pro rata basis to existing shareholders shall not exceed 20.0 per cent of the issued share capital of the Company (the percentage of issued share capital being based on the issued share capital at the time such authority is given after

2. THE COMPANY — (Continued)

adjusting for new shares arising from the conversion of any convertible securities or employee share options in issue at the time such authority is given and any subsequent consolidation or subdivision or shares) and unless revoked or varied by the Company in general meeting and that such authority shall continue in force until the conclusion of the next annual general meeting or the expiration of the period within which the next annual general meeting of the Company is required by law to be held, whichever is the earlier;

(i) the adoption of the Banyan Tree Share Option Scheme and that authority be given to the Directors to allot and issue new shares upon the exercise of options granted under the Banyan Tree Share Option Scheme and that authority be given to the committee to grant options at a discount up to a maximum of 20.0 per cent; and

(j) the adoption of the Banyan Tree Performance Share Plan.

At an extraordinary general meeting of the Company held on 2 May 2006, the independent shareholders approved:

(a) the adoption of the founder's grant to Executive Chairman, Mr Ho KwonPing, pursuant to the approval of the employment agreement between the Company and Mr Ho KwonPing; and

(b) the shareholders' mandate for interested person transactions.

3. SUBSIDIARY COMPANIES

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

Name of subsidiary company	Principal activities	Place of incorporation	Cost of investment 2005	Effective equity held by the Group 2005
			$'000	%
(i) ***Held by the Company***				
Banyan Tree Hotels & Resorts Pte. Ltd.	Providing resort, spa, project and golf management services	Singapore	5,466	100
Banyan Tree Resorts Limited	Providing resort management services	Hong Kong	4,131	100
Banyan Tree Spa (HK) Limited	Providing spa management services	Hong Kong	6,514	100
Laguna Resorts & Hotels Public Company Limited	Hotel and tourism business	Thailand	50,743	51.78
Beruwela Walk Inn Limited	Operating holiday resorts	Sri Lanka	645	79.85
Vabbinvest Maldives Pvt Ltd	Operating holiday resorts	Maldives	3,513	96.69
Banyan Tree Resorts & Spas (Thailand) Company Limited (formerly known as Banyan Tree Spa Company Limited)	Providing spa services	Thailand	6,446	100
Noy Holdings Limited	Investment holding	New Zealand	—	100
Maypole New Zealand Limited	Rental of apartments	New Zealand	21	100
Banyan Tree Properties Pte Ltd (formerly known as Wah-Chang Holdings Pte. Ltd.)	Property holding	Singapore	10,673	100
Banyan Tree Spas Pte. Ltd.	Operating of spas	Singapore	**	100
Jiwa Renga Resorts Limited	Hotel construction and operation	China	6,941	96.00
Maldives Bay Pvt Ltd	Development and management of resorts, hotels and spas	Maldives	6,561	77.45

3. SUBSIDIARY COMPANIES — (Continued)

	Name of subsidiary company	Principal activities	Place of incorporation	Cost of investment 2005	Effective equity held by the Group 2005
				$'000	%
	Maldives Cape Pvt Ltd	Development and management of resorts, hotels and spas	Maldives	**	100
	Banyantravel.com Pte Ltd	Providing travel agency services	Singapore	736	100
				102,390	
(ii)	***Held through subsidiary companies***				
	Banyan Tree Guam Limited	Providing spa and other associated services	Guam	—	100
	Banyan Tree Spas Sdn. Bhd	Operating of spas	Malaysia	—	100
	Banyan Tree Japan Yugen Kaisha (formerly known as Banyan Tree Spa Japan Yugen Kaisha)	Operating of spas	Japan	—	100
	Heritage Spas Egypt LLC	Operating and investing in resorts, spas and retail outlets	Egypt	—	100
	Banyan Tree (Private) Limited (formerly known as Heritage Spas (Private) Limited)	Operating of spas	Sri Lanka	—	100
	Heritage Spas South Africa (Pty) Ltd	Operating and investing in resorts, spas and retail outlets	South Africa	—	100
	Heritage Spas Dubai LLC	Operating of spas	Dubai	—	100
	Wanyue Leisure Health (Shanghai) Co., Ltd	Operating of spas	China	—	100
	Maldives Angsana Pvt Ltd	Operating holiday resorts	Maldives	—	96.69
	Architrave Design & Project Services Pte Ltd	Providing consultancy services	Singapore	—	100
	Hotelspa Pte. Ltd.	Investment holding	Singapore	—	100
	Keelbay Pty Ltd	Operating of spas	Australia	—	100
	TWR — Holdings Limited	Investment holding	Thailand	—	51.78
	Laguna Holiday Club Limited	Time-share business	Thailand	—	51.78
	Cheer Golden Limited	Investment holding	Hong Kong	—	51.78
	Laguna (3) Limited	Property development	Thailand	—	51.78
##	Laguna Sports Limited	Dormant	Thailand	—	—
	Wenco-Thai Limited	Dormant	Thailand	—	51.78
	Banyan Tree Gallery (Thailand) Limited	Sale of merchandise	Thailand	—	75.41
	Banyan Tree Gallery (Singapore) Pte Ltd	Sale of merchandise	Singapore	—	75.41
	Pai Samart Development Company Limited	Property development	Thailand	—	51.78
	Mae Chan Property Company Limited	Property development	Thailand	—	51.78
	Phuket Resort Development Limited	Property development	Thailand	—	51.78
	Laguna Grande Limited	Property development	Thailand	—	51.78
	PT. AVC Indonesia	Not yet commenced operation	Indonesia	—	51.78
	Laguna Banyan Tree Limited	Hotel operations	Thailand	—	51.78
##	PCD Limited	Dormant	Thailand	—	—
	Laguna Beach Club Limited	Hotel operations	Thailand	—	31.07

3. SUBSIDIARY COMPANIES — (Continued)

Name of subsidiary company	Principal activities	Place of incorporation	Cost of investment 2005	Effective equity held by the Group 2005
			$'000	%
Laguna (1) Limited	Property development	Thailand	—	31.07
Talang Development Company Limited	Property development	Thailand	—	25.89
Lijiang Banyan Tree Hotel Co. Ltd	Hotel construction and operation	China	—	66.25
Twin Waters Development Company Limited	Property development	Thailand	—	51.78
Bangtao (1) Limited	Property development	Thailand	—	51.78
Bangtao (2) Limited	Property development	Thailand	—	51.78
Bangtao (3) Limited	Property development	Thailand	—	51.78
Bangtao (4) Limited	Property development	Thailand	—	51.78
Bangtao Development Limited	Property development	Thailand	—	51.78
Bangtao Grande Limited	Hotel operations	Thailand	—	51.78
Laguna Central Limited	Not yet commenced operation	Thailand	—	51.78
Laguna Service Company Limited	Providing utility and other services to the hotels of the Group	Thailand	—	44.79
Thai Wah Plaza Limited	Hotel operations	Thailand	—	51.78
Thai Wah Tower Company Limited	Office rental	Thailand	—	51.78
Thai Wah Tower (2) Company Limited	Office rental	Thailand	—	51.78
Laguna Excursion Limited	Not yet commenced operation	Thailand	—	51.78
Triumph International Holdings Limited	Investment holding	Hong Kong	—	80.00
Gyalthang Dzong Hotel	Touring, lodging and restaurant	China	—	79.20

Liquidated during the year
** Cost of investment is less than S$1,000

Acquisition of subsidiaries

On 8 March 2005, the Group acquired 100% of the voting shares in Thai Wah Plaza Limited, an unlisted company based in Thailand. The principal activities of this company are rental of office building and hotel operations. The total cost of the acquisition was S$1,683,000 which comprised cash consideration and cost directly attributable to the acquisition.

On 29 November 2005, the Group acquired 100% of the voting shares in Banyantravel.com Pte Ltd, an unlisted company based in Singapore. The principal activities of the company are the provision of travel agency services. The total cost of the acquisition was S$736,000 which comprised cash consideration.

On 19 December 2005, the Group acquired 80% of the voting shares in Triumph International Holdings Limited, an unlisted company based in Hong Kong. The principal activity of this company is investment holding. The cost of acquisition was S$1.

The acquisition of Banyantravel.com Pte Ltd and Triumph International Holdings Limited did not have any material impact on the Group's results.

NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

4. BASIS OF PREPARATION OF THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The objective of the pro forma consolidated financial information is to show what the historical information might have been had the Group as described in Note 3 to the pro forma consolidated financial information above been in place throughout the period since 1 January 2005 and thus, it is for illustrative purposes only.

The pro forma consolidated financial information, because of their nature, may not give a true picture of the Group's actual financial position, or financial results, or cash flows.

The pro forma consolidated financial information are expressed in Singapore dollar ("S$"), and in accordance with the accounting policies of the Group as set out in Note 5 to the pro forma consolidated financial information.

The pro forma consolidated financial information have been compiled on the assumption that the current group structure as outlined in Note 3 to the pro forma consolidated financial information had been in existence since 1 January 2005. These are compiled based on the following assumptions, after making certain adjustments, to show what the effect on the financial results and the financial position of the Group would have been if the following transactions had occurred on 1 January 2005:

(i) the acquisition of Thai Wah Plaza Limited as a subsidiary company on 1 January 2005; and

(ii) the acquisitions of the "Banyan Tree", "Angsana" and "The Allamanda" brands on 1 January 2005.

The pro forma consolidated financial information for the year ended 31 December 2005 is based on:

(i) the audited consolidated financial statements of Banyan Tree Holdings Limited and its subsidiary companies for the year ended 31 December 2005 prepared under Singapore Financial Reporting Standards;

(ii) the unaudited management accounts of Thai Wah Plaza Limited for the period from 1 January 2005 to 8 March 2005, prepared under Singapore Financial Reporting Standards.

(iii) the valuation reports by independent valuers on "Banyan Tree", "Angsana" and "The Allamanda" brands.

Ernst & Young, Certified Public Accountants, Singapore, have audited the consolidated financial statements of Banyan Tree Holdings Limited for the year ended 31 December 2005 and the auditors' report was unqualified.

Ernst & Young Office Limited, Certified Public Accountants, Bangkok, have audited the financial statements of Thai Wah Plaza Limited for the year ended 31 December 2005 and the auditors' report was unqualified.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been consistently applied in preparing the pro forma consolidated financial information, are as follows:

5.1 Functional and Foreign Currency

(a) **Functional currency**

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be SGD. Sales prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in SGD.

(b) **Foreign currency transactions**

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary companies and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

5.1 Functional and Foreign Currency — (Continued)

(b) **Foreign currency transactions — (Continued)**

balance sheet date. 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 determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the profit and loss account except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiary companies, which are recognised initially in a separate component of equity as foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated profit and loss account on disposal of the subsidiary company.

Differences on foreign currency borrowings that provide a hedge against a net investment in a foreign operation are also taken directly to the foreign currency translation reserve until the disposal of the net investment, at which time they are recognised in the profit and loss account. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in the foreign currency translation reserve.

(c) **Foreign currency translation**

The results and financial position of foreign operations are translated into SGD using the following procedures:

- Assets and liabilities for each balance sheet presented are translated at the closing rate ruling at that balance sheet date; and
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions.

All resulting exchange differences are recognised in a separate component of equity as foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date.

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

On disposal of a foreign operation, the cumulative amount of exchange differences deferred in equity relating to that foreign operation is recognised in the profit and loss account as a component of the gain or loss on disposal.

5.2 Subsidiary Companies and Principles of Consolidation

(a) **Subsidiary companies**

A subsidiary company is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

5.2 Subsidiary Companies and Principles of Consolidation — (Continued)

(b) **Principles of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the balance sheet date. The financial statements of the subsidiary companies are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.

Subsidiary companies are fully 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.

Acquisitions of subsidiary companies are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. The goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 5.6 below.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the profit and loss account on the date of acquisition.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. They are presented in the consolidated balance sheet within equity, separately from the parent shareholders' equity, and are separately disclosed in the consolidated profit and loss account.

5.3 Associated Companies

An associated company is an entity, not being a subsidiary company or a joint venture company, in which the Group has significant influence. This generally coincides with the Group having 20% or more of the voting power, or has representation on the board of directors.

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

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

Any excess of the Group's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associated company's profit or loss in the Period in which the investment is acquired.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

5.3 Associated Companies — (Continued)

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

The reporting dates of the associated companies and the Group are identical and the associated companies' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

5.4 Joint Venture Companies

The Company has interest in joint venture companies which are jointly controlled entities. A joint venture company is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture company that involves the establishment of a separate entity in which each venturer has an interest.

The Group's investments in joint venture companies are accounted for using the equity method. Under the equity method, the investment in joint venture company is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint venture company. The Group's share of the profit or loss of the joint venture company is recognised in the consolidated profit and loss account. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the joint venture company. The joint venture company is equity accounted for from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture company.

5.5 Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses. Land, land awaiting for development and buildings are subsequently revalued on an asset-by-asset basis, to their fair values. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are made annually to ensure that their carrying amount does not differ materially from their fair value at the balance sheet date.

When an asset is revalued, any increase in the carrying amount is credited directly to the asset revaluation reserve. However, the increase is recognised in the profit and loss account to the extent that it reverses a revaluation decrease of the same asset previously recognised in the profit and loss account. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in the profit and loss account. However, the decrease is debited directly to the asset revaluation reserve to the extent of any credit balance existing in the reserve in respect of that asset.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset 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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

5.5 Property, Plant and Equipment — (Continued)

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Land improvements	—	10 to 50 years
Freehold Buildings	—	40 to 50 years
Leasehold Buildings	—	Over the lease periods or 50 years, whichever is earlier
Furniture, fittings and equipment	—	3 to 20 years
Computers	—	3 years
Motor vehicles	—	5 to 10 years

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

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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit and loss account in the year the asset is derecognized.

5.6 Intangible Assets

(a) **Goodwill**

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

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

- Represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- Is not larger than a segment based on either the Group's primary or the Group's secondary reporting format.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated are tested for impairment annually and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

5.6 Intangible Assets — (Continued)

(b) **Other intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic 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 for an intangible asset with a finite useful life are reviewed at least at each financial year-end. The amortisation expense on intangible assets with finite lives is recognised in the profit and loss account through the 'depreciation and amortisation expenses' line item.

Intangible assets with indefinite useful lives are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable.

(b)(i) **Brands**

The useful lives of brands acquired are estimated to be indefinite because based on the current market share of the brands, management believes there is no foreseeable limit to the period over which the brands are expected to generate net cash flows for the group.

Gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit and loss account when the asset is derecognized.

5.7 Impairment of Non-financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset (i.e. an intangible asset with an indefinite useful life, an intangible asset not yet available for use, or goodwill acquired in a business combination) 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 to sell 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. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognised in the profit and loss account as 'impairment losses' or treated as a revaluation decrease for assets carried at revalued amount to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for that same asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in the profit and loss account unless the asset is carried at

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

5.7 Impairment of Non-financial Assets — (Continued)

revalued amount, in which case the reversal in excess of impairment loss previously recognised through the profit and loss account is treated as a revaluation increase. 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.

The Group does not reverse in a subsequent period, any impairment loss recognised for goodwill.

5.8 Financial Assets

Financial assets within the scope of FRS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

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

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

(a) **Financial assets at fair value through profit or loss**

Financial assets classified as held for trading are included in the category financial assets at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivative financial instruments are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in the profit and loss account.

The Group does not designate any financial assets not held for trading as financial assets at fair value through profit and loss.

(b) **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 assets to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount and minus any reduction for impairment or uncollectibility. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in the profit and loss account when the investments are derecognized or impaired, as well as through the amortisation process.

(c) **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. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit and loss account when the loans and receivables are derecognized or impaired, as well as through the amortisation process.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

5.8 Financial Assets — (Continued)

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

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised in the fair value adjustment reserve until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

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

5.9 Investment Securities

Investment securities are classified as financial assets at fair value through profit or loss, held-to-maturity investments or available-for-sale financial assets, as appropriate.

The accounting policies for the aforementioned categories of financial assets are stated in Note 5.8.

5.10 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.

Cash and short term deposits carried in the balance sheets are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 5.8.

5.11 Trade and Other Receivables

Trade and other receivables, including amounts due from associated and related companies and loans to related companies are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 5.8.

An allowance is made for uncollectible amounts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 5.13 below.

