

Company Registration No. 200003108H

Banyan Tree Holdings Limited and its subsidiaries

Annual Financial Statements
31 December 2019



Banyan Tree Holdings Limited and its subsidiaries

General information

Directors

Ho KwonPing (Executive Chairman)
Ariel P Vera
Chia Chee Ming Timothy
Fang Ai Lian
Chan Heng Wing
Tham Kui Seng
Lim Tse Ghow Olivier
Karen Tay Koh (Appointed on 31 May 2019)
Zhang Xu
Gaurav Bhushan
Chew Van Hoong Jason
Mohamed Al-Hashmi (Alternate Director to Chew Van Hoong Jason)

Company Secretary

Shelly Yeo Suat Lay

Registered Office

211 Upper Bukit Timah Road
Singapore 588182

Solicitor

WongPartnership LLP

Bankers

Shanghai Pudong Development Bank Co., Ltd. Singapore Branch
Malayan Banking Berhad
Qatar National Bank SAQ
The Siam Commercial Bank Public Company Limited
Hong Kong & Shanghai Banking Corporation Ltd

Share Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Auditor

Ernst & Young LLP
Partner in charge: Simon Yeo (Date of appointment: since financial year ended 31 December 2016)

Banyan Tree Holdings Limited and its subsidiaries

General information

Index

	Pages
Directors' statement	1
Independent auditor's report	6
Consolidated income statement	11
Consolidated statement of comprehensive income	12
Balance sheets	13
Statements of changes in equity	15
Consolidated cash flow statement	20
Notes to the financial statements	22

Banyan Tree Holdings Limited and its subsidiaries

Directors' statement

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Banyan Tree Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2019.

Opinion of the directors

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Ho KwonPing
Ariel P Vera
Chia Chee Ming Timothy
Fang Ai Lian
Chan Heng Wing
Tham Kui Seng
Lim Tse Ghow Olivier
Karen Tay Koh
Zhang Xu
Gaurav Bhushan
Chew Van Hoong Jason
Mohamed Al-Hashmi (Alternate Director to Chew Van Hoong Jason)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate, other than pursuant to the Banyan Tree Share Option Scheme, the Banyan Tree Performance Share Plan, Banyan Tree Share Award Scheme 2016 and the Founder's Grant.

Banyan Tree Holdings Limited and its subsidiaries

Directors' statement

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

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

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

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

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

Founder's Grant

Ho KwonPing is entitled to, for each financial year for a period of ten years beginning from the financial year ended 31 December 2010, an amount equivalent to 5% of the profit before tax of the Group, such amount to be payable in cash or in shares at the sole discretion of the Company (the "Founder's Grant"). Ho KwonPing shall be paid a total amount of \$734,492 in cash pursuant to the Founder's Grant in respect of financial year ended 31 December 2019. Ho KwonPing has requested for payment to be deferred till end 2020. The Board of Directors has approved the deferred payment. Details of the Founder's Grant can be found in Note 42 to the financial statements.

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

Banyan Tree Holdings Limited and its subsidiaries

Directors' statement

Directors' interests in shares and debentures

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

Name of directors and companies in which interests are held	Holdings registered in the name of director or nominee			Holdings in which a director is deemed to have an interest		
	At the beginning of financial year	At the end of financial year	As at 21 January 2020	At the beginning of financial year	At the end of financial year	As at 21 January 2020
Banyan Tree Holdings Limited ("BTH") (Incorporated in Singapore) <i>Ordinary shares</i>						
Ho KwonPing	—	—	—	301,948,882	301,948,882	301,948,882
Ariel P Vera	1,120,500	1,120,500	1,120,500	—	—	—
Chia Chee Ming Timothy	257,000	257,000	257,000	—	—	—
<i>Debentures</i>						
Chan Heng Wing ¹	\$250,000	—	—	—	—	—
Fang Ai Lian ²	\$500,000	\$500,000	\$500,000	—	—	—
Bangtao Laguna Limited (formerly known as Bangtao Development Limited) (Incorporated in Thailand) <i>Ordinary shares</i>						
Ho KwonPing	1	1	1	—	—	—
Phuket Grande Resort Limited (formerly known as Phuket Resort Development Limited) (Incorporated in Thailand) <i>Ordinary shares</i>						
Ho KwonPing	1	1	1	—	—	—
Twin Waters Limited (formerly known as Twin Waters Development Company Limited) (Incorporated in Thailand) <i>Ordinary shares</i>						
Ho KwonPing	2	2	2	—	—	—

¹ Series 09 Notes under BTH S\$700 million Multicurrency Debt Issuance Programme have matured and have been fully repaid and cancelled by BTH on 3 June 2019.

² Series 10 Notes issued by BTH under its S\$700 million Multicurrency Debt Issuance Programme.

Banyan Tree Holdings Limited and its subsidiaries

Directors' statement

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

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

Except as disclosed in the financial statements, no director who held office at the end of the financial year had interest in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Audit and Risk Committee ("ARC")

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

Fang Ai Lian (Chairman)
Tham Kui Seng
Karen Tay Koh

All ARC members are Non-Executive Independent Directors.

The ARC has adopted a Charter that is approved by the Board of Directors (the "Board") and which clearly set out its responsibilities as follows:

1. assisting the Board in the discharge of its statutory responsibilities on financial and accounting matters;
2. review of the audit plans, and the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function;
3. review of the co-operation given by the Company's officers to the external auditors;
4. making recommendations to the Board on (a) the proposals to the shareholders on the appointment, re-appointment and removal of external auditors, and (b) the remuneration and terms of engagement of the external auditors;
5. review of the significant financial reporting issues and judgements so as to ensure the integrity of any financial information presented to the Company's shareholders; including financial statements of the Group and any announcements relating to the Group's financial performance;
6. review of the assurance from the Executive Chairman, the President & Group Managing Director and the Vice President, Group Corporate Finance on the financial records and financial statements;
7. review of interested person transactions;
8. review at least annually of adequacy and effectiveness of the Company's internal controls and risk management systems, and oversight of the risk management processes and activities to mitigate and manage risk at levels that are determined to be acceptable to the Board;

Banyan Tree Holdings Limited and its subsidiaries

Directors' statement

Audit and Risk Committee ("ARC") (cont'd)

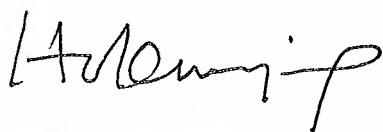
9. where necessary, commission and review of the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation; and
10. review of the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on.

The ARC performed the functions specified in the Companies Act. The functions performed are detailed in the Corporate Governance Report.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors,



Ho KwonPing
Director



Fang Ai Lian
Director

Singapore
16 March 2020

Banyan Tree Holdings Limited and its subsidiaries

**Independent auditor's report
For the financial year ended 31 December 2019**

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the financial statements of Banyan Tree Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2019, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

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

Banyan Tree Holdings Limited and its subsidiaries

**Independent auditor's report
For the financial year ended 31 December 2019**

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

Key Audit Matters (cont'd)

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

As at 31 December 2019, the Group has long-term receivables (non-property sales) of approximately \$18.3 million and long-term amount due from associates of approximately \$41.0 million (the "Receivables"). The Receivables represent approximately 3.4% of the Group's total assets. Management has assessed if these amounts can be recovered and estimated the amount of loss allowance required when recovery of the full amount is doubtful. The loss allowance of the Receivables is determined by making debtor-specific assessments of expected impairment loss for long overdue receivables and applies the general approach as detailed in Note 2.18 to provide for loss allowance. The assessment of the expected loss allowance requires significant management judgment. As such, we determined this to be a key audit matter.

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

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

We also assessed the adequacy of the Group's disclosures on the Receivables in Notes 19 and 22 and the related risks such as credit risk and liquidity risk in Notes 45(a) and 45(b) to the financial statements.

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

As at 31 December 2019, the carrying values of freehold land and buildings and investment properties amounted to approximately \$600.3 million and \$63.5 million respectively. The valuation of freehold land and buildings and investment properties are complex and dependent on a range of estimates (amongst others, discount rates, yield adjustments, and growth rates) made by management. As such, we determined this to be a key audit matter.

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

Banyan Tree Holdings Limited and its subsidiaries

Independent auditor's report For the financial year ended 31 December 2019

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

Key Audit Matters (cont'd)

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

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

We also assessed the adequacy of the disclosures related to freehold land and buildings and investment properties in Notes 13,14 and 47 to the financial statements.

Other Information

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

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Banyan Tree Holdings Limited and its subsidiaries

Independent auditor's report For the financial year ended 31 December 2019

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Banyan Tree Holdings Limited and its subsidiaries

**Independent auditor's report
For the financial year ended 31 December 2019**

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

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



Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

16 March 2020

Banyan Tree Holdings Limited and its subsidiaries

**Consolidated income statement
For the financial year ended 31 December 2019**

		Group	
	Note	2019 \$'000	2018 \$'000
Revenue	3	346,954	329,046
Other income	4	5,827	43,168
		352,781	372,214
Costs and expenses			
Cost of operating supplies		(23,970)	(25,056)
Cost of properties sold		(64,052)	(46,470)
Salaries and related expenses	5	(83,035)	(89,455)
Administrative expenses		(45,118)	(46,720)
Sales and marketing expenses		(15,897)	(19,779)
Other operating expenses	6	(60,537)	(63,728)
Impairment (losses)/gains on financial assets	10	(3,944)	2,127
		(296,553)	(289,081)
Profit before interests, taxes, depreciation and amortisation		56,228	83,133
Depreciation of property, plant and equipment and right-of-use assets	13/37	(22,945)	(20,104)
Amortisation expense		(764)	(2,262)
Profit from operations and other gains	7	32,519	60,767
Finance income	8	7,720	2,769
Finance costs	9	(26,762)	(49,091)
Share of results of associates		479	11,403
Share of results of joint ventures		—	(879)
Profit before taxation		13,956	24,969
Income tax expense	11	(11,427)	(10,576)
Profit after taxation		2,529	14,393
Attributable to:			
Owners of the Company		651	13,471
Non-controlling interests		1,878	922
		2,529	14,393
Earnings per share attributable to owners of the Company (in cents):			
Basic	12	0.08	1.60
Diluted	12	0.08	1.52

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

Banyan Tree Holdings Limited and its subsidiaries**Consolidated statement of comprehensive income
For the financial year ended 31 December 2019**

	Group	
	2019 \$'000	2018 \$'000
Profit after taxation	2,529	14,393
Other comprehensive income/(expense):		
Items that may be reclassified subsequently to profit or loss		
Realisation of currency translation reserves	–	(4,848)
Exchange differences arising from consolidation of foreign operations and net investment in foreign operations	26,967	2,389
	26,967	(2,459)
Items that will not be reclassified to profit or loss		
Adjustment on property revaluation reserve, net of deferred tax	37,161	–
Net fair value loss on equity instruments at fair value through other comprehensive income	(5,301)	(2,069)
Actuarial loss arising from defined benefit plan, net of deferred tax	(121)	(363)
Share of other comprehensive income of an associate	(8)	–
	31,731	(2,432)
Other comprehensive income/(expense) for the financial year, net of tax	58,698	(4,891)
Total comprehensive income for the financial year	61,227	9,502
Total comprehensive income attributable to:		
Owners of the Company	49,172	4,186
Non-controlling interests	12,055	5,316
	61,227	9,502

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

Banyan Tree Holdings Limited and its subsidiaries

Balance sheets

As at 31 December 2019

		Group		Company	
	Note	2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	13	699,126	599,435	—	—
Right-of-use assets	37	19,559	—	—	—
Investment properties	14	63,504	51,801	—	—
Intangible assets	15	35,239	33,351	3,414	2,828
Land use rights	16	2,559	2,201	—	—
Subsidiaries	17	—	—	630,067	559,473
Associates	19	161,236	161,079	3,488	6,137
Long-term investments	20	100,697	102,002	—	—
Deferred tax assets	38	23,369	18,951	—	—
Prepaid island rental	21	19,020	20,029	—	—
Prepayments		385	292	—	—
Long-term receivables	22	50,288	43,130	12,553	12,553
Other receivables	23	5,599	1,375	—	—
		1,180,581	1,033,646	649,522	580,991
Current assets					
Property development costs	24	318,187	279,977	—	—
Inventories	25	5,967	6,229	—	—
Prepayments and other non-financial assets	26	17,855	19,630	251	291
Trade receivables	27	40,305	38,057	4,008	3,254
Other receivables	28	16,247	18,983	1,915	7,292
Contract assets	3	2,638	1,752	—	—
Amounts due from subsidiaries	29	—	—	182,467	196,282
Amounts due from associates	30	4,631	3,070	19	22
Amounts due from related parties	31	26,656	26,276	—	—
Cash and short-term deposits	32	130,802	206,181	88,124	162,087
		563,288	600,155	276,784	369,228
Total assets		1,743,869	1,633,801	926,306	950,219

Banyan Tree Holdings Limited and its subsidiaries

Balance sheets

As at 31 December 2019

		Group		Company	
	Note	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Current liabilities					
Tax payable		10,400	11,700	—	73
Other non-financial liabilities	33	15,593	13,502	732	879
Interest-bearing loans and borrowings	34	177,966	90,486	63,600	23,600
Notes payable	35	99,926	124,690	99,926	124,690
Trade payables		31,120	24,363	—	—
Other payables	36	120,401	126,720	65,713	69,287
Contract liabilities	3	55,034	46,767	—	—
Lease liabilities	37	1,428	—	—	—
Amounts due to subsidiaries	29	—	—	20,522	68,576
Amounts due to associates	30	17,899	17,882	17,831	17,831
Amounts due to related parties	31	2,657	2,352	15	12
		532,424	458,462	268,339	304,948
Net current assets					
		30,864	141,693	8,445	64,280
Non-current liabilities					
Deferred tax liabilities	38	136,080	113,445	—	—
Defined and other long-term employee benefits	39	4,236	3,336	—	—
Deposits received		2,108	2,068	—	—
Other non-financial liabilities		3,696	3,598	—	—
Interest-bearing loans and borrowings	34	281,660	230,630	46,033	48,633
Notes payable	35	—	99,926	—	99,926
Other payables		2,810	2,581	—	—
Lease liabilities	37	33,442	—	—	—
Amounts due to subsidiaries		—	—	136,073	180,866
		464,032	455,584	182,106	329,425
Total liabilities					
		996,456	914,046	450,445	634,373
Net assets					
		747,413	719,755	475,861	315,846
Equity attributable to owners of the Company					
Share capital	40	241,520	241,520	241,520	241,520
Treasury shares	41	(900)	(1,149)	(900)	(1,149)
Reserves	41	433,615	405,757	235,241	75,475
		674,235	646,128	475,861	315,846
Non-controlling interests		73,178	73,627	—	—
Total equity					
		747,413	719,755	475,861	315,846

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

Banyan Tree Holdings Limited and its subsidiaries

**Statements of changes in equity
For the financial year ended 31 December 2019**

Group	Share capital \$'000	Treasury shares \$'000	Share-based payment reserve \$'000	Legal reserve \$'000	Property revaluation reserve \$'000	Currency translation reserve \$'000	Other reserves \$'000 Note 41(f)	Accumulated profits \$'000	Equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
2019											
At 1 January 2019 as previously reported	241,520	(1,149)	8,187	8,280	177,497	(40,770)	26,402	226,161	646,128	73,627	719,755
Effect of adopting SFRS(I) 16	–	–	–	–	–	–	–	(12,195)	(12,195)	(6)	(12,201)
At 1 January 2019, as restated	241,520	(1,149)	8,187	8,280	177,497	(40,770)	26,402	213,966	633,933	73,621	707,554
Profit after taxation	–	–	–	–	–	–	–	651	651	1,878	2,529
Other comprehensive income for the financial year	–	–	–	–	32,161	21,790	(5,301)	(129)	48,521	10,177	58,698
Total comprehensive income for the financial year	–	–	–	–	32,161	21,790	(5,301)	522	49,172	12,055	61,227
<u>Contributions by and distributions to owners</u>											
Dividends paid on ordinary shares	–	–	–	–	–	–	–	(8,818)	(8,818)	–	(8,818)
Treasury shares reissued pursuant to Share-based Incentive Plan	–	249	(248)	–	–	–	(1)	–	–	–	–
Issuance of share grants pursuant to Share-based Incentive Plan	–	–	172	–	–	–	–	–	172	–	172
Total transactions with owners in their capacity as owners	–	249	(76)	–	–	–	(1)	(8,818)	(8,646)	–	(8,646)

Banyan Tree Holdings Limited and its subsidiaries

**Statements of changes in equity
For the financial year ended 31 December 2019**

Group	Share capital \$'000	Treasury shares \$'000	Share-based payment reserve \$'000	Legal reserve \$'000	Property revaluation reserve \$'000	Currency translation reserve \$'000	Other reserves \$'000 Note 41(f)	Accumulated profits \$'000	Equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
2019											
<u>Other changes in equity</u>											
Dividends paid to loan stockholders of a subsidiary	-	-	-	-	-	-	-	(224)	(224)	-	(224)
Dividends paid to non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	(12,498)	(12,498)
Transfer to accumulated profits upon disposal of asset	-	-	-	-	(935)	-	-	935	-	-	-
Total other changes in equity	-	-	-	-	(935)	-	-	711	(224)	(12,498)	(12,722)
At 31 December 2019	241,520	(900)	8,111	8,280	208,723	(18,980)	21,100	206,381	674,235	73,178	747,413

Banyan Tree Holdings Limited and its subsidiaries

**Statements of changes in equity
For the financial year ended 31 December 2019**

Group	Share capital \$'000	Treasury shares \$'000	Share-based payment reserve \$'000	Legal reserve \$'000	Property revaluation reserve \$'000	Currency translation reserve \$'000	Other reserves \$'000 Note 41(f)	Accumulated profits \$'000	Equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
2018											
At 1 January 2018 as previously reported	241,520	(142)	7,976	8,280	182,107	(33,865)	(19,409)	214,159	600,626	176,910	777,536
Effect of adopting SFRS(I) *	-	-	-	-	-	-	(2,849)	2,849	-	-	-
At 1 January 2018, as restated	241,520	(142)	7,976	8,280	182,107	(33,865)	(22,258)	217,008	600,626	176,910	777,536
Profit after taxation	-	-	-	-	-	-	-	13,471	13,471	922	14,393
Other comprehensive income for the financial year	-	-	-	-	-	(6,905)	(2,069)	(311)	(9,285)	4,394	(4,891)
Total comprehensive income for the financial year	-	-	-	-	-	(6,905)	(2,069)	13,160	4,186	5,316	9,502
<u>Contributions by and distributions to owners</u>											
Dividends paid on ordinary shares	-	-	-	-	-	-	-	(8,404)	(8,404)	-	(8,404)
Treasury shares reissued pursuant to Share-based Incentive Plan	-	140	(121)	-	-	-	(19)	-	-	-	-
Issuance of share grants pursuant to Share-based Incentive Plan	-	-	332	-	-	-	-	-	332	-	332
Acquisition of Treasury shares	-	(1,147)	-	-	-	-	-	-	(1,147)	-	(1,147)
Total contributions by and distributions to owners	-	(1,007)	211	-	-	-	(19)	(8,404)	(9,219)	-	(9,219)

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

Banyan Tree Holdings Limited and its subsidiaries

Statements of changes in equity
For the financial year ended 31 December 2019

Group	Share capital \$'000	Treasury shares \$'000	Share-based payment reserve \$'000	Legal reserve \$'000	Property revaluation reserve \$'000	Currency translation reserve \$'000	Other reserves \$'000 Note 41(f)	Accumulated profits \$'000	Equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
2018											
<u>Changes in ownership interests in subsidiary</u>											
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	48,002	-	48,002	(105,490)	(57,488)
Decrease in non-controlling interests without a change in control	-	-	-	-	-	-	2,746	-	2,746	(2,746)	-
Total changes in ownership interests in subsidiary	-	-	-	-	-	-	50,748	-	50,748	(108,236)	(57,488)
Total transactions with owners in their capacity as owners	-	(1,007)	211	-	-	-	50,729	(8,404)	41,529	(108,236)	(66,707)
<u>Other changes in equity</u>											
Disposal of subsidiaries	-	-	-	-	(4,287)	-	-	4,287	-	-	-
Dividends paid to loan stockholders of a subsidiary	-	-	-	-	-	-	-	(213)	(213)	-	(213)
Dividends paid to non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	(363)	(363)
Transfer to accumulated profits upon disposal of asset	-	-	-	-	(323)	-	-	323	-	-	-
Total other changes in equity	-	-	-	-	(4,610)	-	-	4,397	(213)	(363)	(576)
At 31 December 2018	241,520	(1,149)	8,187	8,280	177,497	(40,770)	26,402	226,161	646,128	73,627	719,755

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

Banyan Tree Holdings Limited and its subsidiaries

**Statements of changes in equity
For the financial year ended 31 December 2019**

Company	Share capital \$'000	Treasury shares \$'000	Share-based payment reserve \$'000	Other reserves \$'000 Note 41(f)	Accumulated profits \$'000	Total equity \$'000
At 1 January 2019	241,520	(1,149)	8,187	4,664	62,624	315,846
Profit after taxation	–	–	–	–	168,661	168,661
Total comprehensive income for the financial year	–	–	–	–	168,661	168,661
<u>Contributions by and distributions to owners</u>						
Dividends paid on ordinary shares	–	–	–	–	(8,818)	(8,818)
Treasury shares reissued pursuant to Share-based Incentive Plan	–	249	(248)	(1)	–	–
Issuance of share grants pursuant to Share-based Incentive Plan	–	–	172	–	–	172
Total transactions with owners in their capacity as owners	–	249	(76)	(1)	(8,818)	(8,646)
At 31 December 2019	241,520	(900)	8,111	4,663	222,467	475,861
At 1 January 2018	241,520	(142)	7,976	4,683	79,364	333,401
Loss after taxation	–	–	–	–	(8,336)	(8,336)
Total comprehensive loss for the financial year	–	–	–	–	(8,336)	(8,336)
<u>Contributions by and distributions to owners</u>						
Dividends paid on ordinary shares	–	–	–	–	(8,404)	(8,404)
Treasury shares reissued pursuant to Share-based Incentive Plan	–	140	(121)	(19)	–	–
Issuance of share grants pursuant to Share-based Incentive Plan	–	–	332	–	–	332
Acquisition of Treasury shares	–	(1,147)	–	–	–	(1,147)
Total transactions with owners in their capacity as owners	–	(1,007)	211	(19)	(8,404)	(9,219)
At 31 December 2018	241,520	(1,149)	8,187	4,664	62,624	315,846

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

Banyan Tree Holdings Limited and its subsidiaries

Consolidated cash flow statement
For the financial year ended 31 December 2019

	Note	2019 \$'000	2018 \$'000
Cash flows from operating activities			
Profit before taxation		13,956	24,969
Adjustments for:			
Share of results of associates		(479)	(11,403)
Share of results of joint ventures		–	879
Depreciation of property, plant and equipment and right-of-use assets	13/37	22,945	20,104
Loss on disposal of property, plant and equipment, net	7	154	294
Write-off of property, plant and equipment	7	882	18
Write-off of investment property	7	415	–
Impairment loss on property, plant and equipment	7	5,811	–
Impairment loss on intangible assets	7	–	284
Finance income	8	(7,720)	(2,769)
Finance costs	9	26,762	49,091
Amortisation expense		764	2,262
Impairment losses/(gains) on financial assets	10	3,944	(2,127)
Allowance for inventory obsolescence	7	46	92
Defined and other long-term employee benefits expense	39	785	520
Share-based payment expenses	5	245	337
Gain on disposal of subsidiaries	4	–	(12,459)
Gain on disposal of joint venture	18	–	(25,155)
Fair value gain on derivatives	4	–	(368)
Net fair value gain on investment properties	14	(3,736)	(2,118)
Currency realignment		115	(2,362)
		50,933	15,120
Operating profit before working capital changes		64,889	40,089
Decrease in inventories		549	384
Increase in property development costs		(21,987)	(3,463)
Increase in trade and other receivables and contract assets		(20,546)	(3,608)
Decrease in amounts due from related parties		3,116	12,007
Increase in trade and other payables, and contract liabilities		3,608	11,734
		(35,260)	17,054
Cash flows generated from operating activities		29,629	57,143
Interest received		3,908	2,453
Interest paid		(24,037)	(32,093)
Tax paid		(8,644)	(7,311)
Payment of employee benefits	39	(262)	(537)
Payment of cash-settled share grants		(82)	(52)
Payment of lease rental	21	–	(1,302)
Net cash flows generated from operating activities		512	18,301

Banyan Tree Holdings Limited and its subsidiaries

**Consolidated cash flow statement
For the financial year ended 31 December 2019**

	Note	2019 \$'000	2018 \$'000
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(47,863)	(27,543)
Proceeds from disposal of property, plant and equipment		579	317
Additions to land use rights	16	(120)	–
Increase in investment in associates	19	(123)	(18,800)
Increase in long-term investments		(81)	–
Acquisition of non-controlling interest	17	–	(57,488)
Dividend income from an associate		1,220	1,183
Purchase of investment properties	14	(3,680)	(728)
Proceeds from disposal of subsidiaries, net of cash disposed	17	–	87,062
Proceeds from disposal of joint venture	18	–	78,607
Additions to intangible assets	15	(657)	–
Net cash flows (used in)/generated from investing activities		(50,725)	62,610
Cash flows from financing activities			
Proceeds from bank loans		265,124	225,108
Repayment of bank loans		(143,113)	(129,308)
Repayment of notes payable		(125,000)	(120,000)
Payment of principal portion of lease liabilities		(2,698)	–
Payment of dividends			
- by subsidiaries to non-controlling interests		(12,498)	(363)
- by subsidiaries to loan stockholders		(224)	(213)
- by Company to shareholders		(8,818)	(8,404)
Purchase of treasury shares		–	(1,147)
Net cash flows used in financing activities		(27,227)	(34,327)
Net (decrease)/increase in cash and cash equivalents		(77,440)	46,584
Net foreign exchange difference		2,061	609
Cash and cash equivalents at beginning of the financial year		206,181	158,988
Cash and cash equivalents at end of the financial year	32	130,802	206,181

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

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements For the financial year ended 31 December 2019

1. Corporate information

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

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

The principal activities of the Company are those of investment holding and the provision of project design and management services. The principal activities of the subsidiaries are set out in Note 17 to the financial statements. There have been no significant changes in the nature of these activities during the year.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

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

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

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for the annual financial periods beginning on or after 1 January 2019. The adoption of these standards except for SFRS(I) 16, did not have any material effect on the financial performance or position of the Group and the Company.

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

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

2.2 Changes in accounting policies (cont'd)

SFRS(I) 16 Leases

SFRS(I) 16 supersedes FRS 17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases – Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under SFRS(I) 16 is substantially unchanged from FRS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in FRS 17. Therefore, SFRS(I) 16 did not have an impact for leases where the Group is the lessor.

The Group adopted SFRS(I) 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the cumulative effect of initially applying this standard was recognised as an adjustment to the opening balance of retained earnings at the date of initial application. The Group elected to use the transition practical expedient not to reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying FRS 17 and SFRS(I) INT 4 at the date of initial application.

The effect of adoption of SFRS(I) 16 as at 1 January 2019 (increase/(decrease)) is, as follows:

	Group S\$'000
Assets	
Right-of-use assets (Note 37)	20,478
Deferred tax assets	2,166
Prepaid island rental (Note 21)	(1,207)
Prepayments and other non-financial assets	(141)
Total assets	21,296
Liabilities	
Lease liabilities (Note 37)	33,497
Total liabilities	33,497
Total adjustment on equity:	
Retained earnings	(12,195)
Non-controlling interests	(6)
	(12,201)

The Group has lease contracts for land and buildings. Before the adoption of SFRS(I) 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Refer to Note 2.25 Leases for the accounting policy before 1 January 2019.

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

2.2 *Changes in accounting policies (cont'd)*

SFRS(I) 16 Leases (cont'd)

Upon adoption of SFRS(I) 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 2.25 Leases for the accounting policy before 1 January 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the above, as at 1 January 2019:

- Right-of-use assets of \$20,478,000 were recognised and presented separately in the balance sheets.
- Prepaid island rental of \$1,207,000 and prepayments and other non-financial assets of \$141,000 related to previous operating leases were derecognised.
- Additional lease liabilities of \$33,497,000 were recognised.
- Deferred tax assets increased by \$2,166,000 because of the deferred tax impact of the changes in assets and liabilities.
- The net effect of these adjustments had been adjusted to retained earnings \$(12,195,000) and non-controlling interests \$(6,000).

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

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

2.2 Changes in accounting policies (cont'd)

Leases previously accounted for as operating leases (cont'd)

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	Group \$'000
Operating lease commitments as at 31 December 2018 (Note 43(b))	73,663
Less: Commitments relating to short-term leases	(429)
	73,234
Weighted average incremental borrowing rate as at 1 January 2019	6.79%
	33,497
Discounted operating lease commitments as at 1 January 2019	33,497
Lease liabilities as at 1 January 2019	33,497

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 3: <i>Definition of a Business</i>	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 <i>Definition of Material</i>	1 January 2020
Amendments to SFRS(I) 10 and SFRS(I) 1-28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

The directors expect that the adoption of the other standards above will have no material impact to the financial statements in the year of initial application.

2.4 Significant accounting estimates and judgments

Estimates, assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

2.4 Significant accounting estimates and judgments (cont'd)

(a) Key sources of estimation uncertainty

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

(i) Impairment of intangible assets

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

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. Further details of the key assumptions applied in the impairment assessment of goodwill and trademarks including a sensitivity analysis, are given in Note 15 to the financial statements.

(ii) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over their useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 50 years. The carrying amounts of the Group's property, plant and equipment at 31 December 2019 are disclosed in Note 13 to the financial statements. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, therefore future depreciation charges could be revised.

(iii) Provision for loss allowance for trade and non-trade receivables

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

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

2.4 Significant accounting estimates and judgments (cont'd)

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

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

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

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

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

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

The assessment of the estimated future repayments, historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast of economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade and non-trade receivables is disclosed in Note 45(a).

The carrying amounts of trade and non-trade receivables as at 31 December 2019 are disclosed in Notes 27, 22, 19, 31, 3, 30, 23 and 28.

(iv) Deferred tax assets

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

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

2.4 Significant accounting estimates and judgments (cont'd)

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

(iv) Deferred tax assets (cont'd)

Where taxable profits are expected in the foreseeable future, deferred tax assets are recognised on the unused tax losses. The carrying values of recognised tax losses and unrecognised tax losses at 31 December 2019 are \$35,599,000 (2018: \$44,003,000) and \$34,004,000 (2018: \$33,500,000).

(v) Revaluation of freehold and investment properties

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

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

The carrying amount, key assumptions and valuation techniques used to determine the fair value of the freehold and investment properties of the Group are stated in Notes 13, 14 and 47 respectively.

(vi) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgment to select the appropriate valuation model and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The inputs to this model are derived from market data where possible, but where not feasible, a degree of judgment is required in establishing fair values. For details of the valuation method and key assumptions used, refer to Notes 47(d) and 20.

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

2.4 Significant accounting estimates and judgments (cont'd)

(b) Judgments made in applying accounting policies

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

(i) Investment in associates

Management has assessed and is of the view that the Group exercises significant influence over associates, as disclosed in Note 19, notwithstanding that the Group holds less than 20% voting power in these companies. The Group is deemed to exercise significant influence by virtue of its representation on the board/governing committees of these entities.

(ii) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgment is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's income tax payables and net deferred tax liabilities at 31 December 2019 are \$10,400,000 (2018: \$11,700,000) and \$112,711,000 (2018: \$94,494,000) respectively.

(iii) Determination of functional currency

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

2.5 Foreign currency

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

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

2.5 Foreign currency (cont'd)

(a) Transactions and balances

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

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

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

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

2.6 Subsidiaries

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

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

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

2.7 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

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

- de-recognises the assets (including goodwill) and liabilities for the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interests;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations and goodwill

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

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

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

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

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

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

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

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

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

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.8 Transactions with non-controlling interests

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

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.9 Joint ventures and associates

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

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

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

2.9 Joint ventures and associates (cont'd)

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

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

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

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

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

2.10 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.21. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment other than freehold land and buildings are measured at cost or valuation less accumulated depreciation and any accumulated impairment losses. The Group segregates land and buildings into two classes: leasehold and freehold. For leasehold land and buildings, the Group adopts the cost model and no revaluation will be carried out on these classes of assets. For freehold land and buildings, the Group adopts the revaluation model. Fair value is determined based on appraisal undertaken by professional independent valuers, using market-based evidence.

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

2.10 *Property, plant and equipment (cont'd)*

Valuations are performed with sufficient regularity to ensure that their carrying amounts do not differ materially from their fair values at the end of the reporting period.

When an asset is revalued, any increase in the carrying amount is credited to other comprehensive income and accumulated in equity under the property revaluation reserve. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the property revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the property revaluation reserve in respect of an asset is transferred directly to accumulated profits on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated. Construction-in-progress included in property, plant and equipment are not depreciated as these assets are not available for use. Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Freehold buildings	-	40 to 50 years
Leasehold buildings	-	10 to 50 years
Furniture, fittings and equipment	-	3 to 20 years
Computers	-	3 years
Motor vehicles	-	5 to 10 years

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

2.11 *Investment properties*

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

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

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

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

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

2.11 *Investment properties (cont'd)*

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

2.12 *Intangible assets*

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

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

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

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

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

(a) *Trademarks*

The trademarks acquired are measured on initial recognition at cost. Following initial recognition, the trademarks are carried at cost less any accumulated impairment loss. The useful life of trademarks is estimated to be indefinite as management believes that there is no foreseeable limit to the period over which the trademarks are expected to generate net cash flows for the Group.

(b) *Other intangible assets*

Sales commission costs arising from property sales are recognised as an intangible asset when the Group can demonstrate that these are incremental costs directly attributable to securing a property sales contract and are recoverable in the gross margin of the contract. Incremental cost is one that would not have been incurred if the Group had not secured the property sales contract.

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

2.12 Intangible assets (cont'd)

(b) Other intangible assets (cont'd)

Following initial recognition of the sales commission costs as an intangible asset, it is carried at cost and expensed off to profit or loss upon the recognition of revenue from property sales.

(c) Club membership

Club membership was acquired separately and is amortised on a straight-line basis over its remaining useful life of underlying assets.

2.13 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Reversal of an impairment loss is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss previously recognised through profit or loss is treated as a revaluation increase recognised in other comprehensive income. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

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

2.14 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

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

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

Subsequent measurement

Investments in debt instruments

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

(i) Amortised cost

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

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

2.14 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

Investments in debt instruments (cont'd)

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

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) Fair value through profit or loss

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

Investments in equity instruments

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

Derivatives

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

De-recognition

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

- The contractual rights to receive cash flows from the asset has expired; or

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

2.14 Financial instruments (cont'd)

(a) Financial assets (cont'd)

De-recognition (cont'd)

- The Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in a 'pass-through' arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

(b) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

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

2.14 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

De-recognition

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

(c) Derivative financial instruments

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

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

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

2.15 Long-term investments

Investment securities under long-term investments are classified as equity investments at FVOCI.