5.12 Property Development Costs

Property development cost is stated at the lower of cost and net realisable value. Cost comprises cost of land, design fee, infrastructure and construction.

In determining the cost of sales of the time-share business, the cost of each condominium unit is divided equally by the number of weeks in a year and then the cost of each week sold is recognised in the profit and loss account on a first-in, first-out basis.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

5.13 Impairment of Financial Assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(a) **Assets carried at amortised cost**

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments 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 (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the profit and loss account.

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. Any subsequent reversal of an impairment loss is recognised in the profit and loss account, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(b) **Assets carried at cost**

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument 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 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**

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the profit and loss account, is transferred from equity to the income statement. Reversals in respect of equity instruments classified as available-for-sale are not recognised in the profit and loss account. Reversals of impairment losses on debt instruments are reversed through the profit and loss account, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss account.

5.14 Inventories

Inventories are valued at the lower of cost (on a first-in, first-out basis) and net realisable value.

Costs incurred in bringing the following inventories to their present location and condition are accounted for based on purchase costs on a first-in, first-out basis:

- Food and beverage;
- Trading goods and supplies;
- Materials and others

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.

5.15 Construction Contracts

Contract revenue and contract costs are recognised as revenue and expenses, respectively, by reference to the stage of completion of the contract activity at the balance sheet date, when the outcome of a construction

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

5.15 Construction Contracts — (Continued)

contract can be estimated reliably. An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

Revenue arising from fixed price contracts is recognised in accordance with the percentage of completion method. The stage of completion is measured by reference to professional surveys of work performed.

Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred plus a percentage of the contract fee earned during the year. Percentage of the contract fee earned is measured by the proportion that the costs incurred to date bear to the estimated total costs of the contract. Only costs that reflect services performed are included in the estimated total costs of the contract. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

5.16 Trade and Other Payables

Liabilities for trade and other amounts payable, which are normally settled on 30-90 day terms, and payables to related parties are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognized as well as through the amortisation process.

5.17 Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognized as well as through the amortisation process.

5.18 Borrowing Costs

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are ready for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

5.19 Redeemable Preference Shares

The component of the redeemable preference shares that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of issue costs. The corresponding dividends on those shares are charged as interest expense in the profit and loss account. On issuance of the redeemable preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long-term liability on the amortised cost basis until redemption.

Transaction costs are apportioned between the liability and equity component of the redeemable preference shares based on the respective carrying amounts of the liability and equity components when the instruments were first issued.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

5.20 Derecognition of Financial Assets and Liabilities

(a) **Financial assets**

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

- The contractual rights to receive cash flows from the asset have 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 'pass-through' arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

(b) **Financial liabilities**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

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

5.21 Provisions

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

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. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

5.22 Employee Benefits

(a) **Defined contribution plans**

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

(b) **Employee leave entitlement**

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.

5.23 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 the profit and loss account. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

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

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

(b) **As lessor**

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term.

5.24 Revenue

(a) **Revenue recognition**

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. The following specific recognition criteria must also be met before revenue is recognised:

(i) *Hotel investment*

Revenue from hotel investment mainly comprises room sales, food and beverage sales and auxiliary activities, and represents the invoiced value of goods supplied and services rendered after deducting discounts.

(ii) *Hotel management*

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

5.24 Revenue — (Continued)

(a) **Revenue recognition — (Continued)**

(iii) *Spa operation*

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

(iv) *Gallery operation*

Revenue from gallery operation represents the invoiced value of goods supplied after deducting discounts and allowance.

(v) *Property sales*

Revenue from property sales is recognised when a legally binding contract is signed, using the percentage of completion method. The percentage of completion is arrived at based on actual costs incurred to date and the total anticipated construction costs, excluding cost of land, and estimations performed by independent engineers. Revenue is recognised when initial payment and instalments received are at least 20% of the contract price and the construction work is at least 10% completed. Revenue recognition is discontinued when three consecutive instalments are overdue.

(vi) *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.

(vii) *Dividends*

Dividend income is recognised in the profit and loss account when the shareholder's right to receive payment is established.

(viii) *Interest*

Interest income is recognised on a time proportion basis (taking into account the effective yield on the asset) unless collectibility is in doubt.

5.25 Income Taxes

(a) **Current tax**

Current 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 by the balance sheet date.

(b) **Deferred tax**

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

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

- Where the deferred tax liability 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 and it is probable that the temporary differences will not reverse in the foreseeable future.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

5.25 Income Taxes — (Continued)

(b) **Deferred tax — (Continued)**

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition 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 deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date 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 income tax asset to be utilised. Unrecognized deferred income tax assets are reassessed at each balance sheet date 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 income tax assets and liabilities are measured at the tax rates that are expected to apply to 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 balance sheet date.

Income tax relating to items recognised directly in equity is recognised in equity.

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.

(c) **Sales tax**

Revenues, 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.

5.26 Derivative Financial Instruments

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivative financial instruments that do not qualify for hedge accounting are taken to the profit and loss account for the year.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

6. REVENUE

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

	Group 2005 $'000
Hotel investment	115,940
Hotel management	6,132
Spa operation	17,092
Gallery operation	6,828
Property sales	30,973
Design fees and others	14,562
	191,527

7. OTHER OPERATING INCOME

	Group 2005 $'000
Management and service fee	834
Write back of expenses not required	6,967
Others	3,202
	11,003

8. SALARIES AND RELATED EXPENSES

	Group 2005 $'000
Salaries, wages and other related costs	53,968
CPF and contributions to other plans	1,880
Directors' remuneration	
— Directors of the Company	2,019
— Other directors	1,763
Executives' remuneration	384
	60,014

NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

9. PROFIT FROM CONTINUING OPERATIONS

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

	Group 2005 $'000
Allowance for doubtful debts — trade	835
Write back of allowance for doubtful debts — trade	(33)
Allowance for inventory obsolescence	110
Impairment loss in unquoted investment	64
Write back of impairment of property, plant and equipment	(1,309)
Non-audit fees	
— auditors of the Company	4
— other auditors	7
Bad debts written back — trade	(17)
Exchange loss	1,283
Loss on disposal of property, plant and equipment	31
Write off of property, plant and equipment	388

10. FINANCE INCOME

	Group 2005 $'000
Interest received and receivable from:	
— banks	317
— related parties	51
— others	429
	797

11. FINANCE COSTS

	Group 2005 $'000
Interest paid and payable to:	
— banks	10,134
— holders of redeemable preference shares	2,393
— others	10
	12,537

12. INCOME TAX

Major components of income tax expense for the year ended 31 December 2005 are:

	Group 2005 $'000
Current tax expense — continuing operations	
Current taxation	2,452
Over provision in respect of prior years	(28)
	2,424
Deferred tax expense — continuing operations	
Movement in temporary differences	1,303
Benefits previously not recognised	(1,868)
Over provision in respect of prior years	(1)
	(566)
Withholding tax expense — continuing operations	
Current year provision	1,937
Over provision in respect of prior years	(274)
	1,663
Income tax expense	3,521

Reconciliation of Effective Tax Rate

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the year ended 31 December 2005 is as follows:

	Group 2005 $'000
Group	
Profit from continuing operations and before taxation	11,142
Income tax using Singapore tax rate	2,228
Effect of different tax rates in other countries	(335)
Expenses not deductible for tax purposes	4,867
Utilisation of previously unrecognized tax losses	(2,040)
Tax exempt income	(4,551)
Underprovision in respect of prior years	(28)
Deferred tax assets not recognised	1,749
Withholding tax	1,663
Others	(32)
Income tax expense recognised in the profit and loss account	3,521

The Group

Withholding tax is suffered on Group services fees and management fee income derived from Indonesia and Thailand at 15%.

The Group also suffered withholding tax on dividend income received from Thailand at 10%.

13. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit from continuing operations attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

13. EARNINGS PER SHARE — (Continued)

The following reflects the income and share data used in the computation of basic earnings per share from continuing operations for the year ended 31 December 2005:

	Group 2005 $'000
Profit from continuing operations attributable to ordinary equity holders of the Company used in computation of basic earnings per share	5,181
*Weighted average number of ordinary shares for basic earnings per share computation	601,927,196

As there are no dilutive potential ordinary shares, the basic and fully diluted earnings per share are the same.

* After taking into account sub-division of every 1 share in the share capital of the Company into 2 shares on 28 April 2006 (Note 2).

14. PROPERTY, PLANT AND EQUIPMENT

	Land and Land improvement	Freehold buildings	Leasehold buildings	Furniture, fittings and equipment	Computers	Motor vehicles	Construction-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Cost or valuation:								
As at 1 January 2005								
At cost	75,535	88,984	29,118	130,191	3,215	3,993	7,290	338,326
At valuation	89,048	31,785	—	30,896	—	—	—	151,729
	164,583	120,769	29,118	161,087	3,215	3,993	7,290	490,055
Additions	43	1,909	1,037	13,835	806	524	38,480	56,634
Disposals	—	—	—	(114)	(1)	(51)	—	(166)
Write off	—	—	—	(6,043)	(958)	(8)	(249)	(7,258)
Acquisition of subsidiary companies	14,439	78,364	—	40,120	527	83	316	133,849
Net exchange differences	(6,872)	2,529	370	(5,232)	31	(78)	(7,942)	(17,194)
At 31 December 2005	172,193	203,571	30,525	203,653	3,620	4,463	37,895	655,920
Accumulated depreciation and impairment:								
As at 1 January 2005	821	32,047	8,532	124,613	2,342	2,519	—	170,874
Depreciation charge for the year	37	4,592	1,883	13,183	609	436	10	20,750
Reversal of impairment loss	—	(1,790)	—	(2,146)	(10)	—	—	(3,946)
Disposals	—	—	—	(100)	(1)	(34)	—	(135)
Acquisition of subsidiary companies	—	16,246	—	25,911	371	29	—	42,557
Write off	—	(1)	—	(5,886)	(975)	(8)	—	(6,870)
Net exchange differences	(25)	(790)	27	(5,146)	(23)	(66)	—	(6,023)
At 31 December 2005	833	50,304	10,442	150,429	2,313	2,876	10	217,207
Net carrying amount:								
At 31 December 2005	171,360	153,267	20,083	53,224	1,307	1,587	37,885	438,713

Included in the property, plant and equipment of the Group are motor vehicles with a net book value of $103,271 and furniture, fittings and equipment with a net book value of Nil acquired under a hire purchase agreement.

Freehold land and building was revalued as at 30 January 2002 by Colliers Jardine Consultancy & Valuation (Singapore) Pte Ltd, a firm of independent licensed property valuers at open market values on an existing use basis. The carrying amount of freehold land and building at the end of the year would have been $8,952,291.

The hotel properties and land in Phuket were reappraised by a professional independent appraisal company report dated 1 November 2004. The revaluation was conducted using the ''Replacement Cost'' basis for hotel properties and a ''Fair Market Value'' basis for land. Had the hotel properties and land been stated at

14. PROPERTY, PLANT AND EQUIPMENT — (Continued)

cost less accumulated depreciation, their net book value at the end of the year would have been $245,247,000.

As at 31 December 2005, certain properties amounting to $263,574,879 were mortgaged to banks to secure credit facilities for the Group (Note 32).

15. LAND AWAITING FOR FUTURE DEVELOPMENT

	Group
	2005
	$'000
Mae Hong Sorn	225
Chiang Rai	2,206
Phuket	23,656
	26,087

Land awaiting for future development in Phuket, Chiang Rai and Mae Hong Sorn province was revalued on a "fair market value" basis by a professional independent appraisal company on 1 November 2004.

As at 31 December 2005, land awaiting for future development in Phuket province of approximately 45 rai, at a fair value of approximately $6.7 million, has been mortgaged to secure bank overdrafts, short-term and long-term loan facilities of the Group (Note 32).

16. ASSOCIATED COMPANIES

	Group
	2005
	$'000
Unquoted equity shares, at cost	26
Share of post-acquisition reserves	(136)
Loan to an associated company	21,521
	21,411

The loan to an associated company is unsecured, interest-free and with no fixed terms of repayment, and the Group will not demand repayment within the next twelve months.

The details of the associated companies at the end of the financial year are as follows:

Name of associated company	Principal activities	Place of incorporation	Effective equity held by the Group 2005
			%
Held by the Company			
Banyan Tree Seychelles Holdings Limited	Investment holding	British Virgin Islands	30
Held through an associated company			
Banyan Tree Resorts (Seychelles) Limited	Resort development	Seychelles	30

NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

16. ASSOCIATED COMPANIES — (Continued)

The summarised financial information of the associated companies are as follows:

	2005
	$'000
Assets and liabilities:	
Current assets	12,567
Non-current assets	82,765
Total assets	95,332
Current liabilities	(6,362)
Non-current liabilities	(89,338)
	(95,700)
Results:	
Revenue	22,371
Profit for the year	2,034

17. JOINT VENTURE COMPANIES

	Group
	2005
	$'000
Shares at cost	6,000
Share of post-acquisition reserves	(2,076)
Net exchange differences	(145)
Loan to a joint venture company	384
	4,163

The loan to a joint venture company is unsecured, interest-free and with no fixed terms of repayment, and the company will not demand repayment within the next twelve months.

The details of the joint venture companies at the end of the financial year are as follows:

Name of joint venture company	Principal activities	Place of incorporation	Percentage of equity interest 2005
			%
Held by the Company			
Seychelles Tropical Resorts Holdings Limited and its subsidiary company	Investment holding	British Virgin Islands	50
Held through a joint venture company			
Seytropical Resorts Limited	Resort development	Seychelles	50

Audited by Ernst & Young, Singapore
Audited by AJ Shah & Associates, Seychelles

17. JOINT VENTURE COMPANIES — (Continued)

The aggregate amounts of each of current assets, non-current assets, current liabilities, non-current liabilities, and results related to the Group's interest in the joint venture companies are as follows:

	2005
	$'000
Assets and liabilities:	
Current assets	258
Non-current assets	3,348
Total assets	3,606
Current liabilities	(4)
Non-current liabilities	(767)
Total liabilities	(771)
Results:	
Loss for the year	(4,079)

The Group's share of the capital commitments and contingent liabilities of the joint venture companies is Nil.

18. PREPAID ISLAND RENTAL

	Group
	2005
	$'000
At 1 January 2005	3,402
Net exchange differences	64
Payment of island rental during the year	35,375
	38,841
Less: Amount charged to expenses during the year	(2,944)
At 31 December 2005	35,897
Amount chargeable within 1 year (Note 25)	3,802
Amount chargeable after 1 year	32,095
	35,897

The above amount is paid to the owners of the Vabbinfaru Island, Ihuru Island and Velavaru Island as operating lease rentals. The lease on the Vabbinfaru Island is for a period of 26½ years from 1 May 1993 to 31 October 2019. The lease on the Ihuru Island is for a period of 15 years from 16 October 2000 to 15 October 2015. The lease on the Velavaru Island is for a period of 17 years from 24 July 2005 to 24 August 2022.

19. LONG-TERM TRADE RECEIVABLES

	Group
	2005
	$'000
Long-term trade receivables are repayable as follows:	
Within 12 months (Note 24)	1,060
Between 2 to 5 years	1,437
After 5 years	—
	1,437

19. LONG-TERM TRADE RECEIVABLES — (Continued)

Long-term trade receivables consist of:

(i) Secured financing provided to customers of property sales which are mainly denominated in United States Dollars and bear interest at a rate of 5% per annum over the Singapore Inter Bank Offered Rate (“SIBOR”). The loan periods vary from 5 to 15 years.

(ii) Instalments receivable from property sales which bear interest at rates ranging from 9% to 12% per annum and are repayable over an instalment period of 3 to 5 years.

20. INTANGIBLE ASSETS

Group

	Goodwill	Brands	Total
	$’000	$’000	$’000
At 1 January 2005	249	—	249
Acquisition of subsidiary companies	2,529	—	2,529
Acquisition during the year	—	24,300	24,300
At 31 December 2005	2,778	24,300	27,078

As from 1 January 2005, the date of adoption of FRS 103, goodwill was no longer amortised but is now subject to annual impairment testing (see below).

Impairment testing of goodwill

Goodwill acquired through business combinations have been allocated to individual cash-generating units which are as follows:

- Beruwela Walk Inn
- Thai Wah Plaza Limited

The recoverable amount of a Cash Generating Unit (“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	Beruwela Walk
	$’000	$’000
Growth rate	5.00%	5.00%
Discount rate	7.78%	9.40%

These assumptions have been used for analysis of each CGU within the Group. Management determined the budgeted growth rate based on past performance and its expectation for market development. The weighted average cost of capital rate used are consistent with forecasts used in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant companies.