2.16 Cash and cash equivalents

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

2.17 Property development costs

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are held as inventories and are measured at the lower of cost and net realisable value. Costs comprise cost of land, design fee, infrastructure and construction and related interest and are assigned by using specific identification. Included in the property development costs are completed properties which are held for sale in the ordinary course of business.

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

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

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

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

2.18 *Impairment of financial assets*

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

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

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

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

2.19 *Inventories*

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

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

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

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

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

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

2.20 Segment reporting

For management reporting purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 48, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.21 Borrowing costs

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

2.22 Provisions

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

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

2.23 Financial guarantee

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

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

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

2.24 Employee benefits

(a) Defined contribution plans

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

(b) Employee leave entitlement

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

(c) Share-based payment

Performance share plan and restricted share plan

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

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

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

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

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

2.24 Employee benefits (cont'd)

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

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

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

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

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

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

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

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

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

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

2.24 Employee benefits (cont'd)

(e) Defined benefits plans

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

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

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

- (i) the date of the plan amendment or curtailment, and
- (ii) the date the related restructuring costs and termination benefits are recognised.

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

- (i) Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements, and
- (ii) Net interest expense or income.

2.25 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) As lessee

Policy applicable from 1 January 2019

The Group applies a single recognition and measurement approach for all leases, except for leases of 'low value' assets and short-term leases. The Group recognises lease liabilities to make a lease payment and right-of-use assets representing the right to use the underlying assets during the lease term.

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

2.25 Leases (cont'd)

(a) As lessee (cont'd)

Policy applicable from 1 January 2019 (cont'd)

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land	-	34 to 44 years
Buildings	-	2 to 4 years

If the ownership of the lease asset transfers to the Group at the end of the lease or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The accounting policy for impairment of non-financial assets is set out in Note 2.13.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payments occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (eg. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

2.25 Leases (cont'd)

(a) As lessee (cont'd)

Policy applicable from 1 January 2019 (cont'd)

(ii) Lease liabilities (cont'd)

The weighted average incremental borrowing rate used by the Group is disclosed in Note 2.2.

(iii) Short-term leases and leases of 'low value' assets

The Group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Policy applicable prior to 1 January 2019

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

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

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

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 2.27(i).

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

2.26 *Prepaid island rental and land use rights*

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

2.27 *Revenue*

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

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(a) *Hotel investments*

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

(b) *Property sales*

-- Sale of completed development property

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

— Sale of development property under construction

Where development property is under construction and agreement has been reached to sell such property when construction is completed, revenue is recognised at a point in time when the significant risks and rewards of ownership of the property have been transferred to the buyer (i.e. revenue is recognised at a point in time).

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

2.27 Revenue (cont'd)

(c) *Management services*

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

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

(d) *Spa operation*

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

(e) *Merchandise sales*

Revenue is recognised at a point in time when the significant risks and rewards of ownership of the goods have been transferred to the customer, and generally coincides with delivery and acceptance of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or possible return of goods.

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

(f) *Project and design services*

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

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

(g) *Dividend income*

Dividend income is recognised in profit or loss when the Group's right to receive payment is established.

(h) *Interest income*

Interest income is recognised using the effective interest method.

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

2.27 Revenue (cont'd)

(i) Rental income

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

2.28 Taxes

(a) Current income tax

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

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

(b) Deferred tax

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

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

- Where the deferred tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and
- In respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences, and carry-forward of unused tax credits and unused tax losses can be utilised.

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

2.28 Taxes (cont'd)

(b) Deferred tax (cont'd)

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction of goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

(c) Sales tax

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

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

2.29 Share capital and share issuance expenses

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

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

2.30 Treasury shares

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

2.31 Contingencies

A contingent liability is:

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

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

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

2.32 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and the Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

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

2.32 Related parties (cont'd)

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

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2019

3. Revenue

(a) Disaggregation of revenue

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

Segments	Hotel investments		Property sales		Fee-based segment		Total revenue	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Primary geographical markets								
Singapore	—	—	—	—	964	768	964	768
South East Asia	134,374	135,888	114,223	76,959	40,874	39,907	289,471	252,754
Indian Oceania	37,569	55,192	—	—	706	1,972	38,275	57,164
Middle East	—	—	—	—	583	697	583	697
North East Asia	—	—	—	—	9,048	9,199	9,048	9,199
Rest of the world	1,747	1,444	—	—	6,866	7,020	8,613	8,464
	173,690	192,524	114,223	76,959	59,041	59,563	346,954	329,046

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2019

3. Revenue (cont'd)

(a) Disaggregation of revenue (cont'd)

Segments	Hotel investments		Property sales		Fee-based segment		Total revenue	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Major product or service lines								
Hotel investments	173,690	192,524	—	—	—	—	173,690	192,524
Property sales	—	—	114,223	76,959	—	—	114,223	76,959
Management services	—	—	—	—	31,230	31,328	31,230	31,328
Spa operation	—	—	—	—	11,057	12,531	11,057	12,531
Project and design services	—	—	—	—	4,498	3,961	4,498	3,961
Merchandise sales	—	—	—	—	8,201	7,533	8,201	7,533
Rental income	—	—	—	—	4,055	4,210	4,055	4,210
	173,690	192,524	114,223	76,959	59,041	59,563	346,954	329,046

Timing of transfer of goods or services

At a point in time	173,690	192,524	114,223	76,959	50,179	51,068	338,092	320,551
Over time	—	—	—	—	8,862	8,495	8,862	8,495
	173,690	192,524	114,223	76,959	59,041	59,563	346,954	329,046

(b) Contract assets and contract liabilities

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

	Group	
	2019	2018
	\$'000	\$'000
Long-term receivables – Trade (Note 22)	50,288	43,130
Trade receivables (Note 27)	40,305	38,057
Contract assets	2,638	1,752
Contract liabilities	(55,034)	(46,767)

The Group has recognised write back on impairment losses on receivables arising from contracts with customers amounting to \$67,000 (2018: \$2,290,000).

Banyan Tree Holdings Limited and its subsidiaries

**Notes to the financial statements
For the financial year ended 31 December 2019**

3. Revenue (cont'd)

(b) Contract assets and contract liabilities (cont'd)

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

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

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

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

	Group	
	2019	2018
	\$'000	\$'000
Contract asset reclassified to receivables	(1,752)	(286)

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

	Group	
	2019	2018
	\$'000	\$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	30,834	39,510

(c) Transaction price allocated to remaining performance obligations

Property sales

The Group expects to recognise \$178,222,000 (2018: \$189,910,000) as revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2019 within the next 3 years.

Management services

Other than revenue from the management of hotels and resorts, the Group expects to recognise \$3,831,000 (2018: \$1,366,000) as revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2019 within the next 3 years.

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements For the financial year ended 31 December 2019

3. Revenue (cont'd)

(c) Transaction price allocated to remaining performance obligations (cont'd)

Spa operation

The Group expects to recognise \$1,116,000 (2018: \$1,422,000) as management fees relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2019 within the next 3 years.

Project and design services

The Group expects to recognise \$2,849,000 (2018: \$4,024,000) as revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2019 within the next 3 years.

The above amounts have not included the following:

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

4. Other income

	Group	
	2019	2018
	\$'000	\$'000
Management and service fees	205	111
Insurance claims	—	575
Net fair value gain on investment properties (Note 14)	3,736	2,118
Gain on disposal of investment in subsidiaries (Note 17)	—	12,459
Gain on disposal of joint venture (Note 18)	—	25,155
Net fair value gain on derivatives	—	368
Rental income	797	795
Others	1,089	1,587
	<u>5,827</u>	<u>43,168</u>

Banyan Tree Holdings Limited and its subsidiaries**Notes to the financial statements
For the financial year ended 31 December 2019****5. Salaries and related expenses**

	Group	
	2019	2018
	\$'000	\$'000
Salaries, wages and other related costs	79,164	85,193
Defined and other long-term employee benefits expense (Note 39)	785	520
Share-based payment expenses	245	337
Contributions to defined contribution plans	2,841	3,405
The above amounts include salaries and related expenses of key management personnel	83,035	89,455

6. Other operating expenses

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

	Group	
	2019	2018
	\$'000	\$'000
Utilities and communication	15,508	15,917
Repair and maintenance	11,362	11,172
Printing and stationery	1,697	1,803
Travelling and transportation	2,954	1,818
Commission expenses	9,344	8,883
Laundry and valet	2,166	2,063
Guest expendable supplies	5,058	5,356

7. Profit from operations and other gains

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

	Group	
	2019	2018
	\$'000	\$'000
Audit fees:		
- Auditor of the Company	428	410
- Other auditors	717	715
Non-audit fees:		
- Auditor of the Company	14	20
- Other auditors	9	9
Allowance for inventory obsolescence (Note 25)	46	92
Write-off of property, plant and equipment (Note 13)	882	18
Write-off of investment property (Note 14)	415	—
Impairment loss on property, plant and equipment (Note 13)	5,811	—
Impairment loss on intangible assets (Note 15)	—	284
Exchange (gain)/loss	(2,275)	239
Loss on disposal of property, plant and equipment, net	154	294

Banyan Tree Holdings Limited and its subsidiaries**Notes to the financial statements
For the financial year ended 31 December 2019****8. Finance income**

	Group	
	2019	2018
	\$'000	\$'000
Interest received and receivable from:		
- Banks	1,686	935
- Related parties	2	1
- Interest accretion on amount due from associates (Note 19)	3,033	–
- Others	2,999	1,833
	<u>7,720</u>	<u>2,769</u>

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

9. Finance costs

	Group	
	2019	2018
	\$'000	\$'000
Interest expense on:		
- Bank loans, notes payable and bank overdrafts carried at amortised cost	26,111	31,606
- Lease liabilities (Note 37)	2,290	–
- Modification loss on amounts due from associates (Note 19)	–	18,905
	<u>28,401</u>	<u>50,511</u>
Less: interest expense capitalised in:		
- Property development costs (Note 24)	(1,639)	(1,420)
	<u>26,762</u>	<u>49,091</u>

10. Impairment losses/(gains) on financial assets

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

	Group	
	2019	2018
	\$'000	\$'000
Impairment losses/(gains) on financial assets:		
- Long-term receivables (Note 22)	3,618	–
- Amount due from associates (Note 30)	82	(85)
- Trade receivables (Note 27)	165	(2,290)
- Other receivables	–	242
- Amount due from related parties (Note 31)	79	6
	<u>3,944</u>	<u>(2,127)</u>

Included in the Long-term receivables and Trade receivables are impairment losses from amount due from Banyan Tree Assets (China) Holdings Pte Ltd. ("BTAC") of \$3,593,000 (2018: \$Nil).

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2019

11. Income tax expense

Major components of income tax expense

Major components of income taxes for the financial years ended 31 December 2019 and 2018 are:

	Group	
	2019	2018
	\$'000	\$'000
Consolidated income statement:		
<i>Current income tax</i>		
Current income taxation	4,243	5,271
(Over)/Under provision in respect of prior years	(691)	785
	<u>3,552</u>	<u>6,056</u>
<i>Deferred income tax</i>		
Origination and reversal in temporary differences	4,987	741
Benefits from previously unrecognised tax losses	(774)	–
Expiry or write-off of previously recognised deferred tax assets	808	476
	<u>5,021</u>	<u>1,217</u>
<i>Withholding tax expense</i>		
Current year provision	2,855	2,881
(Over)/Under provision in respect of prior years	(1)	422
	<u>2,854</u>	<u>3,303</u>
Income tax expense recognised in profit or loss	<u>11,427</u>	<u>10,576</u>
Statement of comprehensive income:		
Deferred tax credit related to other comprehensive income:		
- Adjustment on property revaluation reserve	9,045	–
- Actuarial loss on Legal Severance Pay	–	(95)

Banyan Tree Holdings Limited and its subsidiaries**Notes to the financial statements****For the financial year ended 31 December 2019**

11. Income tax expense (cont'd)*Relationship between tax expense and accounting profit*

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 December 2019 and 2018 respectively are as follows:

	Group	
	2019	2018
	\$'000	\$'000
Accounting profit before taxation	13,956	24,969
Income tax using Singapore tax rate of 17% (2018: 17%)	2,373	4,245
Effect of different tax rates in other countries	760	(117)
Expenses not deductible for tax purposes	4,086	8,921
Tax exempt income	(28)	(7,871)
(Over)/Under provision in respect of prior years	(691)	785
Deferred tax assets not recognised	1,346	2,624
Withholding tax	2,854	3,303
Expiry or write-off of previously recognised deferred tax assets	808	476
Share of results of associates	(81)	(1,939)
Share of results of joint ventures	—	149
Income tax expense recognised in profit or loss	11,427	10,576

Group royalty fees income derived from Indonesia, Thailand and Maldives is subject to withholding tax at 15%, 8% and 10% respectively (2018: 15%, 8% and 10%). The Group also incurred withholding tax on rental income and dividend income received from Indonesia and Thailand at 20% and 10% respectively (2018: 20% and 10%).

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements For the financial year ended 31 December 2019

12. Earnings per share

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

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

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

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

	Group	
	2019	2018
	\$'000	\$'000
Profit after taxation attributable to owners of the Company used in computation of basic and diluted earnings per share	651	13,471
	No. of shares	No. of shares
Weighted average number of ordinary shares for basic earnings per share computation	839,688,312	840,528,002
Effect of dilution:		
- Contingently issuable shares under Banyan Tree Share Award Scheme 2016	1,228,302	1,252,564
- Call option issued to Accor to purchase additional shares	—	25,666,473*
- Call option issued to Vanke SPV to purchase additional shares	—	16,413,280 *
Weighted average number of ordinary shares for diluted earnings per share computation	840,916,614	883,860,319

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

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2019

13. Property, plant and equipment

Group	Freehold land \$'000	Freehold buildings \$'000	Leasehold buildings \$'000	Furniture, fittings and equipment \$'000	Computers \$'000	Motor vehicles \$'000	Construction-in-progress \$'000	Total \$'000
Cost or valuation:								
At 1 January 2018	349,529	292,489	40,507	175,330	15,876	11,181	583	885,495
Additions	–	1,543	1,251	6,287	1,416	799	16,247	27,543
Disposals	–	–	(555)	(3,903)	(1,781)	(100)	(33)	(6,372)
Disposal of subsidiaries	(13,395)	(58,271)	–	(6,880)	(283)	(295)	–	(79,124)
Write-off	–	–	–	(1,015)	(540)	(3)	–	(1,558)
Transfer from property development costs	–	2,547	–	562	–	–	–	3,109
Transfer in/(out)	–	4,838	(33)	2,232	595	87	(7,719)	–
Net exchange differences	6,210	6,492	(405)	4,401	195	247	(176)	16,964
At 31 December 2018 and 1 January 2019	342,344	249,638	40,765	177,014	15,478	11,916	8,902	846,057
Additions	427	3,210	943	5,803	1,300	683	35,497	47,863
Disposals	–	(22)	(2,350)	(1,543)	(661)	(233)	(511)	(5,320)
Write-off	–	–	–	(1,427)	(762)	(69)	(778)	(3,036)
Revaluation surplus	45,085	1,009	–	–	–	–	–	46,094
Elimination of accumulated depreciation on revaluation	–	(1,729)	–	–	–	–	–	(1,729)
Transfer (to)/from property development costs	(6,577)	10,412	–	762	–	–	–	4,597
Transfer in/(out)	–	17,946	483	14,255	620	1,999	(35,303)	–
Net exchange differences	21,208	14,178	464	14,008	679	643	613	51,793
At 31 December 2019	402,487	294,642	40,305	208,872	16,654	14,939	8,420	986,319

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

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

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

Group (cont'd)	Freehold land \$'000	Freehold buildings \$'000	Leasehold buildings \$'000	Furniture, fittings and equipment \$'000	Computers \$'000	Motor vehicles \$'000	Construction -in-progress \$'000	Total \$'000
Accumulated depreciation and impairment losses:								
At 1 January 2018	—	74,148	18,959	126,941	13,485	9,949	—	243,482
Depreciation charge for the financial year	—	7,930	922	9,362	1,385	505	—	20,104
Disposals	—	—	(294)	(3,646)	(1,769)	(99)	—	(5,808)
Disposal of subsidiaries	—	(8,889)	—	(5,327)	(274)	(56)	—	(14,546)
Write-off	—	—	—	(999)	(540)	(1)	—	(1,540)
Transfer to property development costs	—	(890)	—	—	—	—	—	(890)
Net exchange differences	—	1,679	341	3,440	144	216	—	5,820
At 31 December 2018 and 1 January 2019	—	73,978	19,928	129,771	12,431	10,514	—	246,622
Depreciation charge for the financial year	—	7,886	967	10,390	1,684	504	—	21,431
Disposals	—	(14)	(2,187)	(1,498)	(656)	(232)	—	(4,587)
Write-off	—	—	—	(1,329)	(756)	(69)	—	(2,154)
Impairment loss	2,127	3,684	—	—	—	—	—	5,811
Elimination of accumulated depreciation on revaluation	—	(1,729)	—	—	—	—	—	(1,729)
Transfer to property development costs	—	(386)	—	(536)	—	—	—	(922)
Net exchange differences	—	11,256	(103)	10,549	485	534	—	22,721
At 31 December 2019	2,127	94,675	18,605	147,347	13,188	11,251	—	287,193
Net carrying amount:								
At 31 December 2018	342,344	175,660	20,837	47,243	3,047	1,402	8,902	599,435
At 31 December 2019	400,360	199,967	21,700	61,525	3,466	3,688	8,420	699,126

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

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

Revaluation of freehold land and buildings

Freehold land and buildings in Singapore were revalued on 8 October 2019 and 31 December 2017 by professional independent valuers.

Freehold land and buildings in Thailand were revalued by a professional independent valuer on 29 November 2019.

The hotel properties in Morocco, which comprise of freehold land and buildings, were appraised by a professional independent valuer on 31 December 2019.

The hotel properties in Sri Lanka, which comprise of freehold land and buildings, were appraised by a professional independent valuer on 1 September 2019.

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

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

	Group	
	2019	2018
	\$'000	\$'000
Freehold land		
- Cost and net carrying amount	91,513	88,655
Freehold buildings		
- Cost	291,594	243,088
- Accumulated depreciation	(101,542)	(84,763)
- Net carrying amount	190,052	158,325
Furniture, fittings and equipment		
- Cost	199,977	170,799
- Accumulated depreciation	(145,723)	(130,420)
- Net carrying amount	54,254	40,379

Banyan Tree Holdings Limited and its subsidiaries

**Notes to the financial statements
For the financial year ended 31 December 2019**

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

As at 31 December 2019, certain properties with net carrying amount amounting to \$477,603,000 (2018: \$379,585,000) were mortgaged to banks to secure credit facilities for the Group (Note 34).

	Furniture, fittings and equipment \$'000	Computers \$'000	Total \$'000
Company			
Cost:			
At 1 January 2018, 31 December 2018 and 1 January 2019	17	197	214
Disposals	—	(14)	(14)
At 31 December 2019	17	183	200
Accumulated depreciation:			
At 1 January 2018, 31 December 2018 and 1 January 2019	17	197	214
Disposals	—	(14)	(14)
At 31 December 2019	17	183	200
Net carrying amount:			
At 31 December 2018	—	—	—
At 31 December 2019	—	—	—

Banyan Tree Holdings Limited and its subsidiaries

**Notes to the financial statements
For the financial year ended 31 December 2019**

14. Investment properties

	Group	
	2019	2018
	\$'000	\$'000
Balance sheet:		
At 1 January	51,801	70,644
Additions (subsequent expenditure)	3,680	728
Disposal of subsidiaries (Note 17)	–	(23,307)
Write-off of investment property (Note 7)	(415)	–
Transfer from property development costs	765	–
Net gain from fair value adjustments recognised in profit or loss (Note 4)	3,736	2,118
Net exchange differences	3,937	1,618
At 31 December	63,504	51,801
Income statement:		
Rental income from investment properties		
- Minimum lease payments	3,365	3,555
Direct operating expense (including repairs and maintenance) arising from:		
- Rental generating properties	1,972	2,120
- Non-rental generating properties	51	47

Valuation of investment properties

Investment properties in Thailand are stated at fair value, which has been determined based on valuation report dated 31 December 2019. The revaluations were performed by a professional independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued.

Freehold land and buildings were revalued using the market value approach.

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

Properties pledged as security

Certain investment properties amounting to \$35,787,000 (2018: \$28,847,000) are mortgaged to secure bank loans (Note 34).

The investment properties held by the Group as at 31 December 2019 are as follows:

Description and Location	Existing Use	Tenure
Shopping centre with more than 50 leased outlets, Phuket, Thailand	Shops	Freehold
53 office units in a 24-storey office tower, Bangkok, Thailand	Offices	Freehold
Land located at the shopping centre, Phuket, Thailand	Land for shopping centre	Freehold
Land located in northern Thailand	Land awaiting development	Freehold

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

15. Intangible assets

	Goodwill \$'000	Trademarks \$'000	Club membership \$'000	Other intangible assets \$'000	Total \$'000
Group					
Cost:					
At 1 January 2018	2,603	24,300	3,095	10,506	40,504
Additions	–	–	–	1,600	1,600
Net exchange differences	–	–	–	180	180
At 31 December 2018 and 1 January 2019	2,603	24,300	3,095	12,286	42,284
Additions	–	–	657	1,454	2,111
Net exchange differences	–	–	–	588	588
At 31 December 2019	2,603	24,300	3,752	14,328	44,983
Accumulated amortisation and impairment losses:					
At 1 January 2018	–	–	205	7,091	7,296
Amortisation	–	–	62	1,133	1,195
Impairment loss	–	–	–	284	284
Net exchange differences	–	–	–	158	158
At 31 December 2018 and 1 January 2019	–	–	267	8,666	8,933
Amortisation	–	–	71	374	445
Net exchange differences	–	–	–	366	366
At 31 December 2019	–	–	338	9,406	9,744
Net carrying amount:					
At 31 December 2018	2,603	24,300	2,828	3,620	33,351
At 31 December 2019	2,603	24,300	3,414	4,922	35,239

Other intangible assets

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

Banyan Tree Holdings Limited and its subsidiaries

**Notes to the financial statements
For the financial year ended 31 December 2019**

15. Intangible assets (cont'd)

Company	Club membership \$'000
Cost:	
At 1 January 2018	3,095
Additions	—
At 31 December 2018 and 1 January 2019	3,095
Additions	657
At 31 December 2019	3,752
Accumulated amortisation and impairment losses:	
At 1 January 2018	205
Amortisation	62
At 31 December 2018 and 1 January 2019	267
Amortisation	71
At 31 December 2019	338
Net carrying amount:	
At 31 December 2018	2,828
At 31 December 2019	3,414

Impairment testing of goodwill

Goodwill acquired through business combination was related to Thai Wah Plaza Limited, which has been identified as the single cash-generating unit ("CGU") for impairment testing.

The recoverable amount of the CGU is determined based on value in use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rates stated below.

Key assumptions used for value in use calculations:

	Thai Wah Plaza Limited	
	2019	2018
Growth rate	1.5%	3.7%
Discount rate	7.9%	8.9%

15. Intangible assets (cont'd)

Impairment testing of goodwill (cont'd)

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

Sensitivity to changes in assumptions

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

Impairment testing of trademarks

The trademarks comprise of "Banyan Tree" and "Angsana" brands. Trademarks have been allocated to individual CGUs, which are the Group's reportable operating segments, for impairment testing as follows:

- Property Sales Segment;
- Fee-based Segment

Carrying amounts of trademarks are allocated to each of the Group's CGUs based on a valuation performed by a professional and independent valuer at acquisition date, using the projected discounted cash flows on future royalties from each of the reportable operating segments. The allocated amounts to each CGU are as follows:

	Property Sales Segment		Fee-based Segment		Total	
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount of trademarks	630	630	23,670	23,670	24,300	24,300

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

The discount rate applied to the cash flow projections of each reportable operating segment is 7.15% (2018: 9.74%). The growth rate used to extrapolate the cash flows of each business segment beyond the five-year period is 2% (2018: 2%). Management determined the budgeted growth rate based on past performance and its expectation for market development. The discount rate, which reflects the WACC rate used, is consistent with forecasts used in industry reports. The discount rate reflects specific risks relating to the relevant companies.

15. Intangible assets (cont'd)

Impairment testing of trademarks (cont'd)

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

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

Sensitivity to changes in assumptions

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

Impairment loss recognised

During the financial year ended 31 December 2019, an impairment loss of \$Nil (2018: \$284,000) was recognised to write-down the carrying amount of other intangible assets due to uncertainties in recovering from counter parties.

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2019

16. Land use rights

	Group	
	2019	2018
	\$'000	\$'000
Cost:		
At 1 January	2,478	2,721
Additions	120	–
Net exchange differences	232	(243)
At 31 December	2,830	2,478
Accumulated amortisation:		
At 1 January	277	276
Amortisation for the financial year	2	2
Net exchange differences	(8)	(1)
At 31 December	271	277
Net carrying amount	2,559	2,201
	Group	
	2019	2018
	\$'000	\$'000
Amount to be amortised:		
- Within 1 year	31	2
- Between 2 to 5 years	122	88
- After 5 years	2,406	2,111

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

Location	Tenure	
	2019	2018
<i>People's Republic of China</i>		
Zhongdian Jiantang Hotel	29 years	30 years
<i>Indonesia</i>		
PT. Heritage Resorts & Spas	27 years	28 years
PT. Cassia Resorts Investments	23 years	24 years

Banyan Tree Holdings Limited and its subsidiaries**Notes to the financial statements****For the financial year ended 31 December 2019****17. Subsidiaries**

	Company	
	2019	2018
	\$'000	\$'000
Unquoted shares, at cost	267,189	267,157
Quoted shares, at cost	—	71,619
	267,189	338,776
Capital contribution through issue of ordinary shares to employees of subsidiaries at no consideration under FRS 102 Share-based Payment	5,863	5,863
Impairment losses	(49,061)	(7,356)
	223,991	337,283
<i>Loans and receivables</i>		
Loans to subsidiaries	412,439	228,538
Less: Expected credit losses/Allowance for doubtful debts	(6,363)	(6,348)
	406,076	222,190
	630,067	559,473
Market value of quoted shares	—	190,998

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

During the financial year ended 31 December 2019, an impairment loss of \$41,705,000 (2018: \$Nil) was recognised to write-down the carrying amount due to decrease in net asset value of certain subsidiaries.

Included in the loans made to subsidiaries is an unsecured loan of \$101,602,000 (2018: \$100,605,000) bearing interest at a rate of 5.4% to 7.0% (2018: 5.4% to 7.0%) with no fixed terms of repayment. Except for this loan, the loans made to subsidiaries are interest-free, unsecured and the settlement of the amounts were neither planned nor likely to occur in the foreseeable future. As agreed with its subsidiaries, the Company will not demand repayment of the loan and its subsidiaries will have the discretion to determine when the loans will be repaid.

The current terms of the loan are as follows: loans to subsidiaries are unsecured, interest-free and repayable on demand.

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2019

17. Subsidiaries (cont'd)

Receivables that are impaired

The Company's loans to subsidiaries that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Company	
	2019	2018
	\$'000	\$'000
Loans to subsidiaries - nominal amounts	68,363	34,950
Less: Expected credit losses	(6,363)	(6,348)
	62,000	28,602

Expected credit losses

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

	Company	
	2019	2018
	\$'000	\$'000
<i>Movement in allowance accounts:</i>		
At 1 January	6,348	6,361
Charge for the financial year	15	720
Write-off for the financial year	—	(733)
At 31 December	6,363	6,348

Disposal of subsidiary in 2019

On 13 August 2019, 29 August 2019 and 11 October 2019, the Group entered into sale agreements to dispose 100% interest in its subsidiary, Laguna Resorts & Hotels Public Company Limited to its subsidiaries at its market value, due to internal restructuring.

Acquisition of ownership interest in subsidiary, without loss of control in 2018

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

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2019

17. Subsidiaries (cont'd)

Acquisition of ownership interest in subsidiary, without loss of control in 2018 (cont'd)

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

	Group 2018 \$'000
Consideration paid for acquisition of non-controlling interests	57,488
Decrease in equity attributable to non-controlling interests	(105,490)
Increase in equity attributable to owners of the Company	48,002

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

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

	Group 2018 \$'000
Decrease in equity attributable to non-controlling interests	(2,746)
Increase in equity attributable to owners of the Company	2,746

Disposal of subsidiaries in 2018

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

Banyan Tree Holdings Limited and its subsidiaries**Notes to the financial statements
For the financial year ended 31 December 2019****17. Subsidiaries (cont'd)**Disposal of subsidiaries in 2018 (cont'd)

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

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

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2019

17. Subsidiaries (cont'd)

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

	Name of subsidiary	Principal activities	Place of incorporation	Cost of investment		Effective equity held by the Group	
				2019 \$'000	2018 \$'000	2019 %	2018 %
(i)	Held by the Company						
(1)	Banyan Tree Hotels & Resorts Pte Ltd.	Provision of resort, spa, project and golf management services	Singapore	5,466	5,466	100	100
(1)	Banyan Tree Investments Pte. Ltd.	Property holding	Singapore	15,673	15,673	100	100
(8)	Banyan Tree Capital Pte. Ltd.	Business management and consultancy services	Singapore	500	500	100	100
(8)	Prestige Global Services Pte. Ltd.	Own and manage intellectual property for and on behalf of Banyan Tree Group	Singapore	**	**	100	100
(1)	Banyan Tree Indochina Holdings Pte. Ltd.	Investment holding	Singapore	**	**	100	100
(8)	Banyan Tree Indochina Management (Singapore) Pte. Ltd.	Investment holding	Singapore	**	**	100	100
(1)	Banyan Tree Services Pte. Ltd.	Investment holding	Singapore	**	**	100	100
(8)	Brand Management Pte. Ltd.	Provision of Consultancy services	Singapore	**	**	100	100
(1) (23)	Banyan Tree China Pte. Ltd.	Investment holding	Singapore	152,678	152,678	98.53	98.53
(8)	ACAP International Investments Pte. Ltd.	Investment holding	Singapore	**	**	100	100

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements For the financial year ended 31 December 2019

17. Subsidiaries (cont'd)

	Name of subsidiary	Principal activities	Place of incorporation	Cost of investment		Effective equity held by the group	
				2019 \$'000	2018 \$'000	2019 %	2018 %
(i)	Held by the Company (cont'd)						
(1) (18)	Hill View Resorts Holdings Pte. Ltd.	Investment holding	Singapore	25,692	—	100	—
(2) ***	Laguna Resorts & Hotels Public Company Limited	Hotel and Property development business	Thailand	—	71,619	—*	86.28
(16) (17)	Banyan Tree Assets (Thailand) Company Limited	Holding company	Thailand	91	—	100	—
(9) (12)	Tibet Lhasa Banyan Tree Resorts Limited	Construction and management of hotels and spas	China	5,097	5,097	100	100
(2)	Banyan Tree Properties (HK) Limited	Investment holding	Hong Kong	**	**	100	100
(2)	Maldives Bay Pvt Ltd	Development and management of resorts, hotels and spas	Maldives	49,934	49,934	100	100
(2)	Maldives Cape Pvt Ltd	Development and management of resorts, hotels and spas	Maldives	**	**	100	100
(18)	Hill View Resorts Holdings Limited	Investment holding	British Virgin Islands	—	25,751	—	100
(2)	Banyan Tree Resorts & Spas (Morocco) S.A.	Provision of management, operation services and ancillary services related to the hospitality industry	Morocco	9,883	9,883	100	100
(3)	Beruwela Walk Inn Limited	Operation of Hotel resorts	Sri Lanka	856	856	100	100
(2)	PT. Heritage Resorts & Spas	Tourism management consultancy services	Indonesia	1,319	1,319	100	100
				267,189	338,776		

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements For the financial year ended 31 December 2019

17. Subsidiaries (cont'd)

	Name of subsidiary	Principal activities	Place of incorporation	Effective equity held by the group	
				2019 %	2018 %
(ii)	<i>Held through subsidiaries</i>				
(1)	Hotelspa Pte. Ltd.	Investment holding	Singapore	100	100
(1)	Banyan Tree Gallery (Singapore) Pte Ltd	Sale of merchandise	Singapore	93.00	93.00
(8)	Banyan Tree Dunhuang (S) Pte. Ltd.	Investment holding	Singapore	100	100
(8) (21)	Global Investments Pte. Ltd.	Investment holding	Singapore	—	100
(8) (22)	Banyan Tree Indochina Pte. Ltd.	Business Management and consultancy services	Singapore	—	100
(1)	Architrave Design & Planning Services Pte. Ltd.	Provision of design, planning and consultancy services for hotels, resorts and spas	Singapore	100	100
(1)	GPS Development Services Pte. Ltd.	Provision of purchasing and project services for hotels, resorts and spas	Singapore	100	100
(1)	Banyan Tree Marketing Group Pte. Ltd.	Provision of marketing services	Singapore	100	100
(1)	BT Development Singapore Pte. Ltd.	Investment holding	Singapore	100	100
(8)	Banyan Tree Management (S) Pte. Ltd.	Hotel management	Singapore	100	100
(1)	Banyan Tree Spas Pte. Ltd.	Operation of spas	Singapore	100	100
(1)	Banyan Tree Businesses Pte. Ltd.	Investment holding	Singapore	100	100
(1) (18)	Lindere Villas Pte. Ltd.	Investment holding	Singapore	100	—
(2)	Banyan Tree Mkg (HK) Limited	Provision of marketing services	Hong Kong	100	100
(2) ***	Laguna Resorts & Hotels Public Company Limited	Hotel and Property development business	Thailand	86.28*	—
(2)	Banyan Tree Resorts & Spas (Thailand) Company Limited	Provision of spa services	Thailand	100	100

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements For the financial year ended 31 December 2019

17. Subsidiaries (cont'd)

	Name of subsidiary	Principal activities	Place of incorporation	Effective equity held by the group	
				2019 %	2018 %
(ii)	<i>Held through subsidiaries (cont'd)</i>				
(2)	Banyan Tree Hotels & Resorts (Thailand) Limited	Provision of hotel management services	Thailand	100	100
(2)	TWR - Holdings Limited	Investment holding and property development	Thailand	86.28	86.28
(2)	Laguna Holiday Club Limited	Holiday club membership and property development	Thailand	86.28	86.28
(16)	Laguna (3) Limited	Owns land on which a hotel is situated	Thailand	86.28	86.28
(2)	Banyan Tree Gallery (Thailand) Limited	Sale of merchandise	Thailand	93.00	93.00
(16)	Pai Samart Development Company Limited	Holds land plots for future development	Thailand	86.28	86.28
(16)	Mae Chan Property Company Limited	Holds land plots for future development	Thailand	86.28	86.28
(2)	Phuket Grande Resort Limited (formerly known as Phuket Resort Development Limited)	Property development and hotel operations	Thailand	86.28	86.28
(2)	Laguna Grande Limited	Operation of golf club and property development	Thailand	86.28	86.28
(2)	Laguna Banyan Tree Limited	Hotel operations, property development, sales and marketing service for holiday club membershp	Thailand	86.28	86.28
(16) (10)	Talang Development Company Limited	Property development	Thailand	43.14	43.14
(2)	Twin Waters Limited (formerly known as Twin Waters Development Company Limited)	Property development	Thailand	86.28	86.28
(16)	Bangtao (1) Limited	Owns land on which the golf course is situated	Thailand	86.28	86.28
(16)	Bangtao (2) Limited	Owns land on which the golf course is situated	Thailand	86.28	86.28
(16)	Bangtao (3) Limited	Property development	Thailand	86.28	86.28
(16)	Bangtao (4) Limited	Owns land on which the golf course is situated	Thailand	86.28	86.28