Impairment testing of brands

Brands relate to costs paid in relation to the acquisition of 3 brands, namely “Banyan Tree”, “Angsana” and “The Allamanda”, based on valuation reports by independent valuers.

These brands are determined to have indefinite lives. Accordingly, they are subject to annual impairment testing.

21. LONG-TERM INVESTMENTS

	Group 2005 $'000
Quoted investments (available-for-sale)	
Equity shares, at fair value	906
Total quoted investments	906
Unquoted investments	
Equity shares	7,750
Less: Impairment in value of unquoted investments	(63)
Total unquoted investments	7,687
Total long-term investments	8,593
Market value of quoted shares	906

22. OTHER NON-CURRENT ASSETS

	Group 2005 $'000
Deposits	490
Prepayments	154
Others	161
	805

23. INVENTORIES

	Group 2005 $'000
Food and beverage, at cost	2,067
Trading goods and supplies, at net realisable value	3,775
Materials, at cost	2,183
Others	93
	8,118

24. TRADE RECEIVABLES

	Group 2005 $'000
Trade receivables	36,516
Current portion of long-term trade receivables (Note 19)	1,060
	37,576
Less: Allowance for doubtful debts	(3,565)
	34,011

NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

25. OTHER RECEIVABLES

	Group 2005 $'000
Deposits	784
Prepayments	6,372
Prepaid island rental — current portion (Note 18)	3,802
Interest receivable	6
Advances to suppliers	6,279
Staff advances	102
GST/VAT receivable	1,675
Deposits for land	1,006
Insurance recoverable	4,129
Others	2,299
	26,454

26. AMOUNTS DUE FROM ASSOCIATED COMPANIES

	Group 2005 $'000
Amounts due from associated companies	
— trade	614
— non-trade	111
	725

The amounts due from associated companies are unsecured and interest-free, with no fixed terms of repayment.

27. AMOUNTS DUE FROM/(TO) RELATED PARTIES

	Group 2005 $'000
Amounts due from related parties	
— trade	2,816
— non-trade	394
	3,210
Amounts due to related parties	
— trade	(421)
— non-trade	(24,318)
	(24,739)

The amounts due from/(to) related parties are unsecured, interest-free and with no fixed repayment terms.

28. PROPERTY DEVELOPMENT COSTS

	Group 2005 $'000
Properties under development	
Cost incurred to date	57,628
Less: Allowance for foreseeable losses	(3,730)
	53,898
Attributable profit	23,275
Less: Progress billing	(61,160)
	16,013
Property held for sale	5,555
Property for sale under time-share membership	510
	22,078

29. CASH AND CASH EQUIVALENTS

	Group 2005 $'000
Current:	
Cash on hand and at bank	35,206
Fixed deposit, unsecured	2,985
	38,191
Less: Bank overdraft (Note 32)	(843)
	37,348

30. WORK-IN-PROGRESS

	Group 2005 $'000
Cost incurred	130
Less: Progress billings	(160)
Excess of progress billings over work-in-progress	(30)

31. OTHER PAYABLES

	Group 2005 $'000
Deposits and advances received	11,698
Accrued operating expenses	14,386
Accrued service charges	1,503
Hire purchase creditors (Note 33)	19
Redeemable preference shares dividend payable	7,355
Construction payables	3,014
Others	11,985
	49,960

32. INTEREST-BEARING LOANS AND BORROWINGS

	Group 2005 $'000
Non-current liabilities	
Secured bank loans	128,332
Current liabilities	
Short-term bank loans	24,072
Secured bank loans	43,815
Bank overdrafts (Note 29)	843
	68,730

Bank overdrafts facility of a subsidiary company is secured by deposits of USD770,000 pledged by the Company. In addition, the long-term secured bank loans are secured by corporate guarantees issued by the Company and the secured bank loans of the Group are secured by the assets with the following net book values:

	Group 2005 $'000
Freehold land and buildings	263,575
Quoted shares in a subsidiary company	29,376
Land awaiting for future development	6,675
	299,626
Capitalised interest	372

33. HIRE PURCHASE CREDITORS

The Group had obligations under hire purchase that are repayable as follows:

	2005		
	Payments $'000	Interest $'000	Principal $'000
Within 1 year (Note 31)	23	4	19
After 1 year but within 5 years	36	5	31
	59	9	50

34. LOAN STOCK

Loan stock represents 102,218 non-redeemable preference shares issued by Banyan Tree Resorts & Spas (Thailand) Co, Ltd., a subsidiary company, to minority shareholders at a par value of Baht 100 each. These preference shares carry a fixed cumulative preference dividend of 10% per annum.

35. REDEEMABLE PREFERENCE SHARES

On 28 July 2003, the Company issued the following redeemable preference shares to the holders of the notes payable by way of a special resolution:

	Number of shares
"A" preference share of $0.10 each	301,108
"B" cumulative preference share of $0.10 each	270,698,892
	271,000,000

35. REDEEMABLE PREFERENCE SHARES — (Continued)

The "A" preference shares will be redeemed at the date falling six years after the issue date at a redemption amount for each "A" preference share equal to the par value of $0.10 and a premium of $10.00. The total premium of "A" preference shares amounts to $3,011,080.

The "B" cumulative preference shares will be redeemed at the earlier of the date falling six years after the issue date or the business day immediately after the period of 14 business days commencing on the day of the listing and quotation of the ordinary shares of the Company on the Singapore Exchange Securities Trading Limited at a redemption amount for each "B" preference share equal to the par value of $0.10 and any arrears and accruals of preference dividends up to but excluding the redemption date. These "B" preference shares carry a fixed cumulative preference dividend of $0.016 per share for the year ended 31 December 2003 and 8% per annum thereafter, payable yearly in arrears.

The holders of the above redeemable preference shares have no voting rights.

36. OTHER NON-CURRENT LIABILITIES

	Group
	2005
	$'000
Shop rental deposits	1,528
Land rental deposits	888
Advance golf membership fees	439
Others	60
	2,915

37. DEFERRED INCOME TAX

	Group
	2005
	$'000
Deferred tax liabilities	
Revaluation surplus	(57,246)
Other items	(10,193)
Gross deferred tax liabilities	(67,439)
Deferred tax assets	
Unutilised tax losses	11,679
Other items	1,850
Gross deferred tax assets	13,529
Net deferred tax liabilities	(53,910)

The Group has tax losses of $9 million as at 31 December 2005 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. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

There are no income tax consequences of dividends to shareholders that were proposed by the Company, but not recognised as a liability in the pro forma consolidated financial information.

38. LOAN FROM MINORITY SHAREHOLDER OF A SUBSIDIARY COMPANY

The loan is unsecured, interest-free and not repayable within the next twelve months.

39. COMMITMENTS AND CONTINGENCIES

(a) Capital commitments

Capital expenditure contracted for as at the balance sheet date but not recognised in the financial statements is as follows:

	Group
	2005
	$'000
Capital commitments in respect of property, plant and equipment	67,186

(b) Operating lease commitments

Future minimum lease payments payable under non-cancellable operating leases as at 31 December 2005 are as follows:

	Group
	2005
	$'000
Payable:	
Within 1 year	2,335
After 1 year but within 5 years	9,077
After 5 years	13,405
	22,482
	24,817

The above operating lease commitments relate principally to the lease of Vabbinfaru Island and Ihuru Island. The operating lease of Vabbinfaru Island and Ihuru Island expire in 2019 and 2015 respectively and do not include any contingent rentals.

In addition to the operating lease commitments detailed above, as at the balance sheet date, a subsidiary company entered into lease agreements for periods of 3 to 30 years, with an option to renew the lease after that date, with certain companies and owners of the hotel. In consideration for such services, the subsidiary company is committed to pay operating lease expenses contingent upon revenue earned in accordance with the rates specified in the agreements.

Certain subsidiary companies, entered into operating agreements with certain companies whereby these companies are to operate the subsidiary companies' hotels and golf business. In consideration for such services, the subsidiary companies are committed to pay remunerations contingent upon revenue earned in accordance with the notes specified in the agreements.

(c) Contingent liabilities

As at the balance sheet date, the Company had issued the following outstanding guarantees:

	Group
	2005
	$'000
Guarantees issued on banking facilities of subsidiary companies	10,507

A case has been brought to the Administration Court in Thailand in which certain subsidiary companies are co-defendants. The Plaintiff has requested the Court to order the Phuket Provincial Land Office, named as the defendant, to revoke some land title deeds under ownership of the said companies, on the grounds that such title deeds were issued illegally. All evidence has been submitted to the Court which the Court is now considering. The land titles in question were issued well before the subsidiary companies purchased the land, which the subsidiary companies subsequently purchased

39. COMMITMENTS AND CONTINGENCIES — (Continued)

(c) **Contingent liabilities — (Continued)**

in good faith. Although it is expected that it will take at least 1 year to receive judgment, the Group is confident that it has sufficient evidence to support its defence of this case.

(d) **Contingent assets**

Arising out of the 2004 Tsunami, the Group sustained some property damage and substantial loss of earnings. The Group has made claims for these from its insurers and initiated legal proceedings by way of arbitration against the insurers for the recovery of the sums which the Group has been advised are recoverable under the policies.

The total claim aggregated in the arbitral proceedings by the Group is approximately US$39 million as of July 2005 which is subject to changes as the Business Interruption claim amount is open for 18 months from 26 December 2004.

40. RELATED PARTY TRANSACTIONS

An entity or individual is considered a related party of the Group for the purpose of the financial information if (i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or (ii) it is subject to common control or common significant influence.

Other than that disclosed in the financial information, the Group had the following significant related party transactions on terms agreed during the financial year:

	Group
	2005
	$'000
(a) ***Sale and purchase of goods and services***	
Associated companies:	
— Management and service fee income	2,787
— Reservation fee income	200
Related parties:	
— Management and service fee income	6,496
— Rental income	40
— Reservation fee income	490
(b) Acquisition of a subsidiary through related parties	736
Acquisition of brands from related parties	24,300

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivative financial instruments, comprise bank loans and overdraft, redeemable preference shares, finance leases and hire purchase contracts, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including principally forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations and its sources of financing.

It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risks (both fair value and cash flow), liquidity risk, foreign currency risk and credit risk. The Board of Directors reviews and agrees policies

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES — (Continued)

for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivative financial instruments are set out in Note 5.26.

(a) **Interest rate risk**

The Group's exposure to market risk for changes in interest rate environment relates primarily to the Group's investment portfolio and long-term debt obligations. The Group does not use derivative financial instruments to hedge its investment portfolio.

The Group's policy is to manage its exposure to interest rate risks using a mix of fixed and variable rate debts.

(b) **Foreign currency risk**

The Group is exposed to exchange risk as the majority of its receivables and payables, project costs and progress billings are denominated in foreign currencies, mainly US dollars and Thai Baht. There is no formal hedging policy with respect to the foreign exchange exposure. Exposure to exchange risk is monitored on an ongoing basis and the Group uses foreign currency forward exchange contracts to manage the exchange risks.

As at 31 December 2005, the Group had entered into foreign currency forward exchange contracts amounting to $37,023,900. The fair value adjustment to the forward exchange contracts (which is the difference between notional principal amount and market value of the contracts) is loss of $748,162.

The fair values of foreign currency forward exchange contracts have been calculated (using rates quoted by the banks) assuming the contracts are terminated at the balance sheet date.

(c) **Credit risk**

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets. Cash is placed with financial institutions with good credit rating.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets.

Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments carried at fair value

The Group has carried all investment securities that are classified as held for trading or available-for-sale financial assets, and all derivative financial instruments, at their fair value as required by FRS 39.

Financial instruments whose carrying amount approximate fair value

Management has determined that the carrying amounts of cash and short term deposits, current trade and other receivables, bank overdrafts, current trade and other payables and current bank loans, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES — (Continued)

Fair values — (Continued)

Financial instruments carried at other than fair value

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments that are carried in the pro forma consolidated financial information at other than fair values as at 31 December 2005.

	Group	
	Carrying amount	Fair value
	2005 $'000	2005 $'000
Financial assets:		
Trade receivables	34,011	34,246
Financial liabilities:		
Other payables	49,960	51,267

Methods and assumptions used to determine fair values.

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values as mentioned earlier, are as follow:

Financial assets and liabilities	Methods and assumptions
• Investment securities (quoted shares)	Fair value has been determined by reference to published market prices or broker quotes at the balance sheet date without factoring in transaction costs.
• Non-redeemable preference shares • Investment securities (unquoted shares)	It is not practicable to determine the fair values because of the lack of quoted market prices and the assumptions used in valuation models to value these investments cannot be reasonably determined.

During the year, no amount has been recognised in the profit and loss account in relation to the change in fair value of financial assets or financial liabilities estimated using a valuation technique.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES — (Continued)

Fair values — (Continued)

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at balance sheet date and the periods in which they reprice.

	Note	2005 Effective rate	Total	1 year	1 to 5 years	After 5 years
		%	$'000	$'000	$'000	$'000
Group						
Financial assets						
Cash and cash equivalents	29	0.0 – 3.8	38,191	38,191	—	—
Long-term trade receivables						
— Fixed rate	19	9.0 – 12.0	1,430	665	765	—
— Floating rate	19	SIBOR + 5%	1,067	395	672	—
			40,688	39,251	1,437	—

SIBOR: Singapore inter-bank offered rate
MMR: Money market rate
PLR: Prime lending rate
MLR: Minimum lending rate
COF: Cost of fund
AAA: HSBC in-house credit rating based rates

	Note	2005 Effective rate	Total	1 year	1 to 5 years	After 5 years
		%	$'000	$'000	$'000	$'000
Financial liabilities						
Hire purchase creditors	33	2.6 – 6.13	(50)	(19)	(31)	—
Short-term bank loan	32	MMR	(24,072)	(24,072)	—	—
Bank overdrafts	32	AAA – 2	(843)	(843)	—	—
Secured bank loan						
— S$ floating rate loan	32	PLR + 0.125	(1,100)	(450)	(650)	—
— S$ floating rate loan	32	COF + 2	(5,705)	(925)	(4,626)	(154)
— US$ floating rate loans	32	COF + 2.25%	(7,515)	(376)	(7,139)	—
— US$ floating rate loans	32	SIBOR + 1.5%	(10,020)	—	(10,020)	—
— US$ fixed rate loan	32	8.5	(15,468)	(15,468)	—	—
— BHT fixed rate loan	32	2.0 – 4.0	(24,123)	(14,280)	(9,843)	
— BHT floating rate loan	32	MLR – 2	(108,183)	(12,299)	(77,680)	(18,204)
— LKR fixed rate loan	32	5.0	(33)	(17)	—	(16)
Redeemable preference shares	35	8.0	(27,100)	—	(27,100)	—
			(224,212)	(68,749)	(137,089)	(18,374)

SIBOR: Singapore inter-bank offered rate
MMR: Money market rate
PLR: Prime lending rate
MLR: Minimum lending rate
COF: Cost of fund
AAA: HSBC in-house credit rating based rates

42. SEGMENT INFORMATION

Reporting format

The primary reporting format is determined to be business segments as the Group's risk and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating business is organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Business segments

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The hotel investment segment relates to hotel and restaurant operations.

The hotel management segment relates to the management of hotels and resorts.

The spa operation segment relates to the management and operation of spas.

The gallery operation segment relates to sales of merchandise.

The property sales segment relates to property development operations and time-share business.

Design fees and others segment includes mainly provision of design services, management and ownership of golf course and rental of retail outlets and offices.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets and expenses.

The turnover by geographical segments are based on the location of customers where the products are produced and services rendered. The assets and capital expenditure are based on the location of those assets.

Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

Allocation basis and transfer pricing

Segments results, assets and liabilities include items directly attributable to a segment as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

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 5. The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices.