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

17. Subsidiaries (cont'd)

	Name of subsidiary	Principal activities	Place of incorporation	Effective equity held by the group	
				2019 %	2018 %
(ii)	Held through subsidiaries (cont'd)				
(2)	Bangtao Laguna Limited (formerly known as Bangtao Development Limited)	Owns land on which a hotel is situated and Property development	Thailand	86.28	86.28
(2)	Bangtao Grande Limited	Hotel operations and property development	Thailand	86.28	86.28
(2) (10)	Laguna Service Company Limited	Provision of utilities and other services to hotels owned by the subsidiaries	Thailand	62.90	62.90
(2)	Thai Wah Plaza Limited	Hotel operations, lease of office building space and property development	Thailand	86.28	86.28
(2)	Thai Wah Tower Company Limited	Lease of office building space	Thailand	86.28	86.28
(2)	Thai Wah Tower (2) Company Limited	Owns land on which a hotel is situated	Thailand	86.28	86.28
(2) (10)	Laguna Excursions Limited	Travel operations	Thailand	42.28	42.28
(2)	Laguna Lakes Limited	Property development	Thailand	81.97	81.97
(2)	Laguna Village Limited	Dormant company	Thailand	86.28	86.28
(5)	Zhongdian Jiantang Hotel Limited	Hotel services	China	80	80
(9) (14)	Dunhuang Banyan Tree Hotel Company Limited	Develop, own and operate hotels and resorts in China	China	100	100
(9)	Tianjin Banyan Tree Capital Investment Management Co., Ltd.	Investment management and related consulting services	China	100	100
(9) (17) ** ****	Rong Yuan (Shanghai) Business Management Co., Ltd.	Provision of marketing and management consulting services	China	100	—
(5)	BT Development No. 1 Pty Ltd	Development of residential property	Australia	100	100
(2)	Banyan Tree Resorts Limited	Provision of resort management services	Hong Kong	100	100
(2)	Banyan Tree Spa (HK) Limited	Provision of spa management services	Hong Kong	100	100
(4)	Cheer Golden Limited	Investment holding	Hong Kong	86.28	86.28

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements For the financial year ended 31 December 2019

17. Subsidiaries (cont'd)

	Name of subsidiary	Principal activities	Place of incorporation	Effective equity held by the group	
				2019 %	2018 %
(ii)	Held through subsidiaries (cont'd)				
(2)	Triumph International Holdings Limited	Investment holding	Hong Kong	80	80
(2)	Northpoint Investments Limited	Investment holding	Hong Kong	100	100
(2)	Banyan Tree Investment Holdings (HK) Limited	Investment holding	Hong Kong	100	100
(2)	Vabbinvest Maldives Pvt Ltd	Operation of holiday resorts	Maldives	100	100
(11)	Banyan Tree Hotels & Resorts Korea Limited	Provision of hotel management services	Korea	100	100
(8)	Banyan Tree Indochina (GP) Company Limited	Manage and operate the Banyan Tree Indochina Hospitality Fund, L.P.	Cayman Islands	100	100
(11)	Jayanne International Limited	Investment holding	British Virgin Islands	100	100
(11)	Club Management Limited	Provision of resort and hotel management and operation services and ancillary services related to the hospitality industry	British Virgin Islands	100	100
(18)	Lindere Villas Limited	Investment holding	British Virgin Islands	—	100
(15)	PT. AVC Indonesia	Holiday club membership and golf club operations	Indonesia	86.28	86.28
(2)	PT. Management Banyan Tree Resorts & Spas	Provision of consultation and management services of the international hotels marketing	Indonesia	100	100
(2)	PT. Banyan Tree Management	Provision of hotel management services	Indonesia	100	100
(2)	PT Cassia Resorts Investments	Hotel operations and property development	Indonesia	100	100
(5)	PT Leisure Development Bintan	Hotel operations and property development	Indonesia	100	100

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements For the financial year ended 31 December 2019

17. Subsidiaries (cont'd)

	Name of subsidiary	Principal activities	Place of incorporation	Effective equity held by the group	
				2019 %	2018 %
(ii)	Held through subsidiaries (cont'd)				
(2)	Banyan Tree MX S.A. De C.V.	Provision of business management services, resort and hotel management, operation services and ancillary services related to the hospitality industry	Mexico	100	100
(5)	Banyan Tree Servicios S.A. De C.V.	Provision of business management services, resort and hotel management, operation services and ancillary services related to the hospitality industry	Mexico	100	100
(11) (20)	Banyan Tree Guam Limited	Business office operation service and operation of spa facilities	Guam	—	100
(2)	Banyan Tree Spas Sdn. Bhd.	Operation of spas	Malaysia	100	100
(11)	Banyan Tree Japan Yugen Kaisha	Operation of spas	Japan	100	100
(2)	Banyan Tree (Private) Limited	Operation of spas	Sri Lanka	100	100
(6)	Heritage Spas South Africa (Pty) Ltd	Operation and investment in resorts, spas and retail outlets	South Africa	100	100
(2) (19)	Heritage Spas Dubai LLC	Operation of spas	Dubai	—	100
(2)	Maldives Angsana Pvt Ltd	Operation of holiday resorts	Maldives	100	100
(5)	Keelbay Pty Ltd	Development of residential property	Australia	100	100
(7)	Banyan Tree Mkg (UK) Ltd	Provision of marketing services	United Kingdom	100	100
(2)	BT Investments Holdings Phils. Inc.	Investment holding	Philippines	97.85	97.85
(2)	Banyan Tree Hotels (Cyprus) Ltd	Provision of management consultancy and hotel design services	Cyprus	100	100
(13)	Green Transportation SARL AU	Provision of tourist transportation activities	Morocco	100	100

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements For the financial year ended 31 December 2019

17. Subsidiaries (cont'd)

- (1) Audited by Ernst & Young LLP, Singapore.
- (2) Audited by member firms of Ernst & Young Global in the respective countries.
- (3) Audited by Tudor V.P. & Co.
- (4) Audited by RSM Nelson Wheeler.
- (5) Not required to be audited as the company is exempted from audit.
- (6) Audited by Mazars.
- (7) Audited by MHA MacIntyre Hudson.
- (8) Audited by A Garanzia LLP.
- (9) Audited by Ruihua Certified Public Accountant.
- (10) These companies are subsidiaries of LRH which in turn are subsidiaries of the Group. Management of the Group is of the view that these companies should be consolidated as subsidiaries in the consolidated financial statements as the Group has control over them through LRH.
- (11) Not required to be audited under the laws of country of incorporation.
- (12) Audited by Tibet Zhongrong Certified Public Accountant in 2018.
- (13) Not required to be audited as the company has not commenced operation as at 31 December 2019.
- (14) Audited by Dunhuang Fang Zheng Certified Public Accountant in 2018.
- (15) Audited by RSM AAJ Associates.
- (16) Audited by SD Audit and Consultancy Limited.
- (17) Incorporated/Acquired during the year.
- (18) Re-domiciled from British Virgin Islands to Singapore with effect from 1 October 2019.
- (19) Liquidation with effect from 10 February 2019.
- (20) Dissolved with effect from 30 June 2019.
- (21) Struck off with effect from 7 March 2019.
- (22) Struck off with effect from 12 December 2019.
- (23) Effective interest held by the company is 89.31%. Including all the effective interest held by the subsidiaries, the Group effective interest is 98.53%.

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements For the financial year ended 31 December 2019

17. Subsidiaries (cont'd)

* Investment transferred from being held by the holding company to be held by various subsidiaries during the year.

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

*** As at 31 December 2019, 0.01% (2018: 13.16%) of the issued and paid up capital of Laguna Resorts & Hotels Public Company Limited ("LRH") is held by Thai Trust Fund Management Company Limited ("TTFMC") and Thai NVDR Company Limited (a subsidiary wholly-owned by the Stock Exchange of Thailand issuing "Non-Voting Depository Receipt" ("TNVDR")). Pursuant to the provisions of their prospectus, TTFMC and TNVDR will not attend nor vote in any shareholders' meeting of LRH other than delisting.

Of the effective equity held by the Group of 86.28% (2018: 86.28%) in LRH, Nil % (2018: 10.90%) is held in trust by TTFMC. Taking into account of the issued and paid up capital of LRH held by TTFMC and TNVDR, the voting rights held by the Group in the subsidiary amount to 86.29% (2018: 86.81%) and the voting rights held by the non-controlling interest in the subsidiary amount to 13.71% (2018: 13.19%).

Of the effective equity held by the non-controlling interest of 13.72% (2018: 13.72%) in LRH, Nil % (2018: 1.60%) and 0.01% (2018: 0.66%) is held by TTFMC and TNVDR respectively. Taking into account of the issued and paid up capital of LRH held by TTFMC and TNVDR, the voting rights held by the non-controlling interest in the subsidiary amount to 13.71% (2018: 13.19%).

Due to the internal restructuring, LRH's shares have been disposed by the Company to be held directly through the Group's subsidiaries instead of through TTFMC and TNVDR. This has resulted in the drop in the percentage of shareholdings by TTFMC and TNVDR.

**** Incorporated during the year as a wholly owned subsidiary of the Group with registered capital of USD100,000. As of 31 December 2019, the Group has not paid for the registered capital.

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements For the financial year ended 31 December 2019

17. Subsidiaries (cont'd)

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

The Group has the following subsidiary that has NCI that is material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Profit allocated to NCI during the reporting period \$'000	Accumulated NCI at the end of reporting period \$'000	Dividends paid to NCI \$'000
31 December 2019:					
Laguna Resorts & Hotels Public Company Limited	Thailand	13.72%	1,894	73,536	12,498
31 December 2018					
Laguna Resorts & Hotels Public Company Limited	Thailand	13.72%	943	73,977	363

Summarised financial information about subsidiary with material NCI

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

Summarised balance sheet

	Laguna Resorts & Hotels Public Company Limited	
	2019	2018
	\$'000	\$'000
Current		
Assets	266,457	228,839
Liabilities	(200,218)	(138,210)
Net current assets	66,239	90,629
Non-current		
Assets	812,823	666,572
Liabilities	(326,446)	(219,197)
Net non-current assets	486,377	447,375
Net assets	552,616	538,004

Banyan Tree Holdings Limited and its subsidiaries**Notes to the financial statements****For the financial year ended 31 December 2019****17. Subsidiaries (cont'd)**Summarised financial information about subsidiary with material NCI (cont'd)Summarised statement of comprehensive income

	Laguna Resorts & Hotels Public Company Limited	
	2019	2018
	\$'000	\$'000
Revenue	269,267	227,920
Profit before taxation	23,769	7,606
Income tax expense	(8,512)	(5,339)
Profit after taxation	15,257	2,267
Other comprehensive income	(370)	(3)
Total comprehensive income	14,887	2,264
<u>Other summarised information</u>		
Net cash flows generated from/(used in) operations	2,405	(17,037)
Acquisition of significant property, plant and equipment	(41,445)	(24,446)

18. Joint ventures

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

Summarised below are the effects of the disposal:

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

Banyan Tree Holdings Limited and its subsidiaries

**Notes to the financial statements
For the financial year ended 31 December 2019**

19. Associates

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Quoted and unquoted equity shares, at cost	114,193	110,349	869	869
Share of post-acquisition reserves, net of dividend received	10,255	10,997	—	—
Impairment loss	(679)	(679)	—	—
Net exchange differences	(3,535)	(1,660)	—	—
	120,234	119,007	869	869
Long-term amount due from associates – non-trade	41,002	42,072	2,619	5,268
	161,236	161,079	3,488	6,137
Fair value of investment in an associate for which there is a published price quotation	16,618	30,798	—	—

Included within quoted and unquoted equity shares, at cost is an aggregate amount of \$17,831,000 (2018: \$17,831,000) of RCPS which can be offset against the amounts due to associates.

The Group has pledged 10 million ordinary shares of Thai Wah Public Company Limited with a bank to secure a long-term loan of the Group as at 31 December 2019 and 31 December 2018.

As disclosed in 2018, the Group recognised amounts due from associates of \$60,977,000 which were repayable on demand as at 31 December 2017. In the financial year 2018, these amounts were renegotiated to be repayable in interest free instalments from the operating cash flow of these entities over future periods. As per SFRS (I) 9, the modification of these terms has triggered the de-recognition of the existing instrument and recognition of a new instrument. This instrument has been measured at fair value upon initial recognition according to the following inputs:

Market interest rate	5.33%
Previous carrying value	\$60,977,000
New instrument carrying value at fair value upon initial recognition	\$42,072,000
Modification loss (recorded within finance costs in 2018) (Note 9)	\$18,905,000

Accordingly, the associates have recognised a gain on the modification of terms of the previous instrument, and the Group has correspondingly recognised their share of 40% of the gain (\$7,562,000 of modification gain has been recognised within the share of results of the associates in 2018).

Subsequent to the modification loss, as at 31 December 2019, the Group has performed an assessment on the cash flow repayment projection on the amounts due from associates of \$41,002,000 (2018: \$42,072,000), and \$3,033,000 interest accretion has been recognised for the financial year ended 31 December 2019.

Banyan Tree Holdings Limited and its subsidiaries

**Notes to the financial statements
For the financial year ended 31 December 2019**

19. Associates (cont'd)

Significant foreign currency denominated balances

	Group	
	2019	2018
	\$'000	\$'000
US Dollars	664	900

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

Name of associate	Principal activities	Place of incorporation	Effective equity held by the Group	
			2019	2018
			%	%
<i>Held through subsidiaries</i>				
(2)(3) Thai Wah Public Company Limited	Manufacture and distribution of vermicelli, tapioca starch and other food products	Thailand	8.65	8.65
(1)(3) Banyan Tree Indochina Hospitality Fund, L.P.	Business of a real estate development fund, focused on the hospitality sector in Vietnam	Cayman Islands	17.02	17.02

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

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

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

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

19. Associates (cont'd)

The summarised financial information in respect of Thai Wah Public Company Limited and Indochina fund and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	Thai Wah Public Company Limited		Banyan Tree Indochina Hospitality Fund, L.P.	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Assets and liabilities:				
Current assets	145,927	132,629	59	51
Non-current assets	208,158	164,419	303,802	298,149
Current liabilities	(44,408)	(33,351)	(1,652)	(1,867)
Non-current liabilities	(71,385)	(17,319)	–	–
Non-controlling interests	(12,355)	(23,600)	–	–
Net assets	225,937	222,778	302,209	296,333
Proportion of the Group's ownership	10.03%	10.03%	17.80%	17.80%
Group's share of net assets	22,662	22,345	53,793	52,747
Goodwill on acquisition	4,425	4,130	–	–
Difference between fair value and cost of identifiable assets and liabilities	7,076	6,861	–	–
Other adjustments	–	–	–	(5)
Carrying amount of the investment	34,163	33,336	53,793	52,742

The Group has not recognised its share of losses and deficit in the currency translation reserve relating to one of its associates, Tropical Resorts Limited where its share of deficit in equity has exceeded the Group's interest in this associate. At the end of the reporting period, the Group's cumulative share of unrecognised losses and currency translation deficit were \$10,270,000 (2018: \$10,467,000) and \$227,000 (2018: currency translation surplus \$1,342,000) respectively. The Group's share of the current year's unrecognised profit was \$197,000 (2018: losses of \$1,951,000).

The Group has no obligation in respect of these losses.

Banyan Tree Holdings Limited and its subsidiaries**Notes to the financial statements
For the financial year ended 31 December 2019**

19. Associates (cont'd)

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

	Group	
	2019	2018
	\$'000	\$'000
Assets and liabilities *:		
Current assets	97,931	97,811
Non-current assets	159,032	170,437
Total assets	256,963	268,248
Current liabilities	(168,760)	(179,621)
Non-current liabilities	(117,536)	(92,800)
Total liabilities	(286,296)	(272,421)
Results:		
Revenue	51,205	52,825
Loss for the financial year	(100)	(25,319)
Other comprehensive (loss)/income	(1,570)	1,691
Total comprehensive loss	(1,670)	(23,628)

* Included in assets and liabilities and total comprehensive income of associates is Tropical Resorts Limited's net liabilities position of \$90,481,000 as at 31 December 2019 (2018: \$80,507,000) and total comprehensive loss of \$2,803,000 (2018: \$27,148,000).

Banyan Tree Holdings Limited and its subsidiaries

**Notes to the financial statements
For the financial year ended 31 December 2019**

20. Long-term investments

	Group	
	2019	2018
	\$'000	\$'000
<i>At fair value through other comprehensive income</i>		
Equity securities (quoted)	2	2
Equity securities (unquoted)	100,695	102,000
	<u>100,697</u>	<u>102,002</u>

Investments in equity instruments designated at fair value through other comprehensive income

The fair value of each of the investments in equity instruments designated at FVOCI at the end of the reporting period is as follows:

	Group	
	2019	2018
	\$'000	\$'000
<i>At fair value through other comprehensive income</i>		
- <u>Equity securities (quoted)</u>		
Others	2	2
- <u>Equity securities (unquoted)</u>		
Mayakoba Thai S.A. De C.V. ("Mayakoba")	10,521	10,521
La Punta Resorts S.A. De C.V. ("La Punta")	1,720	4,254
BTAC	88,454	87,225
	<u>100,697</u>	<u>102,002</u>

Included within BTAC, at fair value is an aggregate amount of \$72,149,000 of redeemable convertible preference shares ("RCPS") which can be offset against amounts due to BTAC. This investment in BTAC has been reclassified from investment in joint venture. As at 31 December 2019, an amount of \$11,854,000 (2018: \$11,854,000) of capital injection commitment is outstanding from the majority shareholder of BTAC.