42. SEGMENT INFORMATION — (Continued)

(a) Business segments

The following table present revenue and results information regarding the Group's business segments for the year ended 31 December 2005:

	Continuing Operations						
	Hotel investment	Hotel management	Spa operation	Gallery operation	Property sales	Design fees and others	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 31 December 2005							
Revenue							
Segment revenue							
Sales to external customers	116,653	14,360	18,259	6,943	30,973	15,574	202,762
Intersegment sales	(713)	(8,228)	(1,167)	(115)	—	(1,012)	(11,235)
	115,940	6,132	17,092	6,828	30,973	14,562	191,527
Unallocated income							11,003
Total revenue							202,530
Results							
Segment results	2,620	341	1,779	333	10,878	(4,647)	11,304
Unallocated income							11,003
Profit from operations							22,307
Finance income							797
Finance costs							(12,537)
Share of result of associated companies							610
Share of results of joint venture companies							(35)
Profit before taxation							11,142
Income tax expense							(3,521)
Profit for the year							7,621

The following table present certain asset, liability and other information regarding the Group's business segments for the year ended 31 December 2005:

	Continuing Operations						
	Hotel investment	Hotel management	Spa operation	Gallery operation	Property sales	Design fees and others	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 31 December 2005							
Assets and liabilities:							
Segment assets	469,351	9,036	13,293	7,883	42,807	125,225	667,595
Investment in associated companies							21,411
Investment in joint venture companies							4,163
Deferred tax assets							13,529
Total assets							706,698
Segment liabilities	187,720	3,505	8,558	1,528	18,118	96,552	315,981
Current and deferred tax liabilities							69,495
Total liabilities							385,476
Other segment information:							
Capital expenditure	50,446	81	788	164	194	4,961	56,634
Depreciation	17,275	24	1,200	203	175	1,873	20,750
Amortisation of prepaid land rental	2,944	—	—	—	—	—	2,944
Write back of impairment of property, plant and equipment	(1,309)	—	—	—	—	—	(1,309)

NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

42. SEGMENT INFORMATION — (Continued)

(b) **Geographical segments**

The following table present revenue, capital expenditure and certain assets information regarding the Group's geographical segments for the year ended 31 December 2005:

	South East Asia	Indian Oceania	North East Asia	Rest of the world	Total
	$'000	$'000	$'000	$'000	$'000
Year ended 31 December 2005					
Revenue:					
Segment revenue					
Sales to external customers	146,844	32,354	2,699	9,630	191,527
	146,844	32,354	2,690	9,630	191,527
Unallocated income					11,003
Total revenue					202,530
Other segment information:					
Segment assets	583,253	68,174	13,255	2,913	667,595
Investment in associated companies					21,411
Investment in joint venture companies					4,163
Deferred tax assets					13,529
Total assets					706,698
Capital expenditure	44,577	2,463	9,419	175	56,634

NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

43. STATEMENT OF ADJUSTMENTS

The following adjustments have been made in arriving at the pro forma consolidated information:

For the financial year ended 31 December 2005

	Audited consolidated profit and loss account of Banyan Tree Holdings Limited	Pro-forma adjustments to consolidated profit and loss account (Note a and b)	Per pro-forma consolidated profit and loss account
	$'000	$'000	$'000
Continuing operations			
Revenue	186,923	4,604	191,527
Other operating income	1,673	9,330	11,003
	188,596	13,934	202,530
Costs and expenses			
Operating supplies	(28,942)	(722)	(29,664)
Salaries and related expenses	(59,141)	(873)	(60,014)
Administrative expenses	(25,509)	1,138	(24,371)
Sales and marketing expenses	(9,913)	(329)	(10,242)
Depreciation of property, plant and equipment	(19,882)	(868)	(20,750)
Other operating expenses	(33,354)	(1,828)	(35,182)
Total costs and expenses	(176,741)	(3,482)	(180,223)
Profit from continuing operations	11,855	10,452	22,307
Finance income	794	3	797
Finance costs	(9,726)	(2,811)	(12,537)
Share of results of associated companies	610	—	610
Share of results of joint venture companies	(35)	—	(35)
Profit from continuing operations before taxation	3,498	7,644	11,142
Income tax expenses	(3,521)	—	(3,521)
(Loss)/profit from continuing operations after taxation	(23)	7,644	7,621
Attributable to:			
Equity holders of the Company	1,028	4,153	5,181
Minority interests	(1,051)	3,491	2,440
	(23)	7,644	7,621

NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

43. STATEMENT OF ADJUSTMENTS — (Continued)

The following adjustments have been made in arriving at the pro forma consolidated financial information:

As at 31 December 2005

	Audited consolidated balance sheet of Banyan Tree Holdings Limited	Pro-forma adjustments to consolidated balance sheet (Note a and b)	Per pro-forma consolidated balance sheet
	$'000	$'000	$'000
Non-current assets			
Property, plant and equipment	438,713	—	438,713
Land awaiting for future development	26,087	—	26,087
Associated companies	21,411	—	21,411
Joint venture companies	4,163	—	4,163
Prepaid island rental	32,095	—	32,095
Long-term trade receivables	1,437	—	1,437
Intangible assets	2,778	24,300	27,078
Long-term investments	8,593	—	8,593
Other non-current assets	805	—	805
Deferred tax assets	13,529	—	13,529
	549,611	24,300	573,911
Current assets			
Inventories	8,118	—	8,118
Trade receivables	34,011	—	34,011
Other receivables	26,053	401	26,454
Amounts due from associated companies	725	—	725
Amounts due from related parties	3,210	—	3,210
Property development costs	22,078	—	22,078
Cash and bank balances	38,191	—	38,191
	132,386	401	132,787
	681,997	24,701	706,698
Current liabilities			
Excess of progress billings over work-in-progress	30	—	30
Trade payables	11,802	—	11,802
Other payables	49,960	—	49,960
Amounts due to related parties	439	24,300	24,739
Interest-bearing loans and borrowings	68,730	—	68,730
Tax payable	2,056	—	2,056
	133,017	24,300	157,317
Net current liabilities	(631)	(23,899)	(24,530)

43. STATEMENT OF ADJUSTMENTS — (Continued)

	Audited consolidated balance sheet of Banyan Tree Holdings Limited	Pro-forma adjustments to consolidated balance sheet (Note a and b)	Per pro-forma consolidated balance sheet
	$'000	$'000	$'000
Non-current liabilities			
Hire purchase creditors	31	—	31
Interest-bearing loans and borrowings	128,332	—	128,332
Loan stock	421	—	421
Redeemable preference shares	27,100	—	27,100
Other non-current liabilities	2,915	—	2,915
Deferred tax liabilities	67,439	—	67,439
Loan from minority shareholder of a subsidiary company	1,921	—	1,921
	228,159	—	228,159
Net assets	320,821	401	321,222
Equity attributable to equity holders of the Company	188,823	(3,090)	185,733
Minority interests	131,998	3,491	135,489
Total equity	320,821	401	321,222

Notes to statements of adjustments

(a) In arriving at the pro forma consolidated profit and loss account for the year ended 31 December 2005, adjustments have been made to:

(i) include the pre-acquisition results of Thai Wah Plaza Limited for the period from 1 January 2005 to 8 March 2005, which is arrived at from the un-audited management accounts prepared under Singapore Financial Reporting Standards;

(ii) eliminate inter-company transactions on hotel management fee and rental expenses;

(iii) minority interests' share (48.22%) of Thai Wah Plaza Limited's operating results for the period 1 January 2005 to 8 March 2005;

(iv) eliminate royalties paid on the use of brands.

(b) In arriving at the pro forma consolidated balance sheet as at 31 December 2005, adjustments have been made to include the acquisitions of "Banyan Tree", "Angsana" and "The Allamanda" brands. The acquisition costs of these brands are arrived at based on the valuations performed by independent valuers.

44. EVENTS AFTER THE BALANCE SHEET DATE

On 25 April 2006, a subsidiary company, Banyan Tree Properties Pte Ltd, entered into deeds of assignment with Gold Sand Investments Ltd. (a related party), in relation to the assignment by Gold Sand Investments Ltd. to Banyan Tree Properties Pte Ltd of amongst others, each lease agreement entered into between Gold Sand Investments Ltd., as lessee and Kingley Realty Limited, as lessor, in respect of certain number of Bintan Units, for a consideration of $60. If Banyan Tree Properties Pte Ltd leases the maximum number of units available under the deeds of assignment, the total consideration payable to Kingley Realty Limited would be $13.07 million.

44. EVENTS AFTER THE BALANCE SHEET DATE — (Continued)

On 25 April 2006, a subsidiary company, Banyan Tree Properties Pte Ltd, entered into deeds of assignments with Salvia Investments Ltd (a related party), in relation to the assignment by Salvia Investments Ltd to Banyan Tree Properties Pte Ltd of amongst others, each lease agreement entered into between Salvia Investments Ltd as lessee and Kingley Realty Limited, as lessor, in respect of certain number of Bintan Units, for a consideration of $2.17 million which is payable by 24 June 2006.

On 5 May 2006, a subsidiary company, Maldives Cape Pvt Ltd, signed an agreement for the lease over a picnic island in the Maldives, for a term of approximately 16 years. The upfront premium payable for the lease is US$833,087 and the rent for the first year is US$300,000. The annual rent after the first year is US$276,667.

On 8 May 2006, the Company entered into a sale and purchase agreement to acquire the ''Banyan Tree'', ''Angsana'', ''Elements'', ''Yue Chun'' and ''Yue Rong'' trademarks from Tropical Resorts Management Co Ltd (''TRMC'') and ''The Allamanda'' trademark from The Allamanda Residential Suites Limited (''TARS'') at an aggregate consideration of S$24.3 million. Subsequently, on 22 May 2006, the said brands were transferred to the Company under Deeds of Assignment from TRMC and TARS respectively for the issue of 15,552,000 of the Company's ordinary shares to TRMC as part settlement of the consideration.

On 16 May 2006, the Company participated in the incorporation of 3 companies, Maldives Sun Pvt Ltd, Maldives Sand Pvt Ltd and Maldives Shore Pvt Ltd, all in the Republic of Maldives. The Company owns 49% of the issued capital in each of the 3 companies. Each of these entities has an issued and paid-up share capital of MRF10,000 divided into 10,000 ordinary shares of par value MRF1 each. The principal activities of these subsidiaries are property investment.

The shareholders of the Company at an extraordinary general meeting held on 22 May 2006 approved that contingent upon the close of the proposed initial public offer by the Company, the Directors of the Company are authorized to allot and issue up to an aggregate of 8 million ordinary shares, at no consideration, to eligible employees and employees of the Company's associated companies and/or the resorts, spas and business units managed by the Group, as determined by the Executive Chairman and approved by the Nominating and Remuneration Committee of the Company.

On 22 May 2006, the Company issued a Notice of Redemption to ''B'' Preference Shareholders of the Company, giving notice of redemption by the Company of the ''B'' preference shares held by the ''B'' Preference Shareholders by way of conversion into 22,848,000 ordinary shares of the Company.

REPORT FROM THE REPORTING AUDITORS ON EXAMINATION OF THE PRO FORMA CONSOLIDATED INTERIM FINANCIAL INFORMATION OF BANYAN TREE HOLDINGS LIMITED

26 May 2006

The Board of Directors
Banyan Tree Holdings Limited
211 Upper Bukit Timah Road
Singapore 588182

Dear Sirs,

We report on the pro forma consolidated interim financial information set out in the prospectus dated 26 May 2006 (the ''Prospectus''), which has been prepared, for illustrative purposes only, and based on certain assumptions and after making certain adjustments to show what:

(i) the financial results of Banyan Tree Holdings Limited and its subsidiary companies (collectively, the ''Group'') for the three-month period from 1 January 2006 to 31 March 2006 would have been if the group structure as of date of lodgement of Prospectus had been in place since the beginning of the period being reported on;

(ii) the financial position of the Group as of the date of the balance sheet as at 31 March 2006 would have been if the group structure as of date of lodgement of the Prospectus had been in place on that date; and

(iii) the cash flows of the Group for the three-month period from 1 January 2006 to 31 March 2006 would have been if the group structure as of date of lodgement of Prospectus had been in place since the beginning of that financial period.

The pro forma consolidated interim financial information, because of their nature, may not give a true picture of the Group's actual financial results, position or cash flows.

The pro forma consolidated interim financial information are the responsibility of the Directors of the Banyan Tree Holdings Limited (''Company''). Our responsibility is to express an opinion on the pro forma consolidated interim financial information based on our work.

We carried out procedures in accordance with Singapore Statement of Auditing Practice (''SAP 24''): *''Auditors and Public Offering Documents''*. Our work, consisted primarily of comparing the pro forma consolidated interim financial information to the Group's consolidated financial statements or where information is not available in the Group's consolidated financial statements, to accounting records, considering the evidence supporting the adjustments and discussing the pro forma consolidated interim financial information with the Directors of the Company.

(a) In our opinion, the pro forma consolidated interim financial information has been properly prepared:

    (i) in a manner consistent with the format of the consolidated financial statements and the accounting policies of the Company, which are in accordance with Singapore Financial Reporting Standards; and

    (ii) on the basis of the assumptions set out on Note 4 to the pro forma consolidated interim financial information; and

(b) each material adjustment made to the information used in the preparation of the pro forma consolidated interim financial information is appropriate for the purpose of preparing such financial information.

We have reviewed the underlying consolidated financial statements of the Group, for the three-month period from 1 January 2006 to 31 March 2006, which are the basis of preparation of the accompanying pro forma consolidated interim financial information. These consolidated financial statements of the Group are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our review.

We conducted our review in accordance with Singapore Standards on Auditing applicable to review engagements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to enquiries of the personnel of the Company and its subsidiary companies and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the underlying consolidated financial statements are not consistent with the accounting policies of the Group, which are in accordance with Singapore Financial Reporting Standards.

ERNST & YOUNG
Certified Public Accountants

Singapore

Partner-in-Charge: Mr Tan Chian Khong

PRO FORMA CONSOLIDATED INTERIM FINANCIAL INFORMATION OF BANYAN TREE HOLDINGS LIMITED

PRO FORMA CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNTS FOR THE THREE-MONTH PERIOD FROM 1 JANUARY 2006 TO 31 MARCH 2006

	Note	Group	
		1.1.2006 to 31.3.2006	1.1.2006 to 31.3.2006
		$'000	US$'000
Continuing operations			
Revenue	6	80,754	49,848
Other operating income	7	617	381
		81,371	50,229
Costs and expenses			
Operating supplies		(12,817)	(7,912)
Salaries and related expenses	8	(16,996)	(10,491)
Administrative expenses		(4,464)	(2,755)
Sales and marketing expenses		(3,008)	(1,857)
Depreciation of property, plant and equipment		(5,376)	(3,319)
Other operating expenses		(11,035)	(6,812)
Total costs and expenses		(53,696)	(33,146)
Profit from continuing operations	9	27,675	17,083
Finance income	10	370	229
Finance costs	11	(3,783)	(2,335)
Share of results of associated companies		289	178
Share of results of joint venture companies		(2)	(1)
Profit from continuing operations before taxation		24,549	15,154
Income tax expenses	12	(6,932)	(4,279)
Profit from continuing operations after taxation		17,617	10,875
Attributable to:			
Equity holders of the Company		11,216	6,924
Minority interests		6,401	3,951
		17,617	10,875
Basic and diluted earnings per share	13	1.86 cents	1.15 cents

* These pro forma interim earnings per share were computed based on the issued share capital of 601,927,196 ordinary shares after taking into account sub-division of every 1 share in the share capital of the Company into 2 shares on 28 April 2006 (Note 2).