The Group has elected to measure these equity securities at FVOCI due to the Group's intention to hold these equity instruments for long-term appreciation.

As at 31 December 2019, the Group has carried out an assessment on the fair value of the investment in Mayakoba and La Punta using the discount rate and growth rate of 10.4% and 5.0% (2018: 13.3% and 5%) respectively, and a fair value loss of \$2,534,000 (2018: \$2,069,000) for La Punta had been recognised in fair value adjustment reserve through other comprehensive income.

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements For the financial year ended 31 December 2019

20. Long-term investments (cont'd)

On 30 December 2019, a subsidiary of the Group ("BTCN") entered into an agreement with Tritonia Company Limited ("TCL") and BTAC to convert a portion of the outstanding debt owing by BTAC to BTCN into ordinary shares ("Capitalisation Agreement"). A total amount of S\$4,635,000 owing by BTAC to BTCN was converted into 21 ordinary shares owned by BTCN in BTAC representing 1% ownership interest in BTAC effectively on 31 December 2019.

As a result of the Capitalisation Agreement, the Group recorded a fair value loss of S\$679,000 in profit and loss as a result of the de-recognition of the financial liability on 30 December 2019. As at 31 December 2019, the Group has carried out an assessment on the fair value of investment in BTAC (5.2% ownership interest in BTAC as at 31 December 2019) and recorded a fair value loss of \$2,767,000 in fair value reserve through other comprehensive income.

21. Prepaid island rental

	Group	
	2019	2018
	\$'000	\$'000
At 1 January	22,034	22,478
Net exchange differences	(327)	420
Payment of island rental during the financial year	–	1,302
	21,707	24,200
Less: Amortisation of prepaid island rental during the financial year	(691)	(2,166)
Less: Amount reclassified to lease liabilities (Note 2.2)	(1,207)	–
At 31 December	19,809	22,034
Amount chargeable within 1 year (Note 26)	789	2,005
Amount chargeable after 1 year	19,020	20,029
	19,809	22,034

The above amounts were paid to the owners of the Vabbinfaru Island and Ihuru Island as finance lease component of the lease arrangements.

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

Island	Lease period 2019	Lease period 2018
Maldives		
Vabbinfaru Island	1 May 1993 - 9 Apr 2045	1 May 1993 - 9 Apr 2045
Ihuru Island *	16 Oct 2000 - 15 Oct 2044	16 Oct 2000 - 15 Oct 2044

* The prepaid island rental has been reclassified to lease liabilities under SFRS (I) 16 leases.

Banyan Tree Holdings Limited and its subsidiaries

**Notes to the financial statements
For the financial year ended 31 December 2019**

22. Long-term receivables

	Group	
	2019	2018
	\$'000	\$'000
<i>Loans and receivables</i>		
- trade (property sales) (i)	49,943	29,586
- trade (non-property sales) (ii) (iii)	18,343	26,855
Long-term receivables (current and non-current)	68,286	56,441
Long-term receivables are repayable as follows:		
Within 12 months		
- trade (property sales) (i)	14,063	8,477
- trade (non-property sales) (ii) (iii)	4,909	4,834
Less: Expected credit losses (non-property sales)	(974)	–
Long-term receivables (current) (Note 27)	17,998	13,311
Between 2 to 5 years		
- trade (property sales) (i)	35,880	21,109
- trade (non-property sales) (ii) (iii)	16,898	21,797
Less: Expected credit losses (non-property sales)	(3,186)	(548)
After 5 years		
- trade (non-property sales) (ii) (iii)	696	772
Long-term receivables (non-current)	50,288	43,130

Banyan Tree Holdings Limited and its subsidiaries**Notes to the financial statements
For the financial year ended 31 December 2019****22. Long-term receivables (cont'd)**

Long-term receivables consist of:

- (i) Trade receivables from property sales bear interest at rates ranging from 3% to 7%, Minimum Lending Rate ("MLR") plus 0.5% per annum (2018: 3% to 7%, MLR plus 0.5% per annum) and are repayable over an instalment period of 3 to 10 years (2018: 3 to 10 years).
- (ii) The Group has purchased certain properties on behalf of a third party who is in the business of selling club memberships. A subsidiary of the Group acts as the manager of these properties on behalf of the third party. As at 31 December 2019, the trade receivables (non-property sales) due from the third party are \$1,323,000 (current) (2018: \$1,248,000) and \$6,147,000 (non-current) (2018: \$7,228,000). Included in this amount due from the third party, \$6,865,000 (2018: \$7,827,000) bears an interest rate of 6% per annum (2018: 6%), is unsecured and repayable over 13.5 to 15 years, commencing from 2008. The remaining amount due from the third party is interest-free, unsecured and are not expected to be repaid within the next 12 months.
- (iii) Included in the Trade (non-property sales) is a net amount of \$2,688,000 (current) (2018: \$3,586,000) and \$8,063,000 (non-current) (2018: \$14,344,000) which bear interest rate of 5.33%, and the non-current portion is repayable over a period of 2 years.

Significant foreign currency denominated balances

	Group	
	2019	2018
	\$'000	\$'000
US Dollars	1,308	918

Expected credit losses

The movement in allowance for expected credit losses of long-term receivables (current and non-current) is as follows:

	Group	
	2019	2018
	\$'000	\$'000
Movement in allowance accounts:		
At 1 January	548	538
Charge for the financial year (Note 10)	3,618	—
Exchange differences	(6)	10
At 31 December	4,160	548

Receivables subject to offsetting arrangements

During the period ended 31 December 2019 and 31 December 2018, none of the Group's trade receivables and trade payables are subject to offsetting arrangements.

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

23. Other receivables – non-current

	Group	
	2019	2018
	\$'000	\$'000
<i>Loans and receivables</i>		
Deposits	5,599	1,375
	<u>5,599</u>	<u>1,375</u>

Included in the deposits is an amount of \$1,704,000 of long-term restricted deposit pledged with a financial institution as security for bank guarantee and short-term facilities of a subsidiary.

24. Property development costs

	Group	
	2019	2018
	\$'000	\$'000
Properties under development		
Cost incurred to date	224,796	224,885
Less: Write-down to realisable value	(4,276)	(3,991)
	<u>220,520</u>	<u>220,894</u>
Properties held for sale	97,667	59,083
	<u>318,187</u>	<u>279,977</u>
Amounts expected to be recovered:		
No more than 12 months	78,112	54,549
More than 12 months	240,075	225,428
	<u>318,187</u>	<u>279,977</u>

During the financial year, borrowing costs of \$1,639,000 (2018: \$1,420,000) arising from borrowings obtained specifically for the development property were capitalised under properties under development. The rate used to determine the amount of borrowing costs eligible for capitalisation was 3.7% to 4.9% (2018: 4.8%), which is the effective interest rate of the specific borrowing.

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

24. Property development costs (cont'd)

Details of the properties as at 31 December 2019 are as follows:

Description	Location of property	Estimated completion %	Existing use of property	Gross floor area (Sq meter)	Estimated completion date	Effective equity held by the Group %
Banyan Tree Phuket Double Pool Villas	Phuket, Thailand	100	Held for sale	1,353	Completed	86.28
Cassia Phuket Phase 1	Phuket, Thailand	100	Held for sale	2,371	Completed	86.28
Cassia Phuket Phase 2	Phuket, Thailand	100	Held for sale	2,110	Completed	86.28
Cassia Phuket Phase 3	Phuket, Thailand	100	Held for sale	1,188	Completed	86.28
Laguna Park 2 Townhouse and Villas	Phuket, Thailand	57	Under construction	17,023	August 2021	86.28
Laguna Village Residences	Phuket, Thailand	37	Under construction	10,736	December 2024	86.28
Banyan Tree Grand Residence Phase 1	Phuket, Thailand	26	Under construction	14,424	December 2024	86.28
Angsana Beach Front	Phuket, Thailand	27	Under construction	15,039	June 2021	86.28
Angsana Oceanview Residences	Phuket, Thailand	16	Under construction	7,367	September 2020	86.28
Dhawa apartments	Phuket, Thailand	27	Under construction	5,217	July 2020	86.28
Banyan Tree Residences, Brisbane	Brisbane, Australia	–	Under construction	27,375	–	100
Northpoint, Australia	Northpoint, Australia	–	Under construction	4,424	–	100
Banyan Tree Bintan	Bintan, Indonesia	100	Held for sale	6,080	Completed	100
Cassia Bintan Phase 1	Bintan, Indonesia	100	Held for sale	475	Completed	100
Cassia Bintan Phase 2	Bintan, Indonesia	100	Held for sale	3,997	Completed	100
Cassia Bintan Phase 3	Bintan, Indonesia	100	Held for sale	4,258	Completed	100

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

24. Property development costs (cont'd)

Details of the properties as at 31 December 2018 are as follows:

Description	Location of property	Estimated completion %	Existing use of property	Gross floor area (Sq meter)	Estimated completion date	Effective equity held by the Group %
Laguna Park Townhouse and Villas	Phuket, Thailand	100	Held for sale	3,005	Completed	86.28
Banyan Tree Phuket Double Pool Villas	Phuket, Thailand	100	Held for sale	1,353	Completed	86.28
Laguna Village Lofts	Phuket, Thailand	100	Held for sale	2,448	Completed	86.28
Cassia Phuket Phase 1	Phuket, Thailand	100	Held for sale	2,371	Completed	86.28
Cassia Phuket Phase 2	Phuket, Thailand	100	Held for sale	2,216	Completed	86.28
Cassia Phuket Phase 3	Phuket, Thailand	21	Under construction	14,387	October 2019	86.28
Laguna Park 2 Townhouse and Villas	Phuket, Thailand	—	Under construction	8,070	December 2019	86.28
Laguna Village Residences	Phuket, Thailand	—	Under construction	10,736	December 2019	86.28
Banyan Tree Grand Residence Phase 1	Phuket, Thailand	34	Under construction	12,954	December 2024	86.28
Angsana Beach Front	Phuket, Thailand	—	Under construction	15,039	December 2020	86.28
Angsana Oceanview Residences	Phuket, Thailand	—	Under construction	7,367	December 2020	86.28
Banyan Tree Residences, Brisbane	Brisbane, Australia	—	Under construction	27,375	March 2022	100
Northpoint, Australia	Northpoint, Australia	—	Under construction	4,424	—	100
Banyan Tree Bintan	Bintan, Indonesia	100	Held for sale	6,080	Completed	100
Cassia Bintan Phase 1	Bintan, Indonesia	100	Held for sale	745	Completed	100
Cassia Bintan Phase 2	Bintan, Indonesia	100	Held for sale	3,997	Completed	100
Cassia Bintan Phase 3	Bintan, Indonesia	100	Held for sale	4,258	Completed	100

Banyan Tree Holdings Limited and its subsidiaries

**Notes to the financial statements
For the financial year ended 31 December 2019**

25. Inventories

	Group	
	2019	2018
	\$'000	\$'000
Balance sheet:		
Food and beverage, at cost	1,545	1,560
Trading goods and supplies, at cost	2,769	2,835
Materials, at cost	1,653	1,834
	<u>5,967</u>	<u>6,229</u>
Income statement inclusive of the following charge:		
- Inventories recognised as an expense in cost of sales	23,970	25,056
- Inventories written down (Note 7)	46	92
	<u>24,016</u>	<u>25,148</u>

26. Prepayments and other non-financial assets - current

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Prepayments	5,730	4,480	241	283
Prepaid island rental – current portion (Note 21)	789	2,005	–	–
Advances to suppliers	2,391	6,836	–	–
Goods and services tax/value-added tax receivable	3,004	3,585	–	–
Deposit for purchase of land	3,333	–	–	–
Others	2,608	2,724	10	8
	<u>17,855</u>	<u>19,630</u>	<u>251</u>	<u>291</u>

Banyan Tree Holdings Limited and its subsidiaries**Notes to the financial statements**
For the financial year ended 31 December 2019**27. Trade receivables**

	Group	
	2019	2018
	\$'000	\$'000
<i>Loans and receivables</i>		
Trade receivables	24,867	28,287
Less: Expected credit losses	(2,560)	(3,541)
	<u>22,307</u>	<u>24,746</u>
Current portion of long-term trade receivables (Note 22)	18,972	13,311
Less: Expected credit losses (Note 22)	(974)	–
	<u>17,998</u>	<u>13,311</u>
	<u>40,305</u>	<u>38,057</u>

Other than the current portion of long-term trade receivables (Note 22), trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Significant foreign currency denominated balances

	Group	
	2019	2018
	\$'000	\$'000
US Dollars	3,350	3,777

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

27. Trade receivables (cont'd)

Expected credit losses

The movement in allowance for expected credit losses of trade receivables is as follows:

	Group	
	2019	2018
	\$'000	\$'000
<i>Movement in allowance accounts:</i>		
At 1 January	3,541	6,351
Charge for the financial year (Note 10)	165	—
Write-back of allowance for the financial year (Note 10)	—	(2,290)
Write-off for the financial year	(1,058)	(535)
Exchange differences	(88)	15
At 31 December	2,560	3,541

Receivables subject to offsetting arrangements

The Group regularly provides spa treatment services to in-house guests of Vineyard Hotel & Spa. The Group will be regularly charged by Vineyard Hotel & Spa for rental, utilities and other miscellaneous expenses incurred on behalf of the Group. Both parties have an arrangement to settle the net amount due to or from each other on a 30 days' term basis.

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

		2019	
		\$'000	
Description	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Trade receivables	43	(43)	—
Trade payables	60	(43)	17
		2018	
		\$'000	
Description	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Trade receivables	113	(113)	—
Trade payables	114	(113)	1

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

28. Other receivables - current

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
<i>Loans and receivables</i>				
Deposits	324	1,141	3	75
Interest receivable	67	336	65	220
Staff advances	94	159	—	—
Insurance recoverable	18	60	—	—
Deferred cash receivable	1,302	6,985	1,302	6,985
Other recoverable expenses	3,993	489	545	12
Other receivables	10,449	9,813	—	—
	16,247	18,983	1,915	7,292

According to the sales and purchase agreement for the disposal of the Group's interest in Seychelles Group, part of the total sales consideration is deferred and recorded as deferred cash receivable.

Significant foreign currency denominated balances

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
RMB	6,562	6,766	—	—

29. Amounts due from/(to) subsidiaries

	Company	
	2019	2018
	\$'000	\$'000
<i>Loans and receivables</i>		
Amounts due from subsidiaries		
- non-trade	186,303	200,138
Less: Expected credit losses	(3,836)	(3,856)
	182,467	196,282
<i>Financial liabilities at amortised cost</i>		
Amounts due to subsidiaries (Current)		
- non-trade	(20,522)	(68,576)
<i>Movement in allowance accounts:</i>		
At 1 January	3,856	3,856
Write-back of allowance for the financial year	(20)	—
At 31 December	3,836	3,856

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

29. Amounts due from/(to) subsidiaries (cont'd)

Included in the amounts due from subsidiaries are unsecured loans of \$30,250,000 (2018: \$30,850,000), bearing interest at a rate of 3.95% and 4.24% (2018: 3.90% and 5.35%) and repayable on demand. Except for this loan, the amounts due from/(to) subsidiaries are unsecured, interest-free and repayable on demand.

30. Amounts due from/(to) associates

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
<i>Loans and receivables</i>				
Amounts due from associates				
- trade	4,643	2,996	–	–
- non-trade	93	97	19	22
	4,736	3,093	19	22
Less: Expected credit losses	(105)	(23)	–	–
	4,631	3,070	19	22
<i>Financial liabilities at amortised cost</i>				
Amounts due to associates				
- trade	(39)	(27)	–	–
- non-trade	(17,860)	(17,855)	(17,831)	(17,831)
	(17,899)	(17,882)	(17,831)	(17,831)

Included in the amounts due to associates are unsecured loans of \$17,831,000 (2018: \$17,831,000) that are non-interest bearing which can be offset against RCPS. Except for this loan, the amounts due from/(to) associates are unsecured, non-interest bearing and repayable on demand.

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

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

Expected credit losses

The movement in allowance for expected credit losses of amounts due from associates is as follows:

	Group	
	2019	2018
	\$'000	\$'000
<i>Movement in allowance accounts:</i>		
At 1 January	23	108
Charge for the financial year (Note 10)	82	—
Write-back of allowance for the financial year (Note 10)	—	(85)
At 31 December	105	23

Significant foreign currency denominated balances

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
US Dollars	2,757	2,131	—	—

31. Amounts due from/(to) related parties

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
<i>Loans and receivables</i>				
Amounts due from related parties				
- trade	26,076	25,982	—	—
- non-trade	581	305	—	—
	26,657	26,287	—	—
Less: Expected credit losses	(1)	(11)	—	—
	26,656	26,276	—	—
<i>Financial liabilities at amortised cost</i>				
Amounts due to related parties				
- trade	(381)	(202)	—	—
- non-trade	(2,276)	(2,150)	(15)	(12)
	(2,657)	(2,352)	(15)	(12)

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

Banyan Tree Holdings Limited and its subsidiaries

**Notes to the financial statements
For the financial year ended 31 December 2019**

31. Amounts due from/(to) related parties (cont'd)

Expected credit losses

The movement in allowance for expected credit losses of amounts due from related parties is as follows:

	Group	
	2019	2018
	\$'000	\$'000
<i>Movement in allowance accounts:</i>		
At 1 January	11	5
Charge for the financial year (Note 10)	79	6
Write-off for the financial year	(90)	—
Exchange differences	1	—
At 31 December	1	11

Significant foreign currency denominated balances

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
US Dollars	17,867	14,243	(12)	(12)

32. Cash and short-term deposits

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
<i>Loans and receivables</i>				
Cash on hand and at bank	57,476	52,507	14,799	9,004
Short-term deposits, unsecured	73,326	153,674	73,325	153,083
	130,802	206,181	88,124	162,087
Significant foreign currency denominated balances				
US Dollars	13,108	11,072	7,919	4,075

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The range of interest rates for the year ended 31 December 2019 for the Group and the Company were 1.40% to 2.15% (2018: 0.38% to 2.26%) and 1.60% to 2.15% (2018: 0.86% to 2.26%) respectively.

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

32. Cash and short-term deposits (cont'd)

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

	Group	
	2019	2018
	\$'000	\$'000
Cash and short-term deposits	130,802	206,181
Cash and cash equivalents	130,802	206,181

33. Other non-financial liabilities - current

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Goods and services tax/ value-added tax payable	7,086	6,997	463	394
Others	8,507	6,505	269	485
	15,593	13,502	732	879

34. Interest-bearing loans and borrowings

		Group		Company	
		2019	2018	2019	2018
	Maturity	\$'000	\$'000	\$'000	\$'000
Financial liabilities at amortised cost					
Current liabilities					
Secured bank loans	2020	126,026	75,236	30,600	23,600
Unsecured bank loans	2020	51,940	15,250	33,000	–
		177,966	90,486	63,600	23,600
Non-current liabilities					
Secured bank loans	2021-2027	269,600	197,630	46,033	18,633
Unsecured bank loans	2022	12,060	33,000	–	30,000
		281,660	230,630	46,033	48,633
Total		459,626	321,116	109,633	72,233

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

34. Interest-bearing loans and borrowings (cont'd)

A reconciliation of liabilities arising from financing activities is as follows:

	2018 \$'000	Cash flows \$'000	Accretion of interest/ Amortisation of transaction costs \$'000	Foreign exchange movement \$'000	Adoption of SFRS(I) 16 \$'000	New leases \$'000	Other *	2019 \$'000
Interest bearing loans and borrowings - secured								
- Current	75,236	17,970	1,310	4,245	-	-	27,265	126,026
- Non-current	197,630	88,291	-	10,944	-	-	(27,265)	269,600
Interest bearing loans and borrowings - unsecured								
- Current	15,250	36,690	-	-	-	-	-	51,940
- Non-current	33,000	(20,940)	-	-	-	-	-	12,060
Notes payable (Note 35)								
- Current	124,690	(125,000)	310	-	-	-	99,926	99,926
- Non-current	99,926	-	-	-	-	-	(99,926)	-
Leases (Note 37)								
- Current	-	(2,698)	2,290	33	106	508	1,189	1,428
- Non-current	-	-	-	(222)	33,390	1,463	(1,189)	33,442
Total	545,732	(5,687)	3,910	15,000	33,496	1,971	-	594,422

* Other relates to reclassification of non-current portion of loans and borrowings.

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

34. Interest-bearing loans and borrowings (cont'd)

	2017	Non-cash changes					2018
		Cash flows	Accretion of interest/ Amortisation of transaction costs	Foreign exchange movement	Other *		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interest bearing loans and borrowings - secured							
- Current	66,871	(25,816)	(1,245)	1,491	33,935	75,236	
- Non-current	142,439	86,116	-	3,010	(33,935)	197,630	
Interest bearing loans and borrowings - unsecured							
- Current	4,500	5,500	-	-	5,250	15,250	
- Non-current	8,250	30,000	-	-	(5,250)	33,000	
Notes payable (Note 35)							
- Current	119,270	(120,310)	730	-	125,000	124,690	
- Non-current	224,616	310	-	-	(125,000)	99,926	
Total	565,946	(24,200)	(515)	4,501	-	545,732	

* Other relates to reclassification of non-current portion of loans and borrowings.

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

34. Interest-bearing loans and borrowings (cont'd)

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

	Group	
	2019	2018
	\$'000	\$'000
Freehold land and buildings (Note 13)	462,992	365,240
Investment properties (Note 14)	35,787	28,847
Leasehold buildings (Note 13)	14,611	14,345
Shares in a subsidiary	–	109,246
Property development costs	119,478	33,081
Prepaid island rental	18,562	19,437
Investment in associates	3,867	3,773
Long-term restricted deposit pledged (Note 23)	1,704	–
Other assets	3,092	2,636
	660,093	576,605

The secured bank loans of the Company amounting to \$76,633,000 (2018: \$42,233,000) are secured by freehold land and buildings, and property development cost of the Group's subsidiaries.

The Group has pledged Nil ordinary shares (2018: 84,176,461) of LRH with a bank to secure a long-term loan of the Group, amounting to \$Nil (2018: \$54,575,000).

35. Notes payable

Notes payable are unsecured, interest bearing and payable semi-annually.

			Group and Company	
	Interest rate	Maturity	2019	2018
			\$'000	\$'000
Fixed rate notes:				
- \$125 million	4.875%	3 June 2019	–	124,868
- \$100 million	4.850%	5 June 2020	99,926	99,748
			99,926	224,616

Banyan Tree Holdings Limited and its subsidiaries

**Notes to the financial statements
For the financial year ended 31 December 2019**

35. Notes payable (cont'd)

	Group and Company	
	2019	2018
	\$'000	\$'000
Notes payable are repayable as follows:		
Within 12 months	99,926	124,690
Between 2 to 5 years	—	99,926
	99,926	224,616

36. Other payables – current

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
<i>Financial liabilities at amortised cost</i>				
Accrued operating expenses	33,798	37,102	5,402	8,626
Accrued service charges	2,117	1,889	—	—
Deposits	1,711	6,480	—	—
Loans from an investment	79,005	79,006	60,295	60,295
Sundry creditors	3,770	2,243	16	366
	120,401	126,720	65,713	69,287

Included in the loans from an investment is an amount of \$60,295,000, non-interest bearing, which can be offset against RCPS.

Derivatives

Vanke call and put option

A subsidiary of the Group ("BTCN") entered into a shareholder's agreement ("BTAC Shareholder's Agreement") with TCL, which allows TCL to exercise a call option ("First Call Option") to purchase up to 99% of the Group's interest then held in BTAC on the date falling on and after 6 months after the second completion as defined in BTAC Shareholder's Agreement, and BTCN to exercise a put option ("First Put Option") to dispose up to 99% of the Group's interest then held in BTAC on and from the earlier of (i) BTAC having acquired China Fund Assets* and BTMC having acquired remaining 10% interest in Banyan Tree Hotels Management (Tianjin) Co., Ltd ("CHMC") before 30 September 2018, or (ii) 30 September 2018.

* China Fund Assets refer to all projects, equity interests and other assets held by China Fund (other than 10% shareholding interest in CHMC held by China Fund).

36. Other payables – current (cont'd)

Derivatives (cont'd)

Vanke call and put option (cont'd)

On 20 November 2018, BTCN exercised the First Put Option to dispose 18.6% shares in BTAC to TCL. After exercising the First Put Option, BTCN retained 4.2% interest in BTAC. On the same day, BTCN entered into a supplemental agreement to the shareholders' agreement ("BTAC Supplemental Shareholder's Agreement") with TCL which allows TCL to exercise a call option ("Second Call option") to purchase up to 99% of the Group's interest then held in BTAC and BTCN to exercise a put option ("Second Put Option") to dispose up to 99% of the Group's interest then held in BTAC on the date falling on or after the 8th anniversary of 20 November 2018.

As disclosed in Note 20, on 30 December 2019, BTCN has increased its interest in BTAC to 5.2%, and the Second Put Option remains valid on the revised BTCN's interest in BTAC as at 31 December 2019.

As at 31 December 2019 and 2018, the Group has assessed that the fair value of all Vanke call and put options are immaterial.

37. Leases

The Group has lease contracts for land and buildings used in its operations. Leases of land generally have lease terms between 34 and 44 years and buildings generally have lease terms of 2 to 4 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Group also has certain leases of office equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Group	
	Land and buildings	Total
	\$'000	\$'000
As at 1 January 2019	20,478	20,478
Additions	679	679
Depreciation charge for the financial year	(1,514)	(1,514)
Exchange difference	(84)	(84)
As at 31 December 2019	19,559	19,559

Banyan Tree Holdings Limited and its subsidiaries**Notes to the financial statements
For the financial year ended 31 December 2019**

37. Leases (cont'd)

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Group 2019 \$'000
As at 1 January	33,497
Additions	1,972
Accretion of interest (Note 9)	2,290
Payments	(2,698)
Exchange difference	(191)
As at 31 December	<u>34,870</u>
Current	1,428
Non-current	<u>33,442</u>

The maturity analysis of lease liabilities are disclosed in note 45.

The following are the amounts recognised in profit or loss:

	Group 2019 \$'000
Depreciation expense of right-of-use assets	1,514
Interest expense on lease liabilities (Note 9)	2,290
Expense relating to short-term leases (included in Administrative expenses)	315
Variable lease payments (included in Other operating expenses and administrative expenses)	<u>2,778</u>
Total amount recognised in profit or loss	<u>6,897</u>

The Group had total cash outflows for leases of \$2,698,000 in 2019 (2018: \$1,302,000). The Group also had non-cash additions to right-of-use assets and lease liabilities of \$679,000 and \$1,972,000 respectively in 2019.

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

38. Deferred tax

	Group				Company	
	Consolidated balance sheet		Consolidated income statement		Balance sheet	
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Deferred tax liabilities:						
Differences in depreciation for tax purposes	(78)	(80)	160	2	—	—
Revaluation to fair value:						
- Freehold land and buildings	(77,525)	(64,517)	(723)	(180)	—	—
- Investment properties	(10,071)	(7,396)	2,098	484	—	—
Temporary differences arising from revenue recognition	(43,770)	(36,373)	4,692	2,560	—	—
Provisions	(114)	(159)	(63)	108	—	—
Other items	(4,522)	(4,920)	(732)	325	—	—
	<u>(136,080)</u>	<u>(113,445)</u>			<u>—</u>	<u>—</u>
Deferred tax assets:						
Differences in depreciation for tax purposes	1,013	778	(181)	32	—	—
Temporary differences arising from revenue recognition	17	16	—	(1)	—	—
Provisions	2,404	1,829	(441)	(436)	—	—
Unutilised tax losses	6,758	8,830	3,288	96	—	—
Other items	13,177	7,498	(3,077)	(1,773)	—	—
	<u>23,369</u>	<u>18,951</u>			<u>—</u>	<u>—</u>
Deferred tax expense			<u>5,021</u>	<u>1,217</u>		

38. Deferred tax (cont'd)

Unrecognised tax losses

The Group has tax losses of \$34,004,000 as at 31 December 2019 (2018: \$33,500,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. These tax losses are subject to the agreement of the taxation authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

	Group	
	2019	2018
	\$'000	\$'000
Year of expiry:		
Within 1 year	2,836	2,907
Between 2 to 5 years	11,645	11,049
No expiry	19,523	19,544
	<u>34,004</u>	<u>33,500</u>

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability (2018: \$Nil) has been recognised for taxes that would be payable on the undistributed earnings of the Group's subsidiaries as the Group has determined that the majority of the undistributed earnings of its subsidiaries will not be distributed in the foreseeable future. The tax impact arising from any potential distribution will not be significant to the Group.

Such temporary differences for which no deferred tax liability has been recognised aggregate to \$143,235,000 (2018: \$145,372,000). The unrecognised deferred tax liability is estimated to be \$14,608,000 (2018: \$14,682,000).

Tax consequences of proposed dividends

There are no income tax consequences (2018: \$Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements.

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

39. Defined and other long-term employee benefits

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

The subsidiaries in Indonesia are required to provide a minimum pension benefit ("MPB") under the Indonesian Labour Law, which represents an underlying defined benefit obligation.

The following tables summarise the components of net benefit expense recognised in profit or loss and amounts recognised in the balance sheets for the plans.

Group	LSP		LSA		MPB		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Net benefit expense								
Current service cost	506	95	84	107	24	11	614	213
Interest cost on benefit obligation	27	25	25	23	–	–	52	48
Net actuarial (gain)/loss recognised in the year	–	–	(52)	259	–	–	(52)	259
Past service cost	156	–	–	–	15	–	171	–
Net benefit expense	689	120	57	389	39	11	785	520
Net actuarial loss/(gain) recognised in other comprehensive income	129	476	–	–	(8)	(18)	121	458

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

Group	LSP		LSA		MPB		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
At 1 January	2,146	1,750	1,142	1,021	48	49	3,336	2,820
Interest cost	27	25	25	23	–	–	52	48
Current service cost	506	95	84	107	24	11	614	213
Benefits paid	(65)	(244)	(197)	(293)	–	–	(262)	(537)
Actuarial loss/(gain) on obligation	129	476	(52)	259	(8)	(18)	69	717
Past service cost	156	–	–	–	15	–	171	–
Exchange differences	170	44	78	25	8	6	256	75
At 31 December	3,069	2,146	1,080	1,142	87	48	4,236	3,336

Banyan Tree Holdings Limited and its subsidiaries

**Notes to the financial statements
For the financial year ended 31 December 2019**

39. Defined and other long-term employee benefits (cont'd)

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

	2019	2018
Discount rates	2.75%	2.75%
Future salary increases	3.25%	3.25%
Gold price (per Baht weight of gold)	BHT 18,500	BHT 18,500
Gold inflation	3.00%	3.00%
Attrition rate	Based on LRH Group's withdrawal experiences in prior years	

Amounts for the LSP and LSA obligations for the current and previous two periods are as follows:

	2019 \$'000	2018 \$'000	2017 \$'000
Group			
LSP and LSA obligations	4,149	3,288	2,771
Experience adjustments on the plan liabilities			
Effect of changes in demographic assumptions	–	34	–
Effect of changes in financial assumptions	–	19	–
Effect of experience adjustments	–	950	–

40. Share capital

	Group and Company			
	2019		2018	
	No. of shares	\$'000	No. of shares	\$'000
Issued and fully paid up				
At 1 January and 31 December	841,364,980	241,520	841,364,980	241,520

The holders of ordinary shares (except for treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares (except for treasury shares) carry one vote per share without restrictions. The ordinary shares of the Company have no par value.

Banyan Tree Holdings Limited and its subsidiaries

**Notes to the financial statements
For the financial year ended 31 December 2019**

41. Treasury shares and reserves

(a) *Treasury shares*

	Group and Company			
	2019		2018	
	No. of shares	\$'000	No. of shares	\$'000
At 1 January	(2,002,600)	(1,149)	(208,000)	(142)
Acquired during the financial year	–	–	(2,000,000)	(1,147)
Reissued pursuant to Share-based Incentive Plan	432,600	249	205,400	140
At 31 December	(1,570,000)	(900)	(2,002,600)	(1,149)

Treasury shares relate to ordinary shares of the Company that is held by the Company. In 2007, the Company acquired 3,000,000 shares in the Company through purchases on the Singapore Exchange. The total amount paid to acquire the shares was \$5,191,475 and this was presented as a component within shareholders' equity.

The Company acquired Nil (2018: 2,000,000) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was \$Nil (2018: \$1,147,000) and this was presented as a component within the shareholders' equity.

As of 31 December 2019, there are 1,570,000 (2018: 2,002,600) treasury shares held by the Company.

The Company reissued 432,600 (2018: 205,400) treasury shares pursuant to Share-based Incentive Plan at a weighted average exercise price of \$0.570 (2018: \$0.587) per share.

(b) *Share-based payment reserve*

The share-based payment reserve represents the equity-settled share grants granted to employees (Note 42). The reserve is made up of (i) the issue of free shares to employees in 2006 and (ii) the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share grants, less value of share grants issued to employees and value of share grants that are expired.

(c) *Legal reserve*

The legal reserve is set up in accordance with the Public Limited Companies Act B.E. 2535 under Section 116 in Thailand.

The Group is required to set aside a statutory reserve of at least 5% of its net profit until the reserve reaches 10% of its registered share capital for its listed subsidiary in Thailand.

41. Treasury shares and reserves (cont'd)

(d) *Property revaluation reserve*

The property revaluation reserve is used to record increases in the fair value of revalued properties, net of deferred tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

(e) *Currency translation reserve*

The currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency and exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiaries.

(f) *Other reserves*

Other reserves include the following:

(i) *Merger deficit*

The merger deficit comprises the difference between the consideration paid, in the form of the acquiring Company's shares and nominal value of the issued share capital of subsidiaries acquired.

(ii) *Capital reserve*

The capital reserve comprises a waiver of debt by the joint venture on amounts due by the Company and accounting of assets in subsidiaries at their fair values as at the acquisition date and cannot be used for dividend payments.

(iii) *Fair value adjustment reserve*

The fair value adjustment reserve records the cumulative fair value changes, net of tax, of equity instruments until they are derecognised.

(iv) *Premium paid on acquisition of non-controlling interests*

Premium paid on acquisition of non-controlling interests represents the effects of changes in interest in subsidiaries when there is no change in control.