PRO FORMA CONSOLIDATED INTERIM FINANCIAL INFORMATION OF BANYAN TREE HOLDINGS LIMITED

PRO FORMA CONSOLIDATED INTERIM BALANCE SHEET AS AT 31 MARCH 2006

	Note	Group 31.3.2006 S$'000	Group 31.3.2006 US$'000
Non-current assets			
Property, plant and equipment	14	450,395	278,022
Land awaiting for future development	15	26,599	16,419
Associated companies	16	21,201	13,087
Joint venture companies	17	4,054	2,502
Prepaid island rental	18	30,669	18,931
Long-term trade receivables	19	1,418	875
Intangible assets	20	27,128	16,746
Long-term investments	21	8,762	5,409
Other non-current assets	22	907	560
Deferred tax assets	36	12,997	8,023
		584,130	360,574
Current assets			
Inventories	23	8,459	5,222
Trade receivables	24	40,299	24,876
Other receivables	25	31,940	19,715
Amounts due from associated companies	26	1,816	1,121
Amounts due from related parties	27	3,502	2,162
Property development costs	28	24,502	15,125
Cash and bank balances	29	46,784	28,879
		157,302	97,100
		741,432	457,674
Current liabilities			
Trade payables		12,767	7,881
Other payables	30	53,080	32,766
Amounts due to associated companies	26	12	7
Amounts due to related parties	27	24,731	15,266
Interest-bearing loans and borrowings	31	71,452	44,106
Tax payable		6,201	3,828
		168,243	103,854
Net current liabilities		(10,941)	(6,754)
Non-current liabilities			
Hire purchase creditors	32	86	53
Interest-bearing loans and borrowings	31	131,082	80,915
Loan stock	33	421	260
Redeemable preference shares	34	27,100	16,728
Other non-current liabilities	35	3,162	1,952
Deferred tax liabilities	36	70,091	43,266
Loan from minority shareholder of a subsidiary company	37	1,876	1,158
		233,818	144,332
Net assets		339,371	209,488
Equity attributable to equity holders of the Company			
Pro forma equity attributable to equity holders		198,666	122,633
Minority interests		140,705	86,855
Total pro forma equity		339,371	209,488

PRO FORMA CONSOLIDATED INTERIM CASH FLOW STATEMENTS FOR THE THREE-MONTH PERIOD FROM 1 JANUARY 2006 TO ENDED 31 MARCH 2006

	1.1.2006 to 31.3.2006 S$'000	1.1.2006 to 31.3.2006 US$'000
Cash flows from continuing operating activities		
Profit from operations before taxation	24,549	15,154
Adjustments for:		
Share of results of associated companies	(289)	(178)
Share of results of joint venture companies	2	1
Depreciation of property, plant and equipment	5,376	3,319
Loss on disposal of property, plant and equipment	1	1
Finance income	(370)	(229)
Finance costs	3,783	2,335
Currency realignment	(1,255)	(775)
Amortisation of prepaid island rental	995	613
Allowance for doubtful debts — trade	18	11
Write back of allowance for doubtful debts — trade	(16)	(10)
Bad debts written back — trade	(11)	(7)
Allowance for inventory obsolescence	24	15
	8,258	5,096
Operating profit before working capital changes — continuing operations	32,807	20,250
Increase in inventories	(8)	(5)
Increase in trade and other receivables	(6,560)	(4,049)
Increase in amounts due from related parties	(2,834)	(1,749)
Increase in trade and other payables	1,330	821
	(8,072)	(4,982)
Cash flows generated from operating activities and continuing operations	24,735	15,268
Interest received	358	221
Interest paid	(2,285)	(1,410)
Tax paid	(403)	(249)
Net cash flows from operating activities	22,405	13,830
Cash flows from investing activities		
Purchase of property, plant and equipment	(17,499)	(10,802)
Net cash flows used in investing activities and continuing operations	(17,499)	(10,802)
Cash flows from financing activities		
Proceeds from loans	9,245	5,707
Repayment of loans	(6,404)	(3,953)
Increase in hire purchase creditors	55	34
Net cash flows from financing activities	2,896	1,788
Net increase in cash and cash equivalents	7,802	4,816
Net foreign exchange difference	455	281
Cash and cash equivalents at beginning of period	37,348	23,054
Cash and cash equivalents at end of period (Note 29)	45,605	28,151

PRO FORMA CONSOLIDATED INTERIM FINANCIAL INFORMATION OF BANYAN TREE HOLDINGS LIMITED

NOTES TO THE PRO FORMA CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. INTRODUCTION

The pro forma consolidated interim financial information of the Group have been prepared for inclusion in the Prospectus.

For the convenience of the readers, the pro forma consolidated interim financial information as at 31 March 2006 (with the exception of notes) present additional information expressed in US dollars, which has been obtained by re-measurement of the Singapore dollars figures using the exchange rate of S$1.62 to US$1.00, based on The Business Times' interbank cross rates on 31 March 2006. Such transaction should not be construed as a representation that the Singapore dollar amounts have been or could be converted into US dollars in this or any other rates.

2. THE COMPANY

Banyan Tree Holdings Pte Ltd ("the Company") is a private limited company, domiciled and incorporated in Singapore on 11 April 2000.

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

The principal activities of the Company are those of investment holding and the provision of project design and management services. The principal activities of the subsidiary companies are set out in Note 3 to the pro forma consolidated interim financial information.

The Group employed 4,617 employees as at 31 March 2006.

Pursuant to written resolutions dated 17 April 2006 and 28 April 2006 and at the annual general meeting and extraordinary general meeting of the Company held on 28 April 2006 and 22 May 2006 respectively, the shareholders of the Company approved, among other things, the following:

(a) the conversion of the Company to a public limited company and the change of name from "Banyan Tree Holdings Pte Ltd" to "Banyan Tree Holdings Limited";

(b) the adoption of a new set of articles of association;

(c) the sub-division of every one (1) share in the share capital of the Company into 2 shares;

(d) the allotment and issue of new shares to Executive Directors (save for Executive Chairman Mr Ho KwonPing), Executive Officers (save for Mr Ho KwonCjan and Ms Claire Chiang) and other employees of the Group and persons who are employees of the resorts, spas and business units managed by the Group (but not necessarily employed by the Group);

(e) the allotment and issue of new shares to holders of the "B" preference shares pursuant to the redemption of the "B" preference shares by way of conversion into shares;

(f) the allotment and issue of new shares to Tropical Resorts Management Co Ltd pursuant to the trademark acquisition;

(g) the allotment and issue of shares and any additional shares to be issued pursuant to the exercise of the over-allotment option, which are the subject of the offering. The issue shares and any additional shares, when allotted, issued and fully paid-up, will rank pari passu in all respects with the existing shares;

(h) that authority be given pursuant to Section 161 of the Singapore Companies Act to the Directors to allot and issue shares and/or convertible securities (where the maximum number of shares to be issued upon conversion is determinable at the time of the issue of such securities) in the Company (whether by way of rights, bonus, or otherwise) at any time and from time to time thereafter to such persons and on such terms and conditions for and such purposes as the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares and/or convertible securities to be issued shall not exceed 50.0 per cent of the issued share capital of the Company, of which the aggregate number of shares and/or convertible securities to be issued other than on a pro rata basis to existing shareholders shall not exceed 20.0 per cent of the issued share capital of the Company (the percentage of issued share capital being based on the issued share capital at the time such authority is given after

2. THE COMPANY — (Continued)

adjusting for new shares arising from the conversion of any convertible securities or employee share options in issue at the time such authority is given and any subsequent consolidation or subdivision of shares) and unless revoked or varied by the Company in general meeting and that such authority shall continue in force until the conclusion of the next annual general meeting or the expiration of the period within which the next annual general meeting of the Company is required by law to be held, whichever is the earlier;

(i) the adoption of the Banyan Tree Share Option Scheme, that authority be given to the Directors to allot and issue new shares upon the exercise of options granted under the Banyan Tree Share Option Scheme and that authority be given to the committee to grant options at a discount up to a maximum of 20.0 per cent; and

(j) the adoption of the Banyan Tree Performance Share Plan.

At an extraordinary general meeting of the Company held on 2 May 2006, the independent shareholders approved:

(a) the adoption of the founder's grant to Executive Chairman, Mr Ho KwonPing and, pursuant to the approval of the employment agreement between the Company and Mr Ho KwonPing; and

(b) the shareholders' mandate for interested person transactions.

3. SUBSIDIARY COMPANIES

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

	Name of subsidiary Company	Principal activities	Place of incorporation	Cost of investment 31.3.2006	Effective equity held by the Group 31.3.2006
				$'000	%
(i)	***Held by the Company***				
	Banyan Tree Hotels & Resorts Pte. Ltd.	Providing resort, spa, project and golf management services	Singapore	5,466	100
	Banyan Tree Resorts Limited	Providing resort management services	Hong Kong	4,131	100
	Banyan Tree Spa (HK) Limited	Providing spa management services	Hong Kong	6,514	100
	Laguna Resorts & Hotels Public Company Limited	Hotel and tourism business	Thailand	50,743	51.78
	Beruwela Walk Inn Limited	Operating holiday resorts	Sri Lanka	645	79.85
	Vabbinvest Maldives Pvt Ltd	Operating holiday resorts	Maldives	3,513	96.69
	Banyan Tree Resorts & Spas (Thailand) Company Limited	Providing spa services	Thailand	6,446	100
##	Noy Holdings Limited	Investment holding	New Zealand	—	100
	Maypole New Zealand Limited	Rental of apartments	New Zealand	21	100
	Banyan Tree Properties Pte Ltd	Property holding	Singapore	10,673	100
	Banyan Tree Spas Pte. Ltd.	Operating of spas	Singapore	**	100
	Jiwa Renga Resorts Limited	Hotel construction and operation	China	7,964	96.00

3. SUBSIDIARY COMPANIES — (Continued)

Name of subsidiary Company	Principal activities	Place of incorporation	Cost of investment 31.3.2006	Effective equity held by the Group 31.3.2006
			$'000	%
Maldives Bay Pvt Ltd	Development and management of resorts, hotels and spas	Maldives	6,561	77.45
Maldives Cape Pvt Ltd	Development and management of resorts, hotels and spas	Maldives	**	100
Banyantravel.com Pte Ltd	Providing travel agency services	Singapore	736	100
			103,413	
(ii) ***Held through subsidiary companies***				
Banyan Tree Guam Limited	Providing spa and other associated services	Guam	—	100
Banyan Tree Spas Sdn. Bhd.	Operating of spas	Malaysia	—	100
Banyan Tree Japan Yugen Kaisha	Operating of spas	Japan	—	100
Heritage Spas Egypt LLC	Operating and investing in resorts, spas and retail outlets	Egypt	—	100
Banyan Tree (Private) Limited	Operating of spas	Sri Lanka	—	100
Heritage Spas South Africa (Pty) Ltd	Operating and investing in resorts, spas and retail outlets	South Africa	—	100
Heritage Spas Dubai LLC	Operating of spas	Dubai	—	100
Wanyue Leisure Health (Shanghai) Co., Ltd	Operating of spas	China	—	100
Maldives Angsana Pvt Ltd	Operating holiday resorts	Maldives	—	96.69
Architrave Design & Project Services Pte Ltd	Providing consultancy services	Singapore	—	100
Hotelspa Pte. Ltd.	Investment holding	Singapore	—	100
Keelbay Pty Ltd.	Operating of spas	Australia	—	100
TWR — Holdings Limited	Investment holding	Thailand	—	51.78
Laguna Holiday Club Limited	Time-share business	Thailand	—	51.78
Cheer Golden Limited	Investment holding	Hong Kong	—	51.78
Laguna (3) Limited	Property development	Thailand	—	51.78
Wenco-Thai Limited	Dormant	Thailand	—	51.78
Banyan Tree Gallery (Thailand) Limited	Sale of merchandise	Thailand	—	75.41
Banyan Tree Gallery (Singapore) Pte Ltd	Sale of merchandise	Singapore	—	75.41

NOTES TO THE PRO FORMA CONSOLIDATED INTERIM FINANCIAL INFORMATION

3. SUBSIDIARY COMPANIES — (Continued)

Name of subsidiary Company	Principal activities	Place of incorporation	Cost of investment 31.3.2006	Effective equity held by the Group 31.3.2006
			$'000	%
Pai Samart Development Company Limited	Property development	Thailand	—	51.78
Mae Chan Property Company Limited	Property development	Thailand	—	51.78
Phuket Resort Development Limited	Property development	Thailand	—	51.78
Laguna Grande Limited	Property development	Thailand	—	51.78
PT. AVC Indonesia	Not yet commenced operation	Indonesia	—	51.78
Laguna Banyan Tree Limited	Hotel operations	Thailand	—	51.78
Laguna Beach Club Limited	Hotel operations	Thailand	—	31.07
Laguna (1) Limited	Property development	Thailand	—	31.07
Talang Development Company Limited	Property development	Thailand	—	25.89
Lijiang Banyan Tree Hotel Co. Ltd	Hotel construction and operation	China	—	66.25
Twin Waters Development Company Limited	Property development	Thailand	—	51.78
Bangtao (1) Limited	Property development	Thailand	—	51.78
Bangtao (2) Limited	Property development	Thailand	—	51.78
Bangtao (3) Limited	Property development	Thailand	—	51.78
Bangtao (4) Limited	Property development	Thailand	—	51.78
Bangtao Development Limited	Property development	Thailand	—	51.78
Bangtao Grande Limited	Hotel operations	Thailand	—	51.78
Laguna Central Limited	Not yet commenced operation	Thailand	—	51.78
Laguna Services Company Limited	Providing utility and other services to the hotels of the Group	Thailand	—	46.17
Thai Wah Plaza Limited	Hotel operations	Thailand	—	51.78
Thai Wah Tower Company Limited	Office rental	Thailand	—	51.78
Thai Wah Tower (2) Company Limited	Office rental	Thailand	—	51.78
Laguna Excursion Limited	Not yet commenced operation	Thailand	—	51.78
Triumph International Holdings Limited	Investment holding	Hong Kong	—	80.00

NOTES TO THE PRO FORMA CONSOLIDATED INTERIM FINANCIAL INFORMATION

3. SUBSIDIARY COMPANIES — (Continued)

Name of subsidiary Company	Principal activities	Place of incorporation	Cost of investment 31.3.2006	Effective equity held by the Group 31.3.2006
			$'000	%
Gyalthang Dzhong Hotel	Touring, lodging and restaurant	China	—	79.20

** Cost of investment is less than S$1,000

The subsidiary was deregistered as a company in New Zealand and registered by continuation as a company in Mauritius in March 2006.

4. BASIS OF PREPARATION OF THE PRO FORMA CONSOLIDATED INTERIM FINANCIAL INFORMATION

The objective of the pro forma consolidated interim financial information is to show what the historical information might have been had the Group as described in Note 3 to the pro forma consolidated interim financial information above been in place throughout the period since 1 January 2006 and thus, it is for illustrative purposes only.

The pro forma consolidated interim financial information, because of their nature, may not give a true picture of the Group's actual financial position, or financial results, or cash flows.

The pro forma consolidated interim financial information are expressed in Singapore dollar ("S$"), and in accordance with the accounting policies of the Group as set out in Note 5 to the pro forma consolidated interim financial information.

The pro forma consolidated interim financial information have been compiled on the assumption that the current group structure as outlined in Note 3 to the pro forma consolidated interim financial information had been in existence since 1 January 2006. These are compiled based on the following assumptions, after making certain adjustments, to show what the effect on the financial results and the financial position of the Group would have been if the following transaction had occurred on 1 January 2006:

(i) the acquisitions of the "Banyan Tree", "Angsana" and "The Allamanda" brands on 1 January 2006.

The pro forma consolidated interim financial information for the three-month period from 1 January 2006 to 31 March 2006 is based on:

(i) the consolidated interim financial statements of Banyan Tree Holdings Limited and its subsidiary companies for the three-month period from 1 January 2006 to 31 March 2006 prepared under Singapore Financial Reporting Standards;

(ii) the valuation reports by independent valuers on "Banyan Tree", "Angsana" and "The Allamanda" brands.

Ernst & Young, Certified Public Accountants, Singapore, have reviewed the consolidated interim financial statements of Banyan Tree Holdings Limited for the three-month period from 1 January 2006 to 31 March 2006.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been consistently applied in preparing the pro forma consolidated interim financial information, are as follows:

5.1 Functional and Foreign Currency

(a) **Functional currency**

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be SGD. Sales prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in SGD.

(b) **Foreign currency transactions**

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary companies and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. 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 determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the profit and loss account except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiary companies, which are recognised initially in a separate component of equity as foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated profit and loss account on disposal of the subsidiary company.

Differences on foreign currency borrowings that provide a hedge against a net investment in a foreign operation are also taken directly to the foreign currency translation reserve until the disposal of the net investment, at which time they are recognised in the profit and loss account. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in the foreign currency translation reserve.

(c) **Foreign currency translation**

The results and financial position of foreign operations are translated into SGD using the following procedures:

- Assets and liabilities for each balance sheet presented are translated at the closing rate ruling at that balance sheet date; and
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions.

All resulting exchange differences are recognised in a separate component of equity as foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date.

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

5.1 Functional and Foreign Currency — (Continued)

(c) Foreign currency translation — (Continued)

On disposal of a foreign operation, the cumulative amount of exchange differences deferred in equity relating to that foreign operation is recognised in the profit and loss account as a component of the gain or loss on disposal.

5.2 Subsidiary Companies and Principles of Consolidation

(a) Subsidiary companies

A subsidiary company is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

(b) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the balance sheet date. The financial statements of the subsidiary companies are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.

Subsidiary companies are fully 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.

Acquisitions of subsidiary companies are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. The goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 5.6 below.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the profit and loss account on the date of acquisition.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. They are presented in the consolidated balance sheet within equity, separately from the parent shareholders' equity, and are separately disclosed in the consolidated profit and loss account.

5.3 Associated Companies

An associated company is an entity, not being a subsidiary company or a joint venture company, in which the Group has significant influence. This generally coincides with the Group having 20% or more of the voting power, or has representation on the board of directors.

The Group's investments in associated companies are accounted for using the equity method. Under the equity method, the investment in associated company is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associated company. The Group's share of the profit or loss of the associated company is recognised in the consolidated profit and loss account. Where there has been a change recognised directly in the equity of the associated company, the Group recognises

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

5.3 Associated Companies — (Continued)

its share of such changes. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associated company. The associated company is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associated company.

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

Any excess of the Group's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associated company's profit or loss in the period in which the investment is acquired.

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

The reporting dates of the associated companies and the Group are identical and the associated companies' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

5.4 Joint Venture Companies

The Company has interests in joint venture companies which are jointly controlled entities. A joint venture company is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture company that involves the establishment of a separate entity in which each venturer has an interest.

The Group's investments in joint venture companies are accounted for using the equity method. Under the equity method, the investment in joint venture company is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint venture company. The Group's share of the profit or loss of the joint venture company is recognised in the consolidated profit and loss account. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the joint venture company. The joint venture company is equity accounted for from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture company.

5.5 Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses. Land, land awaiting for development and buildings are subsequently revalued on an asset-by-asset basis, to their fair values. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are made annually to ensure that their carrying amount does not differ materially from their fair value at the balance sheet date.

When an asset is revalued, any increase in the carrying amount is credited directly to the asset revaluation reserve. However, the increase is recognised in the profit and loss account to the extent that it reverses a revaluation decrease of the same asset previously recognised in the profit and loss account. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in the profit and loss account. However, the decrease is debited directly to the asset revaluation reserve to the extent of any credit balance existing in the reserve in respect of that asset.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

5.5 Property, Plant and Equipment — (Continued)

in the asset 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 life of the asset as follows:

Land improvements	—	10 to 50 years
Freehold Buildings	—	40 to 50 years
Leasehold Buildings	—	Over the lease periods or 50 years, whichever is earlier
Furniture, fittings and equipment	—	3 to 20 years
Computers	—	3 years
Motor vehicles	—	5 to 10 years

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

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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit and loss account in the year the asset is derecognized.

5.6 Intangible Assets

(a) **Goodwill**

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

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

- Represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- Is not larger than a segment based on either the Group's primary or the Group's secondary reporting format.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated are tested for impairment annually and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

5.6 Intangible Assets — (Continued)

(a) **Goodwill — (Continued)**

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

(b) **Other intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic 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 for an intangible asset with a finite useful life are reviewed at least at each financial year-end. The amortisation expense on intangible assets with finite lives is recognised in the profit and loss account through the 'depreciation and amortisation expenses' line item.

Intangible assets with indefinite useful lives are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable.

(b)(i) **Brands**

The useful lives of brands acquired are estimated to be indefinite because based on the current market share of the brands, management believes there is no foreseeable limit to the period over which the brands are expected to generate net cash flows for the group.

Gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit and loss account when the asset is derecognized.

5.7 Impairment of Non-financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset (i.e. an intangible asset with an indefinite useful life, an intangible asset not yet available for use, or goodwill acquired in a business combination) 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 to sell 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. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognised in the profit and loss account as 'impairment losses' or treated as a revaluation decrease for assets carried at revalued amount to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for that same asset.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

5.7 Impairment of Non-financial Assets — (Continued)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in the profit and loss account unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss previously recognised through the profit and loss account is treated as a revaluation increase. 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.

The Group does not reverse in a subsequent period, any impairment loss recognised for goodwill.

5.8 Financial Assets

Financial assets within the scope of FRS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

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

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

(a) **Financial assets at fair value through profit or loss**

Financial assets classified as held for trading are included in the category financial assets at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivative financial instruments are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in the profit and loss account.

The Group does not designate any financial assets not held for trading as financial assets at fair value through profit and loss.

(b) **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 assets to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount and minus any reduction for impairment or uncollectibility. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

5.8 Financial Assets — (Continued)

(b) **Held-to-maturity investments — (Continued)**

amortised cost, gains and losses are recognised in the profit and loss account when the investments are derecognized or impaired, as well as through the amortisation process.

(c) **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. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit and loss account when the loans and receivables are derecognized or impaired, as well as through the amortisation process.

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

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised in the fair value adjustment reserve until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

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

5.9 Investment Securities

Investment securities are classified as financial assets at fair value through profit or loss, held-to-maturity investments or available-for-sale financial assets, as appropriate.

The accounting policies for the aforementioned categories of financial assets are stated in Note 5.8.

5.10 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.

Cash and short term deposits carried in the balance sheets are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 5.8.

5.11 Trade and Other Receivables

Trade and other receivables, including amounts due from associated and related companies and loans to related companies are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 5.8.

An allowance is made for uncollectible amounts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 5.13 below.

5.12 Property Development Costs

Property development cost is stated at the lower of cost and net realisable value. Cost comprises cost of land, design fee, infrastructure and construction.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

5.12 Property Development Costs — (Continued)

In determining the cost of sales of the time-share business, the cost of each condominium unit is divided equally by the number of weeks in a year and then the cost of each week sold is recognised in the profit and loss account on a first-in, first-out basis.

5.13 Impairment of Financial Assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(a) **Assets carried at amortised cost**

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments 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 (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the profit and loss account.

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. Any subsequent reversal of an impairment loss is recognised in the profit and loss account, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(b) **Assets carried at cost**

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument 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 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**

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the profit and loss account, is transferred from equity to the income statement. Reversals in respect of equity instruments classified as available-for-sale are not recognised in the profit and loss account. Reversals of impairment losses on debt instruments are reversed through the profit and loss account, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss account.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

5.14 Inventories

Inventories are valued at the lower of cost (on a first-in, first-out basis) and net realisable value.

Costs incurred in bringing the following inventories to their present location and condition are accounted for based on purchase costs on a first-in, first-out basis:

- Food and beverage;
- Trading goods and supplies;
- Materials and others

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.

5.15 Construction Contracts

Contract revenue and contract costs are recognised as revenue and expenses, respectively, by reference to the stage of completion of the contract activity at the balance sheet date, when the outcome of a construction contract can be estimated reliably. An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

Revenue arising from fixed price contracts is recognised in accordance with the percentage of completion method. The stage of completion is measured by reference to professional surveys of work performed.

Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred plus a percentage of the contract fee earned during the year. Percentage of the contract fee earned is measured by the proportion that the costs incurred to date bear to the estimated total costs of the contract. Only costs that reflect services performed are included in the estimated total costs of the contract. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

5.16 Trade and Other Payables

Liabilities for trade and other amounts payable, which are normally settled on 30-90 day terms, and payables to related parties are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognized as well as through the amortisation process.

5.17 Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognized as well as through the amortisation process.

5.18 Borrowing Costs

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

5.18 Borrowing Costs — (Continued)

ready for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

5.19 Redeemable Preference Shares

The component of the redeemable preference shares that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of issue costs. The corresponding dividends on those shares are charged as interest expense in the profit and loss account. On issuance of the redeemable preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long-term liability on the amortised cost basis until redemption.

Transaction costs are apportioned between the liability and equity component of the redeemable preference shares based on the respective carrying amounts of the liability and equity components when the instruments were first issued.

5.20 Derecognition of Financial Assets and Liabilities

(a) **Financial assets**

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

- The contractual rights to receive cash flows from the asset have 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 'pass-through' arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

(b) **Financial liabilities**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

5.21 Provisions

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

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. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

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

5.22 Employee Benefits

(a) **Defined contribution plans**

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

(b) **Employee leave entitlement**

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.

5.23 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 the profit and loss account. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

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

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

(b) **As lessor**

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

5.24 Revenue

(a) **Revenue recognition**

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. The following specific recognition criteria must also be met before revenue is recognised:

(i) *Hotel investment*

Revenue from hotel investment mainly comprises room sales, food and beverage sales and auxiliary activities, and represents the invoiced value of goods supplied and services rendered after deducting discounts.

(ii) *Hotel management*

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

(iii) *Spa operation*

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

(iv) *Gallery operation*

Revenue from gallery operation represents the invoiced value of goods supplied after deducting discounts and allowance.

(v) *Property sales*

Revenue from property sales is recognised when a legally binding contract is signed, using the percentage of completion method. The percentage of completion is arrived at based on actual costs incurred to date and the total anticipated construction costs, excluding cost of land, and estimations performed by independent engineers. Revenue is recognised when initial payment and instalments received are at least 20% of the contract price and the construction work is at least 10% completed. Revenue recognition is discontinued when three consecutive instalments are overdue.

(vi) *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.

(vii) *Dividends*

Dividend income is recognised in the profit and loss account when the shareholder's right to receive payment is established.

(viii) *Interest*

Interest income is recognised on a time proportion basis (taking into account the effective yield on the asset) unless collectibility is in doubt.

5.25 Income Taxes

(a) **Current tax**

Current 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 by the balance sheet date.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

5.25 Income Taxes — (Continued)

(b) **Deferred tax**

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

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

- Where the deferred tax liability 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 and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition 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 deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date 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 income tax asset to be utilised. Unrecognized deferred income tax assets are reassessed at each balance sheet date 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 income tax assets and liabilities are measured at the tax rates that are expected to apply to 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 balance sheet date.

Income tax relating to items recognised directly in equity is recognised in equity.

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.

(c) **Sales tax**

Revenues, 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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (Continued)

5.25 Income Taxes — (Continued)

(c) **Sales tax — (Continued)**

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.

5.26 Derivative Financial Instruments

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivative financial instruments that do not qualify for hedge accounting are taken to the profit and loss account for the year.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

6. REVENUE

Revenue of the Group represents revenue from operation and management of hotels, operation of spas, gallery and property sales after eliminating intercompany transactions. The amount of each significant category of revenue recognised during the period is as follows:

	Group
	1.1.2006 to 31.3.2006
	$'000
Hotel investment	51,003
Hotel management	1,228
Spa operation	5,250
Gallery operation	2,421
Property sales	16,761
Design fees and others	4,091
	80,754

7. OTHER OPERATING INCOME

	Group
	1.1.2006 to 31.3.2006
	$'000
Management and service fees	161
Others	456
	617

NOTES TO THE PRO FORMA CONSOLIDATED INTERIM FINANCIAL INFORMATION

8. SALARIES AND RELATED EXPENSES

	Group 1.1.2006 to 31.3.2006 $'000
Salaries, wages and other related costs	14,880
CPF and contributions to other plans	536
Directors' remuneration	
— Directors of the Company	589
— Other directors	799
Executives' remuneration	192
	16,996

9. PROFIT FROM CONTINUING OPERATIONS

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

	Group 1.1.2006 to 31.3.2006 $'000
Allowance for doubtful debts	
— trade	18
Write back of allowance for doubtful debts	
— trade	(16)
Allowance for inventory obsolescence	24
Bad debts written back — trade	(11)
Exchange gain	(3,315)
Loss on disposal of property, plant and equipment	1

10. FINANCE INCOME

	Group 1.1.2006 to 31.3.2006 $'000
Interest received and receivable from:	
— banks	25
— related parties	17
— others	328
	370

11. FINANCE COSTS

	Group 1.1.2006 to 31.3.2006 $'000
Interest paid and payable to:	
— banks	2,498
— related parties	30
— holders of redeemable preference shares	1,251
— others	4
	3,783

NOTES TO THE PRO FORMA CONSOLIDATED INTERIM FINANCIAL INFORMATION

12. INCOME TAX

Major components of income tax expense for the period ended 31 March are:

	Group 1.1.2006 to 31.3.2006 $'000
Current tax expense — continuing operations	
Current taxation	4,079
Deferred tax expense — continuing operations	
Movement in temporary differences	2,220
Benefits previously not recognised	(25)
Over provision in respect of prior years	213
	2,408
Withholding tax expense — continuing operations	
Current provision	445
Income tax expense	6,932

Reconciliation of effective tax rate

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the period then ended 31 March are as follows:

	Group 1.1.2006 to 31.3.2006 $'000
Group	
Profit from continuing operations and before taxation	24,549
Income tax using Singapore tax rate of 20%	4,910
Effect of different tax rates in other countries	1,869
Expenses not deductible for tax purposes	461
Utilisation of previously unrecognized tax losses	(18)
Tax exempt income	(1,088)
Double tax relief and tax rebate	(209)
Over provision in respect of prior years	(25)
Deferred tax assets not recognised	587
Withholding tax	445
Income tax expense recognised in the profit and loss account	6,932

The Group

Withholding tax is suffered on Group services fees and management fee income derived from Indonesia and Thailand at 15%.

The Group also suffered withholding tax on dividend income received from Thailand at 10%.

13. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit from continuing operations attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

13. EARNINGS PER SHARE — (Continued)

The following reflects the income and share data used in the computation of basic earnings per share from continuing operations for the period ended 31 March:

	Group
	1.1.2006 to 31.3.2006
	$'000
Profit from continuing operations attributable to ordinary equity holders of the Company used in computation of basic earnings per share	11,216
* Weighted average number of ordinary shares for basic earnings per share computation	601,927,196

As there are no dilutive potential ordinary shares, the basic and fully diluted earnings per share are the same.

* After taking into account sub-division of every 1 share in the share capital of the Company into 2 shares on 28 April 2006 (Note 2).

14. PROPERTY, PLANT AND EQUIPMENT

	Land and land improvement	Freehold buildings	Leasehold buildings	Furniture, fittings and equipment	Computers	Motor vehicles	Construction-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Cost or valuation:								
At 1 January 2006	172,193	203,571	30,525	203,653	3,620	4,463	37,895	655,920
At cost	99,432	176,385	30,525	177,051	3,620	4,463	37,895	529,371
At valuation	72,761	27,186	—	26,602	—	—	—	126,549
At 1 January 2006	172,193	203,571	30,525	203,653	3,620	4,463	37,895	655,920
Additions	96	453	224	1,508	155	18	15,045	17,499
Disposals	—	—	—	—	(3)	—	—	(3)
Net exchange differences	3,512	4,747	(609)	6,764	60	61	(11,447)	3,088
At 31 March 2006	175,801	208,771	30,140	211,925	3,832	4,542	41,493	676,504
Accumulated depreciation and impairment:								
At 1 January 2006	833	50,304	10,442	150,429	2,313	2,876	10	217,207
Depreciation charge for the period	10	1,032	452	3,590	185	100	7	5,376
Disposals	—	—	—	—	(2)	—	—	(2)
Net exchange differences	56	976	(211)	2,612	47	48	—	3,528
At 31 March 2006	899	52,312	10,683	156,631	2,543	3,024	17	226,109
Net carrying amount:								
At 31 March 2006	174,902	156,459	19,457	55,294	1,289	1,518	41,476	450,395

Included in the property, plant and equipment of the Group are motor vehicles with a net book value of $98,082 and furniture, fittings and equipments of $92,619 acquired under a hire purchase agreement.

Freehold land and building was revalued as at 30 January 2002 by Colliers Jardine Consultancy & Valuation (Singapore) Pte Ltd, a firm of independent licensed property valuers, at open market values on an existing use basis. The carrying amount of freehold land and building at the end of the period would have been $8,952,291.

The hotel properties and land in Phuket were reappraised by a professional independent appraisal company report dated 1 November 2004. The revaluation was conducted using the ''Replacement Cost'' basis for hotel properties and at ''Fair Market Value'' basis for land. Had the hotel properties and land been stated at cost less accumulated depreciation, their net book value at the end of the year would have been $252,745,000.

14. PROPERTY, PLANT AND EQUIPMENT — (Continued)

As at 31 March 2006, certain properties amounting to $268,362,776 were mortgaged to banks to secure credit facilities for the Group (Note 31).

15. LAND AWAITING FOR FUTURE DEVELOPMENT

	Group
	31.3.2006
	$'000
Mae Hong Sorn	229
Chiang Rai	2,249
Phuket	24,121
	26,599

Land awaiting for future development in Phuket, Chiang Rai and Mae Hong Sorn province was revalued on a "fair market value" basis by a professional independent appraisal company on 1 November 2004.

As at 31 March 2006, land awaiting for future development in Phuket province of approximately 44 rai, at a fair value of approximately $6.8 million has been mortgaged to secure bank overdrafts, short-term and long-term loan facilities of the Group (Note 31).

16. ASSOCIATED COMPANIES

	Group
	31.3.2006
	$'000
Unquoted equity shares, at cost	26
Share of post-acquisition reserves	153
Loan to an associated company	21,022
	21,201

The loan to an associated company is unsecured, interest-free and with no fixed terms of repayment, and the Company will not demand repayment within the next twelve months.

The details of the associated companies are as follows:

Name of associated company	Principal activities	Place of incorporation	Effective equity held by the Group 31.3.2006
			%
Held by the Company			
Banyan Tree Seychelles Holdings Limited	Investment holding	British Virgin Islands	30
Held through an associated company			
Banyan Tree Resorts (Seychelles) Limited	Resort development	Seychelles	30

16. ASSOCIATED COMPANIES — (Continued)

The summarised financial information of associated companies are as follows:

	31.3.2006
	$'000
Assets and liabilities:	
Current assets	8,176
Non-current assets	81,408
Total assets	89,584
Current liabilities	(7,007)
Non-current liabilities	(81,976)
	(88,983)
Results:	
Revenue	1,489
Profit for the period	963

17. JOINT VENTURE COMPANIES

	Group
	31.3.2006
	$'000
Shares at cost	6,000
Share of post-acquisition reserves	(2,078)
Net exchange differences	(243)
Loan to a joint venture company	375
	4,054

The loan to a joint venture company is unsecured, interest-free and with no fixed terms of repayment, and the Company will not demand repayment within the next twelve months.

The details of the joint venture companies are as follows:

Name of joint venture company	Principal activities	Place of incorporation	Percentage of equity interest 31.3.2006
			%
Held by the Company			
Seychelles Tropical Resorts Holdings Limited and its subsidiary company	Investment holding	British Virgin Islands	50
Held through a joint venture company			
Seytropical Resorts Limited	Resort development	Seychelles	50

17. JOINT VENTURE COMPANIES — (Continued)

The aggregate amounts of each of current assets, non-current assets, current liabilities, non-current liabilities, and results related to the Group's interest in the joint venture companies are as follows:

	31.3.2006
	$'000
Assets and liabilities:	
Non-current assets	3,519
Total assets	3,519
Current liabilities	(5)
Non-current liabilities	(749)
Total liabilities	(754)
Results:	
Loss for the period	(3)

The Group's share of the capital commitments and contingent liabilities of the joint venture companies is nil.

18. PREPAID ISLAND RENTAL

	Group
	31.3.2006
	$'000
At beginning of period	35,897
Net exchange differences	(841)
	35,056
Less: Amount charged to expenses during the period	(995)
At end of period	34,061
Amount chargeable within 1 year (Note 25)	3,392
Amount chargeable after 1 year	30,669
	34,061

The above amounts were paid to the owners of the Vabbinfaru Island, Ihuru Island and Velavaru Island as operating lease rentals. The lease on the Vabbinfaru Island is for a period of 26½ years from 1 May 1993 to 31 October 2019. The lease on the Ihuru Island is for a period of 15 years from 16 October 2000 to 15 October 2015. The lease on the Velavaru Island is for a period of 17 years from 24 July 2005 to 24 August 2022.

19. LONG-TERM TRADE RECEIVABLES

	Group
	31.3.2006
	$'000
Long-term trade receivables are repayable as follows:	
Within 12 months (Note 24)	603
Between 2 to 5 years	1,381
After 5 years	37
	1,418

19. LONG-TERM TRADE RECEIVABLES — (Continued)

Long-term trade receivables consist of:

(i) Secured financing provided to customers of property sales which are mainly denominated in United States Dollars and bear interest at a rate of 5% per annum over the Singapore Inter Bank Offered Rate (''SIBOR''). The loan periods vary from 5 to 15 years.

(ii) Instalments receivable from property sales which bear interest at rates ranging from 9 to 12% per annum and are repayable over an instalment period of 2 to 3 years.

20. INTANGIBLE ASSETS

Group

	Goodwill	Brand	Total
	$'000	$'000	$'000
Cost			
At 1 January 2006	2,778	—	2,778
Translation difference	50	—	50
Acquisition during the period	—	24,300	24,300
At 31 March 2006	2,828	24,300	27,128

Impairment testing of goodwill

Goodwill acquired through business combinations have been allocated to individual cash-generating units which are as follows:

- Beruwela Walk Inn
- Thai Wah Plaza Limited

The recoverable amount of a Cash Generating Unit (''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	Beruwela Walk
	$'000	$'000
Growth rate	5.00%	5.00%
Discount rate	7.78%	9.40%

These assumptions have been used for analysis of each CGU within the Group. Management determined the budgeted growth rate based on past performance and its expectation for market development. The weighted average cost of capital rate used are consistent with forecasts used in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant companies.

Impairment testing of brands

Brands relate to costs paid in relation to the acquisition of 3 brands, namely ''Banyan Tree'', ''Angsana'' and ''The Allamanda'', based on valuation reports by independent valuers.

These brands are determined to have indefinite lives. Accordingly, they are subject to annual impairment testing.

NOTES TO THE PRO FORMA CONSOLIDATED INTERIM FINANCIAL INFORMATION

21. LONG-TERM INVESTMENTS

	Group 31.3.2006 $'000
Quoted investments (available-for-sale)	
Equity shares, at fair value	923
Unquoted investments	
Equity shares	7,902
Less: Impairment in value of unquoted investments	(63)
Total unquoted investments	7,839
Total long-term investments	8,762
Market value of quoted shares	923

22. OTHER NON-CURRENT ASSETS

	Group 31.3.2006 $'000
Deposits	577
Prepayments	166
Others	164
	907

23. INVENTORIES

	Group 31.3.2006 $'000
Food and beverage, at cost	2,144
Trading goods and supplies, at net realisable value	3,983
Materials, at cost	2,329
Others	3
	8,459

24. TRADE RECEIVABLES

	Group 31.3.2006 $'000
Trade receivables	42,781
Current portion of long-term trade receivables (Note 19)	603
	43,384
Less: Allowance for doubtful debts	(3,085)
	40,299

NOTES TO THE PRO FORMA CONSOLIDATED INTERIM FINANCIAL INFORMATION

25. OTHER RECEIVABLES

	Group 31.3.2006 $'000
Deposits	683
Prepayments	7,545
Prepaid island rental — current portion (Note 18)	3,392
Interest receivable	2
Advances to suppliers	9,488
Staff advances	192
GST/VAT receivable	1,485
Deposits for land	1,110
Insurance recoverable	4,127
Others	3,916
	31,940

26. AMOUNTS DUE FROM ASSOCIATED COMPANIES

	Group 31.3.2006 $'000
Amounts due from associated companies	
— trade	1,604
— non-trade	212
	1,816
Amounts due to associated companies	
— trade	(2)
— non-trade	(10)
	(12)

The amounts due from/(to) associated companies are unsecured and interest-free, with no fixed terms of repayment.

27. AMOUNTS DUE FROM/(TO) RELATED PARTIES

	Group 31.3.2006 $'000
Amounts due from related parties	
— trade	3,057
— non-trade	445
	3,502
Amounts due to related parties	
— trade	(401)
— non-trade	(24,330)
	(24,731)

The amounts due from/(to) related parties are unsecured and interest-free, with no fixed terms of repayment.

NOTES TO THE PRO FORMA CONSOLIDATED INTERIM FINANCIAL INFORMATION

28. PROPERTY DEVELOPMENT COSTS

	Group
	$'000
Properties under development	
Cost incurred to date	17,862
Less: Allowance for foreseeable losses	(3,803)
	14,059
Attributable profit	7,460
Less: Progress billing	(6,743)
	14,776
Property held for sale	4,087
Property for sale under time-share membership	5,639
	24,502

29. CASH AND CASH EQUIVALENTS

	Group
	$'000
Current:	
Cash on hand and at bank	43,116
Fixed deposit, unsecured	3,668
	46,784
Less: Bank overdraft (Note 31)	(1,179)
	45,605

30. OTHER PAYABLES

	Group
	$'000
Deposits and advances received	7,577
Accrued operating expenses	17,513
Accrued service charges	1,603
Deposit from sales and marketing	39
Hire purchase creditors (Note 32)	44
Redeemable preference shares dividend payable	8,607
Construction payables	5,419
Others	12,278
	53,080

31. INTEREST-BEARING LOANS AND BORROWINGS

	Group
	$'000
Non-current liabilities	
Secured bank loans	131,082
Current liabilities	
Short-term bank loans	24,690
Secured bank loans	45,583
Bank overdrafts (Note 29)	1,179
	71,452

Bank overdrafts facility of a subsidiary company is secured by deposits of US$770,000 pledged by the Company. In addition, the long-term secured bank loans are secured by corporate guarantees issued by the

31. INTEREST-BEARING LOANS AND BORROWINGS — (Continued)

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

	Group
	$'000
Freehold land and buildings	268,363
Quoted shares in a subsidiary company	32,614
Land awaiting for future development	6,806
	307,783
Capitalised interest	307
Capitalization rate	5.6%

32. HIRE PURCHASE CREDITORS

The Group had obligations under hire purchase that are repayable as follows:

	31.3.2006		
	Payments	Interest	Principal
	$'000	$'000	$'000
Within 1 year (Note 30)	54	10	44
After 1 year but within 5 years	99	16	83
After 5 years	3	—	3
	156	26	130

33. LOAN STOCK

Loan stock represents 102,218 non-redeemable preference shares issued by Banyan Tree Resorts & Spas (Thailand) Co, Ltd., a subsidiary company, to minority shareholders at a par value of Baht 100 each. These preference shares carry a fixed cumulative preference dividend of 10% per annum.

34. REDEEMABLE PREFERENCE SHARES

On 28 July 2003, the Company issued the following redeemable preference shares to the holders of the notes payable:

	Number of shares
"A" preference share of $0.10 each	301,108
"B" cumulative preference share of $0.10 each	270,698,892
	271,000,000

The "A" preference shares will be redeemed at the date falling six years after the issue date at a redemption amount for each "A" preference share equal to the par value of $0.10 and a premium of $10.00. The total premium of "A" preference shares amounts to $3,011,080. The premium is amortised to the profit and loss account over a period of 6 years using the effective interest rate method. The balance of the unamortized premium will be charged to the profit and loss account upon redemption should the redemption occur before the end of the 6-year period.

The "B" cumulative preference shares will be redeemed at the earlier of the date falling six years after the issue date or the business day immediately after the period of 14 business days commencing on the day of the listing and quotation of the ordinary shares of the Company on the Singapore Exchange Securities Trading Limited at a redemption amount for each "B" preference share equal to the par value of $0.10 and any arrears and accruals of preference dividends up to but excluding the redemption date. These "B" preference shares carry a fixed cumulative preference dividend of $0.016 per share for the year ended 31 December 2003 and 8% per annum thereafter, payable yearly in arrears. These dividends are charged as

34. REDEEMABLE PREFERENCE SHARES — (Continued)

interest expense in the profit and loss account over the shorter of either the period of 6 years or the period covering from the date of issuance to redemption upon listing using the effective interest rate method. The amortisation charge for "B" preference shares for the second quarter of 2006 will be approximately $1,371,000 should the redemption occur upon listing which is assumed to be at end of June 2006.

The holders of the above redeemable preference shares have no voting rights.

35. OTHER NON-CURRENT LIABILITIES

	Group 31.3.2006 $'000
Shop rental deposits	1,502
Land rental deposits	897
Advance golf membership fees	500
Others	263
	3,162

36. DEFERRED INCOME TAX

	Group 31.3.2006 $'000
Deferred tax liabilities	
Revaluation surplus	(58,107)
Other items	(11,984)
Gross deferred tax liabilities	(70,091)
Deferred tax assets	
Unutilised tax losses	10,893
Other items	2,104
Gross deferred tax assets	12,997
Net deferred tax liabilities	(57,094)

The Group has tax losses of $4 million as at 31 March 2006 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. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

There are no income tax consequences of dividends to shareholders that were proposed by the Company, but not recognised as a liability in the consolidated financial statement.

37. LOAN FROM MINORITY SHAREHOLDER OF A SUBSIDIARY COMPANY

The loan is unsecured, interest-free and not repayable within the next twelve months.

38. COMMITMENTS AND CONTINGENCIES

(a) Capital commitments

Capital expenditure contracted for as at the balance sheet date but not recognised in the financial statements is as follows:

	Group
	31.3.2006
	$'000
Capital commitments in respect of property, plant and equipment	58,594

(b) Operating lease commitments

Future minimum lease payments payable under non-cancellable operating leases as at 31 March 2006 are as follows:

	Group
	31.3.2006
	$'000
Payable:	
Within 1 year	2,386
After 1 year but within 5 years	8,879
After 5 years	12,625
	21,504
	23,890

The above operating lease commitments relate principally to the lease of Vabbinfaru Island and Ihuru Island. The operating lease of Vabbinfaru Island and Ihuru Island expire in 2019 and 2015 respectively and do not include any contingent rentals.

In addition to the operating lease commitments detailed above, as at the balance sheet date, a subsidiary company entered into lease agreements for periods of 3 to 30 years, with an option to renew the lease after that date, with certain companies and owners of the hotel. In consideration for such services, the subsidiary company is committed to pay operating lease expenses contingent upon revenue earned in accordance with the rates specified in the agreements.

Certain subsidiary companies, entered into operating agreements with certain companies whereby these companies are to operate the subsidiary companies' hotels and golf business. In consideration for such services, the subsidiary companies are committed to pay remunerations contingent upon revenue earned in accordance with the notes specified in the agreements.

(c) Contingent liabilities

As at the balance sheet date, the Company had issued the following outstanding guarantees:

	Company
	31.3.2006
	$'000
Guarantees issued on banking facilities of subsidiary companies	10,657

A case has been brought to the Administration Court in Thailand in which certain subsidiary companies are co-defendants. The Plaintiff has requested the Court to order the Phuket Provincial Land Office, named as the defendant, to revoke some land title deeds under ownership of the said companies, on the grounds that such title deeds were issued illegally. All evidence has been submitted to the Court which the Court is now considering. The land titles in question were issued well before the subsidiary companies purchased the land, which the subsidiary companies subsequently purchased

38. COMMITMENTS AND CONTINGENCIES — (Continued)

(c) **Contingent liabilities — (Continued)**

in good faith. Although it is expected that it will take at least 1 year to receive judgment, the Group is confident that it has sufficient evidence to support its defence of this case.

(d) **Contingent assets**

Arising out of the 2004 Tsunami, the Group sustained some property damage and substantial loss of earnings. The Group has made claims for these from its insurers and initiated legal proceedings by way of arbitration against the insurers for the recovery of the sums which the Group has been advised are recoverable under the policies.

The total claim aggregated in the arbitral proceedings by the Group is approximately US$39 million as of July 2005 which is subject to changes as the Business Interruption claim amount is open for 18 months from 26 December 2004.

39. RELATED PARTY TRANSACTIONS

An entity or individual is considered a related party of the Group for the purpose of the financial statements if (i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or (ii) it is subject to common control or common significant influence.

Other than that disclosed in the financial statements, the Group had the following significant related party transactions on terms agreed during the financial period:

	Group
	1.1.2006 to 31.3.2006
	$'000
(a) ***Sale and purchase of goods and services***	
Associated companies:	
— Management and service fee income	1,148
— Reservation fee income	49
Related parties:	
— Management and service fee income	1,313
— Rental income	4
— Reservation fee income	85

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivative financial instruments, comprise bank loans and overdraft, redeemable preference shares, finance leases and hire purchase contracts, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including principally forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations and its sources of financing.

It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risks (both fair value and cash flow), liquidity risk, foreign currency risk and credit risk. The Board of Directors reviews and agrees policies

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES — (Continued)

for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivative financial instruments are set out in Note 5.26.

(a) **Interest rate risk**

The Group's exposure to market risk for changes in interest rate environment relates primarily to the Group's investment portfolio and long-term debt obligations. The Group does not use derivative financial instruments to hedge its investment portfolio.

The Group's policy is to manage its exposure to interest rate risks using a mix of fixed and variable rate debts.

(b) **Foreign currency risk**

The Group is exposed to exchange risk as the majority of its receivables and payables, project costs and progress billings are denominated in foreign currencies, mainly US dollars and Thai Baht. There is no formal hedging policy with respect to the foreign exchange exposure. Exposure to exchange risk is monitored on an ongoing basis and the Group uses foreign currency forward exchange contracts to manage the exchange risks.

As at 31 March 2006, the Group had entered into foreign currency forward exchange contracts amounting to $44,178,652. The fair value adjustment to the forward exchange contracts (which is the difference between notional principal amount and market value of the contracts) is gain of $1,636,730.

The fair values of foreign currency forward exchange contracts have been calculated (using rates quoted by the banks) assuming the contracts are terminated at the balance sheet date.

(c) **Credit risk**

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets. Cash is placed with financial institutions with good credit rating.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets.

Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments carried at fair value

The Group and Company has carried all investment securities that are classified as held for trading or available-for-sale financial assets, and all derivative financial instruments, at their fair value as required by FRS 39.

Financial instruments whose carrying amount approximate fair value

Management has determined that the carrying amounts of cash and short term deposits, current trade and other receivables, bank overdrafts, current trade and other payables and current bank loans, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES — (Continued)

Fair values — (Continued)

Financial instruments carried at other than fair value

Set out below is a comparison by category of carrying amounts and fair values of all of the Group and Company's financial instruments that are carried in the financial statements at other than fair values as at 31 March 2006.

	Group	
	Carrying amount 31.3.2006	Fair Value 31.3.2006
	$'000	$'000
Financial assets:		
Trade receivables	40,299	40,473
Financial liabilities:		
Other payables	53,080	54,496

Methods and assumptions used to determine fair values.

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values as mentioned earlier, are as follow:

Financial assets and liabilities	Methods and assumptions
• Investment securities (quoted shares)	Fair value has been determined by reference to published market prices or broker quotes at the balance sheet date without factoring in transaction costs.
• Non-redeemable preference shares • Investment securities (unquoted shares)	It is not practicable to determine the fair values because of the lack of quoted market prices and the assumptions used in valuation models to value these investments cannot be reasonably determined.

During the period, no amount has been recognised in the profit and loss account in relation to the change in fair value of financial assets or financial liabilities estimated using a valuation technique.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES — (Continued)

Fair values — (Continued)

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at balance sheet date and the periods in which they reprice.

	Note	31.3.2006 Effective rate	Total	1 year	1 to 5 years	After 5 years
		%	$'000	$'000	$'000	$'000
Group						
Financial assets						
Cash and cash equivalents	29	0.0-4.0	46,784	46,784	—	—
Long-term trade receivables						
— Fixed rate	19	9.0-12.0	1,173	344	829	—
— Floating rate	19	SIBOR+5%	848	259	552	37
			48,805	47,387	1,381	37

SIBOR: Singapore inter-bank offered rate
MMR: Money market rate
PLR: Prime lending rate
MLR: Minimum lending rate
COF: Cost of fund
AAA: HSBC in-house credit rating based rates

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES — (Continued)

Fair values — (Continued)

	Note	31.3.2006 Effective rate	Total	1 year	1 to 5 years	After 5 years
		%	$'000	$'000	$'000	$'000
Financial liabilities						
Hire purchase creditors	32	5.0	(130)	(44)	(83)	(3)
Short-term bank loan	31	2.0	(24,690)	(24,690)	—	—
Bank overdrafts	31	AAA-2	(1,179)	(1,179)	—	—
Secured bank loan						
— S$ floating rate loan	31	1.5 above SGD swap cost	(975)	(375)	(600)	—
— S$ floating rate loan	31	COF+2	(8,475)	(3,925)	(4,550)	—
— US$ floating rate loans	31	COF+2.25%	(7,340)	(734)	(6,606)	—
— US$ floating rate loans	31	SIBOR+1.5%	(9,786)	—	(9,786)	—
— US$ fixed rate loan	31	8.5	(14,621)	(14,621)	—	—
— BHT fixed rate loan	31	2.0-4.0	(22,464)	(12,480)	(9,984)	—
— BHT floating rate loan	31	MLR to MLR-2	(112,369)	(13,431)	(81,914)	(17,024)
— LKR fixed rate loan	31	5.0	(27)	(17)	—	(10)
— RMB fixed rate loan	31	6.5	(608)	—	(608)	—
Redeemable preference shares	34	8.0	(27,100)	—	(27,100)	—
			(229,764)	(71,496)	(141,231)	(17,037)

SIBOR: Singapore inter-bank offered rate
MMR: Money market rate
PLR: Prime lending rate
MLR: Minimum lending rate
COF: Cost of fund
AAA: HSBC in-house credit rating based rates

41. SEGMENT INFORMATION

Reporting format

The primary reporting format is determined to be business segments as the Group's risk and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating business is organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Business segments

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The hotel investment segment relates to hotel and restaurant operations.

The hotel management segment relates to the management of hotels and resorts.

The spa operation segment relates to the management and operation of spas.

The gallery operation segment relates to sales of merchandise.

The property sales segment relates to property development operations and time-share business.

41. SEGMENT INFORMATION — (Continued)

Design fees and others segment includes mainly provision of design services, management and ownership of golf course and rental of retail outlets and offices.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets and expenses.

The turnover by geographical segments are based on the location of customers where the products are produced and services rendered. The assets and capital expenditure are based on the location of those assets.

Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

Allocation basis and transfer pricing

Segments results, assets and liabilities include items directly attributable to a segment as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

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 5. The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices.

41. SEGMENT INFORMATION — (Continued)

(a) Business segments

The following tables present revenue and results information regarding the Group's business segments for the period from 1 January 2006 to 31 March 2006:

	Continuing Operations						
	Hotel investment	Hotel management	Spa operation	Gallery operation	Property sales	Design fees and others	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Period from 1 January 2006 to 31 March 2006							
Revenue							
Segment revenue							
Sales to external customers	51,254	4,597	5,679	2,481	16,761	4,364	85,136
Intersegment sales	(251)	(3,369)	(429)	(60)	—	(273)	(4,382)
	51,003	1,228	5,250	2,421	16,761	4,091	80,754
Unallocated income							617
Total revenue							81,371
Results							
Segment results	17,432	118	1,706	236	8,785	(1,219)	27,058
Unallocated income							617
Profit from operations							27,675
Finance income							370
Finance expenses							(3,783)
Share of results of associated companies							289
Share of results of joint venture companies							(2)
Profit before taxation							24,549
Income tax expense							(6,932)
Profit for the period							17,617

41. SEGMENT INFORMATION — (Continued)

(a) Business Segments — (Continued)

The following tables present certain asset, liability and other information regarding the Group's business segments as at 31 March 2006:

	Continuing Operations						
	Hotel investment	**Hotel management**	**Spa operation**	**Gallery operation**	**Property sales**	**Design fees and others**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
As at 31 March 2006							
Assets and liabilities:							
Segment assets	508,797	8,298	14,040	8,665	53,036	110,344	703,180
Investment in associated companies							21,201
Investment in joint venture companies							4,054
Deferred tax assets							12,997
Total assets							741,432
Segment liabilities	211,837	3,905	9,205	2,199	7,186	91,437	325,769
Current and deferred tax liabilities							76,292
Total liabilities							402,061
Period from 1 January 2006 to 31 March 2006							
Other segment information:							
Capital expenditure	17,079	51	253	28	35	53	17,499
Depreciation	4,436	6	308	40	49	537	5,376
Amortisation of prepaid island rental	995	—	—	—	—	—	995

NOTES TO THE PRO FORMA CONSOLIDATED INTERIM FINANCIAL INFORMATION

41. SEGMENT INFORMATION — (Continued)

(b) **Geographical segments**

The following tables present revenue, capital expenditure and certain assets information regarding the Group's geographical segments for the period ended 31 March 2006:

	South East Asia	Indian Oceania	North East Asia	Rest of the world	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Period from 1 January 2006 to 31 March 2006					
Revenue:					
Sales to external customers	64,375	13,444	659	2,276	80,754
	64,375	13,444	659	2,276	80,754
Unallocated income					617
Total revenue					81,371
As at 31 March 2006					
Other segment information:					
Segment assets	614,713	70,252	15,263	2,952	703,180
Investment in associated companies					21,201
Investment in joint venture companies					4,054
Deferred tax assets					12,997
Total assets					741,432
Period from 1 January 2006 to 31 March 2006					
Capital expenditure	16,017	1,088	363	31	17,499

NOTES TO THE PRO FORMA CONSOLIDATED INTERIM FINANCIAL INFORMATION

42. STATEMENT OF ADJUSTMENTS

The following adjustments have been made in arriving at the pro forma consolidated interim financial information:

For the financial period from 1 January 2006 to 31 March 2006

	Consolidated profit and loss account of Banyan Tree Holdings Limited	Pro-forma adjustments to consolidated profit and loss account (Note a and b)	Per pro-forma consolidated profit and loss account
	$'000	$'000	$'000
Continuing operations			
Revenue	80,754	—	80,754
Other operating income	617	—	617
	81,371	—	81,371
Costs and expenses			
Operating supplies	(12,817)	—	(12,817)
Salaries and related expenses	(16,996)	—	(16,996)
Administrative expenses	(4,601)	137	(4,464)
Sales and marketing expenses	(3,008)	—	(3,008)
Depreciation of property, plant and equipment	(5,376)	—	(5,376)
Other operating expenses	(11,035)	—	(11,035)
Total costs and expenses	(53,833)	137	(53,696)
Profit from continuing operations	27,538	137	27,675
Finance income	370	—	370
Finance costs	(3,783)	—	(3,783)
Share of results of associated companies	289	—	289
Share of results of joint venture companies	(2)	—	(2)
Profit from continuing operations before taxation	24,412	137	24,549
Income tax expenses	(6,932)	—	(6,932)
Profit from continuing operations after taxation	17,480	137	17,617
Attributable to:			
Equity holders of the Company	11,079	137	11,216
Minority interests	6,401	—	6,401
	17,480	137	17,617

42. STATEMENT OF ADJUSTMENTS — (Continued)

The following adjustments have been made in arriving at the pro forma consolidated interim financial information:

As at 31 March 2006

	Consolidated balance sheet of Banyan Tree Holdings Limited	Pro-forma adjustments to consolidated balance sheet (Note a and b)	Per pro-forma consolidated balance sheet
	$'000	$'000	$'000
Non-current assets			
Property, plant and equipment	450,395	—	450,395
Land awaiting for future development	26,599	—	26,599
Associated companies	21,201	—	21,201
Joint venture companies	4,054	—	4,054
Prepaid island rental	30,669	—	30,669
Long-term trade receivables	1,418	—	1,418
Intangible assets	2,828	24,300	27,128
Long-term investments	8,762	—	8,762
Other non-current assets	907	—	907
Deferred tax assets	12,997	—	12,997
	559,830	24,300	584,130
Current assets			
Inventories	8,459	—	8,459
Trade receivables	40,299	—	40,299
Other receivables	31,940	—	31,940
Amounts due from associated companies	1,816	—	1,816
Amounts due from related parties	3,502	—	3,502
Property development costs	24,502	—	24,502
Cash and bank balances	46,784	—	46,784
	157,302	—	157,302
	717,132	24,300	741,432
Current liabilities			
Trade payables	12,767	—	12,767
Other payables	53,217	(137)	53,080
Amounts due to associated companies	12	—	12
Amounts due to related parties	431	24,300	24,731
Interest-bearing loans and borrowings	71,452	—	71,452
Tax payable	6,201	—	6,201
	144,080	24,163	168,243
Net-current assets/(liabilities)	13,222	(24,163)	(10,941)

NOTES TO THE PRO FORMA CONSOLIDATED INTERIM FINANCIAL INFORMATION

42. STATEMENT OF ADJUSTMENTS — (Continued)

	Consolidated balance sheet of Banyan Tree Holdings Limited	Pro-forma adjustments to consolidated balance sheet (Note a and b)	Per pro-forma consolidated balance sheet
	$'000	$'000	$'000
Non-current liabilities			
Hire purchase creditors	86	—	86
Interest-bearing loans and borrowings	131,082	—	131,082
Loan stock	421	—	421
Redeemable preference shares	27,100	—	27,100
Other non-current liabilities	3,162	—	3,162
Deferred tax liabilities	70,091	—	70,091
Loan from minority shareholder of a subsidiary company	1,876	—	1,876
	233,818	—	233,818
Net assets	339,234	137	339,371
Equity attributable to equity holders of the Company	198,529	137	198,666
Minority interests	140,705	—	140,705
Total pro forma equity	339,234	137	339,371

Notes to statements of adjustments

(a) In arriving at the pro forma consolidated interim profit and loss account for the period from 1 January 2006 to 31 March 2006, adjustments have been made to eliminate royalties paid on the use of brands.

(b) In arriving at the pro forma consolidated interim balance sheet as at 31 March 2006, adjustments have been made to include the acquisitions of "Banyan Tree", "Angsana" and "The Allamanda" brands. The acquisition costs of these brands are arrived at based on the valuations performed by independent valuers.

43. EVENTS AFTER THE BALANCE SHEET DATE

On 25 April 2006, a subsidiary company, Banyan Tree Properties Pte Ltd, entered into deeds of assignment with Gold Sand Investments Ltd. (a related party), in relation to the assignment by Gold Sand Investments Ltd. to Banyan Tree Properties Pte Ltd of amongst others, each lease agreement entered into between Gold Sand Investments Ltd., as lessee and Kingley Realty Limited, as lessor, in respect of certain number of Bintan Units, for a consideration of $60. If Banyan Tree Properties Pte Ltd leases the maximum number of units available under the deeds of assignment, the total consideration payable to Kingley Realty Limited would be $13.07 million.

On 25 April 2006, a subsidiary company, Banyan Tree Properties Pte Ltd, entered into deeds of assignments with Salvia Investments Ltd (a related party), in relation to the assignment by Salvia Investments Ltd to Banyan Tree Properties Pte Ltd of amongst others, each lease agreement entered into between Salvia Investments Ltd as lessee and Kingley Realty Limited, as lessor, in respect of certain number of Bintan Units, for a consideration of $2.17 million which is payable by 24 June 2006.

On 5 May 2006, a subsidiary company, Maldives Cape Pvt Ltd, signed an agreement for the lease over a picnic island in the Maldives, for a term of approximately 16 years. The upfront premium payable for the lease is US$833,087, and the rent for the first year is US$300,000. The annual rent after the first year is US$276,667.

On 8 May 2006, the Company entered into a sale and purchase agreement to acquire the "Banyan Tree", "Angsana", "Elements", "Yue Chun" and "Yue Rong" trademarks from Tropical Resorts Management Co Ltd ("TRMC") and "The Allamanda" trademark from The Allamanda Residential Suites Limited

43. EVENTS AFTER THE BALANCE SHEET DATE — (Continued)

(“TARS”) at an aggregate consideration of S$24.3 million. Subsequently, on 22 May 2006, the said brands were transferred to the Company under Deeds of Assignment from TRMC and TARS respectively for the issue of 15,552,000 of the Company’s ordinary shares to TRMC as part settlement of the consideration.

On 16 May 2006, the Company participated in the incorporation of 3 companies, Maldives Sun Pvt Ltd, Maldives Sand Pvt Ltd and Maldives Shore Pvt Ltd, all in the Republic of Maldives. The Company owns 49% of the issued capital in each of the 3 companies. Each of these entities has an issued and paid-up share capital of MRF10,000 divided into 10,000 ordinary shares of par value MRF1 each. The principal activities of these subsidiaries are property investment.

The shareholders of the Company at an extraordinary general meeting held on 22 May 2006 approved that contingent upon the close of the proposed initial public offer by the Company, the Directors of the Company are authorized to allot and issue up to an aggregate of 8 million ordinary shares, at no consideration, to eligible employees and employees of the Company’s associated companies and/or the resorts, spas and business units managed by the Group, as determined by the Executive Chairman and approved by the Nominating and Remuneration Committee of the Company.

On 22 May 2006, the Company issued a Notice of Redemption to “B” Preference Shareholders of the Company, giving notice of redemption by the Company of the “B” Preference Shares held by the “B” Preference Shareholders by way of conversion into 22,848,000 ordinary shares of the Company.

BANYAN TREE HOLDINGS LIMITED

BANYAN TREE

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