(v) *Loss on reissuance of treasury shares*

This represents the loss arising from the purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

41. Treasury shares and reserves (cont'd)

(f) *Other reserves (cont'd)*

A breakdown of the Group's and Company's other reserves is as follows:

Group	Merger deficit	Capital reserve	Fair value adjustment reserve	Premium paid on acquisition of non-controlling interests	Loss on reissuance of treasury shares	Total other reserves
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2019	(18,038)	7,852	(4,676)	44,452	(3,188)	26,402
Other comprehensive income for the financial year	—	—	(5,301)	—	—	(5,301)
Total comprehensive income for the financial year	—	—	(5,301)	—	—	(5,301)
<u>Contributions by and distributions to owners</u>						
Treasury shares reissued pursuant to Share-based Incentive Plan	—	—	—	—	(1)	(1)
Total transactions with owners in their capacity as owners	—	—	—	—	(1)	(1)
At 31 December 2019	(18,038)	7,852	(9,977)	44,452	(3,189)	21,100

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

41. Treasury shares and reserves (cont'd)

(f) *Other reserves (cont'd)*

Group	Merger deficit \$'000	Capital reserve \$'000	Fair value adjust- ment reserve \$'000	Premium paid on acquisition of non- controlling interests \$'000	Loss on reissuance of treasury shares \$'000	Total other reserves \$'000
At 1 January 2018, as previously reported	(18,038)	7,852	242	(6,296)	(3,169)	(19,409)
Effect of adopting SFRS(I)	–	–	(2,849)	–	–	(2,849)
At 1 January 2018, as restated	(18,038)	7,852	(2,607)	(6,296)	(3,169)	(22,258)
Other comprehensive income for the financial year	–	–	(2,069)	–	–	(2,069)
Total comprehensive income for the financial year	–	–	(2,069)	–	–	(2,069)
<u>Contributions by and distributions to owners</u>						
Treasury shares reissued pursuant to Share-based Incentive Plan	–	–	–	–	(19)	(19)
Total contributions by and distributions to owners	–	–	–	–	(19)	(19)
<u>Changes in ownership interests in subsidiary</u>						
Acquisition of non- controlling interests without a change in control	–	–	–	48,002	–	48,002
Decrease in non- controlling interests without a change in control	–	–	–	2,746	–	2,746
Total changes in ownership interests in subsidiary	–	–	–	50,748	–	50,748
Total transactions with owners in their capacity as owners	–	–	–	50,748	(19)	50,729
At 31 December 2018	(18,038)	7,852	(4,676)	44,452	(3,188)	26,402

Banyan Tree Holdings Limited and its subsidiaries

**Notes to the financial statements
For the financial year ended 31 December 2019**

41. Treasury shares and reserves (cont'd)

(f) *Other reserves (cont'd)*

Company	Capital reserve \$'000	Loss on reissuance of treasury shares \$'000	Total other reserves \$'000
At 1 January 2019	7,852	(3,188)	4,664
<u>Contributions by and distributions to owners</u>			
Treasury shares reissued pursuant to Share-based Incentive Plan	–	(1)	(1)
Total transactions with owners in their capacity as owners	–	(1)	(1)
At 31 December 2019	7,852	(3,189)	4,663
At 1 January 2018	7,852	(3,169)	4,683
<u>Contributions by and distributions to owners</u>			
Treasury shares reissued pursuant to Share-based Incentive Plan	–	(19)	(19)
Total transactions with owners in their capacity as owners	–	(19)	(19)
At 31 December 2018	7,852	(3,188)	4,664

42. Equity compensation benefits

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

On 28 April 2006, the shareholders of the Company approved the adoption of two share-based incentive schemes for its directors and employees, the Banyan Tree Share Option Scheme (the "Share Option Scheme") and a performance share plan known as the Banyan Tree Performance Share Plan (the "Plan") (collectively the "Schemes"). The Schemes have expired on 27 April 2016 and the Company adopted the Banyan Tree Share Award Scheme 2016 (the "Share Award Scheme") at the annual general meeting of the Company on 28 April 2016 to replace the Plan. Under the Share Option Scheme (prior to expiry), eligible participants may be granted options to acquire shares in the Company whereas under the Plan (prior to expiry) and the Share Award Scheme, the Company's shares may be issued to eligible participants. The Schemes and the Share Award Scheme provide eligible participants with an opportunity to participate in the equity of the Company and motivate them towards better performance. The Schemes and the Share Award Scheme form an integral and important component of the compensation plan. Ho KwonPing, the Executive Chairman and controlling shareholder*, was/is not entitled to participate in the Schemes and the Share Award Scheme.

At the date of this report, the Share Award Scheme is the only share incentive scheme in force in the Company. This is administered by the Nominating and Remuneration Committee ("NRC") which comprises three Independent Directors, Chia Chee Ming Timothy, as Chairman and Chan Heng Wing and Lim Tse Ghow Olivier as member.

The total number of shares which may be issued and/or transferred pursuant to awards granted under the Share Award Scheme, when added to the total number of shares issued and issuable and/or existing shares transferred and transferable in respect of all awards granted under the Share Award Scheme and all shares, options or awards granted under any share scheme of the Company then in force, shall not exceed 5% of the total number of issued shares (excluding treasury shares) on the day preceding the relevant date of the award.

The Company has not issued any option to any eligible participant pursuant to the Share Option Scheme (expired).

The Plan comprises the Performance Share Plan ("PSP") and the Restricted Share Plan ("RSP"). The Plan and Share Award Scheme participants who have attained from grade of level 5 and from grade of Vice President respectively are eligible to participate. PSP is targeted at a participant who is a key member of Senior Management with the ability to drive the growth of the Company through innovation, creativity and superior performance whereas RSP is intended to enhance the Group's overall compensation packages and strengthen the Group's ability to attract and retain high performing talent. The selection of a participant and the number of shares which are subject of each award to be granted to a participant in accordance with the Plan and Share Award Scheme shall be determined at the absolute discretion of the NRC, which shall take into account criteria such as rank, job performance, level of responsibility and potential for future development and his contribution to the success and development of the Group. A participant may be granted an award under the PSP and RSP although differing performance targets are likely to be set for each award.

42. Equity compensation benefits (cont'd)

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

Awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof free of charge, upon the participant achieving prescribed performance target(s) and/or time-based service conditions. Awards are released once the NRC is satisfied that the prescribed performance target(s) and/or time-based service conditions have been achieved.

The Company has not issued any award under the Plan and Share Award Scheme to any of its controlling shareholders. Since the commencement of the Plan and Share Award Scheme, no participant has been awarded 5% or more of the total shares available.

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

The details of the Plan and Share Award Scheme existed as at 31 December 2019 are set out as follows:

	PSP	RSP
Plan and Share Award Scheme Description	Award of fully-paid ordinary shares of the Company or their cash equivalent, conditional on performance targets set at the start of a three-year performance period.	Award of fully-paid ordinary shares of the Company or their cash equivalent, conditional on the Group's performance over a one-year performance period.
Date of Grant:		
FY 2019 Grant	1 April 2019	1 April 2019
FY 2018 Grant	2 April 2018	2 April 2018
FY 2017 Grant	3 April 2017	3 April 2017
FY 2016 Grant	1 April 2016	1 April 2016
Performance Period:		
FY 2019 Grant	1 January 2019 to 31 December 2021	1 January 2019 to 31 December 2019
FY 2018 Grant	1 January 2018 to 31 December 2020	1 January 2018 to 31 December 2018
FY 2017 Grant	1 January 2017 to 31 December 2019	1 January 2017 to 31 December 2017
FY 2016 Grant	1 January 2016 to 31 December 2018	1 January 2016 to 31 December 2016

42. Equity compensation benefits (cont'd)

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

The details of the Plan and Share Award Scheme existed as at 31 December 2019 are set out as follows: (cont'd)

	PSP	RSP
Performance Conditions:		
FY 2019 Grant ¹ , FY 2018 Grant ¹ , FY 2017 Grant ¹ and FY 2016 Grant	• Absolute Total Shareholder Return ("TSR") as multiple of Cost of Equity ("COE") • Relative TSR against FTSE ST Mid Cap Index • Relative TSR against selected hospitality listed peers	• Return on Invested Capital ("ROIC") • EBITDA[#]
Vesting Period:		
FY 2019 Grant, FY 2018 Grant, FY 2017 Grant and FY 2016 Grant	Vesting based on achieving stated performance conditions over a three-year performance period.	Based on achieving stated performance conditions over a one-year performance period, 33 1/3% of award will vest. Balance will vest over the subsequent two years with fulfilment of service requirements.
Payout:	0% to 200% depending on the achievement of pre-set performance targets over the performance period.	0% to 150% depending on the achievement of pre-set performance targets over the performance period.

EBITDA denotes Earnings before Interest, Taxes, Depreciation and Amortisation.

¹ Relative TSR against index is not part of performance conditions.

42. Equity compensation benefits (cont'd)

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

A prospective Monte Carlo simulation model involving projection of future outcomes using statistical distributions of random variables including share price and volatility of returns was used to value the conditional share awards. The simulation model was based on the following key assumptions for FY 2019 Grant:

	PSP	RSP
Historical Volatility		
Banyan Tree Holdings Limited ("BTH")	26.84%	26.84%
Benchmark Index ¹	30.01%	Not applicable
Risk-free interest rates		
Singapore Sovereign	1.90%	1.90% - 1.93%
Term	36 months	12 to 36 months
BTH expected dividend yield	1.83%	1.83%
Share price at grant date	\$0.575	\$0.575

For non-market conditions, achievement factors have been estimated based on feedback from the NRC for the purpose of accrual for the RSP until the achievement of the targets can be reasonably ascertained.

¹ Comprises of selected hospitality peer companies.

Banyan Tree Holdings Limited and its subsidiaries

**Notes to the financial statements
For the financial year ended 31 December 2019**

42. Equity compensation benefits (cont'd)

The details of shares awarded, cancelled and released during the financial year pursuant to the Plan and Share Award Scheme are as follows:

PSP

Grant date	Balance as at 1 January 2019 ¹	Shares granted during financial year ¹	Shares cancelled during financial year ²	Shares released during financial year	Balance as at 31 December 2019 ¹	Estimated fair value at grant date
1 April 2016						
Other Participants	225,000	–	(171,000)	(54,000)	–	\$0.463
3 April 2017						
Other Participants	285,000	–	(60,000)	–	225,000	\$0.386
2 April 2018						
Other Participants	360,000	–	(60,000)	–	300,000	\$0.555
1 April 2019						
Other Participants	–	393,300	(33,300)	–	360,000	\$0.445
Total	870,000	393,300	(324,300)	(54,000)	885,000	

¹ The number of shares comprised in awards granted by the Company under the Banyan Tree Performance Share Plan and Banyan Tree Share Award Scheme 2016, subject to performance conditions being met. It also represents the number of shares required if participants are to be awarded at 100% of the grant, however, the shares to be awarded at the vesting date may range from 0% to 200% depending on the level of achievement of pre-set performance conditions over the performance period.

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

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

42. Equity compensation benefits (cont'd)

RSP

Grant date	Balance as at 1 January 2019¹	Shares granted during financial year¹	Shares cancelled during financial year²	Shares released during financial year	Balance as at 31 December 2019¹	Estimated fair value at grant date
1 April 2016						
Other Participants	31,400	–	(200)	(31,200)	–	\$0.530
3 April 2017						
Other Participants	528,700	–	(43,700)	(262,400)	222,600	\$0.480
2 April 2018						
Other Participants	581,250	128,350	(69,100)	(234,900)	405,600	\$0.570
1 April 2019						
Other Participants	–	637,050	(55,800)	–	581,250	\$0.550
Total	1,141,350	765,400	(168,800)	(528,500)	1,209,450	

¹ The number of shares comprised in awards granted by the Company under the Banyan Tree Performance Share Plan and Banyan Tree Share Award Scheme 2016, subject to performance conditions being met. It also represents the number of shares required if participants are to be awarded at 100% of the grant, however, the shares to be awarded at the vesting date may range from 0% to 150% depending on the level of achievement of pre-set performance conditions over the performance period.

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

The number of contingent shares granted but not released as at 31 December 2019 were 885,000 and 1,209,450 (2018: 870,000 and 1,141,350) for PSP and RSP respectively. Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 1,770,000 and 1,500,075 (2018: 1,740,000 and 1,431,975) for PSP and RSP respectively.

42. Equity compensation benefits (cont'd)

Founder's Grant

On 2 May 2006, the independent shareholders of the Company approved the incentive for the Executive Chairman, Ho KwonPing, which has been included in his employment agreement. Pursuant to the incentive, Mr Ho shall be entitled to, for each financial year for a period of ten years beginning from the financial year ended 31 December 2010, an amount equivalent to 5% of the profit before tax of the Group, such amount to be payable in cash or in shares at the sole discretion of the Company (the "Founder's Grant"). The Founder's Grant aims to secure the continuing commitment of Mr Ho to the Group and to reward him for founding, leading and building up the Group. The Group reported a profit before tax and before provision of the expense for Founder's Grant of \$14,689,846 (2018: profit before tax and before provision of the expense for Founder's Grant of \$26,283,310) for the financial year ended 31 December 2019. Accordingly, the amount payable pursuant to the Founder's Grant is \$734,492 (2018 Founder's Grant paid: \$1,314,166).

43. Commitments and contingencies

(a) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2019	2018
	\$'000	\$'000
Capital commitments in respect of property, plant and equipment	70,028	44,794

(b) Operating lease commitments

Future minimum lease payments payable under non-cancellable operating leases as at the end of the reporting period are as follows:

	Group
	2018
	\$'000
Payable:	
Within 1 year	3,592
Between 2 to 5 years	10,970
After 5 years	59,101
	70,071
	73,663

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2019

43. Commitments and contingencies (cont'd)

(b) Operating lease commitments (cont'd)

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2018 amounted to \$3,429,000.

Certain subsidiaries entered into agreements with villa owners whereby these villa owners will lease the villas back to the subsidiaries' hotels for operation. In consideration for such arrangement, the subsidiaries are committed to pay fees contingent upon revenue earned in accordance with the terms specified in the agreements.

Minimum contingent rent expenses recognised as an expense in profit or loss for the financial year ended 31 December 2018 amounted to \$2,354,000.

(c) Contingent liabilities

Guarantees

As at the end of the reporting period, the Company had issued the following outstanding guarantees:

	Company	
	2019	2018
	\$'000	\$'000
Guarantees issued for banking facilities to subsidiaries	81,103	105,351

At the end of the reporting period, the Company has provided financial support amounting to \$87,329,000 (31 December 2018: \$82,397,000) to its subsidiaries in net current liabilities or net liabilities position to enable these companies to continue their operations and meet their liabilities as and when they fall due.

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

44. Related party transactions

Other than that disclosed in the financial statements, the Group had the following significant related party transactions on terms agreed during the financial year:

	Group	
	2019	2018
	\$'000	\$'000
(a) Joint ventures:		
- Interest income	–	110
- Others	–	9
(b) Associates:		
- Management and service fee income	1,231	1,207
- Reservation fee income	234	190
- Architectural income	436	574
- Spa gallery income	755	753
- Royalty income	315	379
- China Licensing fee	3,487	3,329
- Others	35	66
- Interest income	–	252
- Interest expense	–	(6)
(c) Related parties		
- Management and service fee income	1,143	948
- Rental income	2,535	2,578
- Reservation fee income	203	206
- Architectural income	284	298
- Spa gallery income	1	3
- Royalty income	625	611
- Others	28	–
(d) Compensation of key management personnel		
- Salaries and employee benefits	4,456	4,260
- Central Provident Fund contributions	125	124
- Share-based payment expenses	78	47
- Other short-term benefits ¹	1,479	2,093
Total compensation paid to key management personnel	6,138	6,524
<i>Comprise amounts paid to:</i>		
• Directors of the Company	2,827	3,417
• Other key management personnel	3,311	3,107
	6,138	6,524

¹ Other short-term benefits include amount payable to Ho KwonPing under the Founder's Grant of \$734,492 (2018: \$1,314,166).

45. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Board reviews and agrees policies and procedures for the management of these risks, which are executed by the President and Group Managing Director. The Audit and Risk Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from long-term receivables, trade receivables, contract assets, amounts due from associates and amounts due from related parties. For other financial assets (including cash and short-term deposits), the Group and the Company minimise credit risk by dealing with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has generally determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

45. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

The Group considers "low risk" to be financial asset with an investment grade credit rating. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increases in credit risk on other financial instruments of the same borrower
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrower in the group and changes in the operating results of the borrower.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 90 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

(i) Debt securities at amortised cost, debt securities at fair value through other comprehensive income and loans at amortised cost

The Group uses three categories of internal credit risk ratings for debt instruments and loans which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are determined through incorporating both qualitative and quantitative information that builds on information from external credit rating companies, supplemented with information specific to the counterparty and other external information that could affect the counterparty's behaviour.

45. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

(i) Debt securities at amortised cost, debt securities at fair value through other comprehensive income and loans at amortised cost (cont'd)

The Group computes expected credit loss for this group of financial assets using the probability of default approach. In calculating the expected credit loss rates, the Group considers implied probability of default from external rating agencies where available and historical loss rates for each category of counterparty, and adjusts for forward looking macroeconomic data.

A summary of the Group's internal grading category in the computation of the Group's expected credit loss model for the debt instruments and loans is as follows:

Category	Definition of category	Basis for recognition of expected credit loss provision	Basis for calculating interest revenue
Grade I	Customer has a low risk of default and capacity to meet contractual cash flows.	12-month expected credit losses	Gross carrying amount
Grade II	Customer debts for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if debts repayments are 30 days past due and/or there is an indication that the customers are in financial difficulty.	Lifetime expected credit losses	Gross carrying amount
Grade III	Existence of objective evidences that the customers are in financial difficulty and/or debts amount are in dispute and/or past 360 days past due.	Lifetime expected credit losses	Amortised cost of carrying amount (net of credit allowance)

There are no significant changes to estimation techniques or assumptions made during the reporting period.

45. Financial risk management objectives and policies (cont'd)

(a) *Credit risk (cont'd)*

(ii) Financial assets at amortised cost

The loss allowance provision for financial assets at amortised cost as follows:

	Group Financial assets at amortised cost	
	2019 \$'000	2018 \$'000
As at 1 January	4,124	7,002
Loss allowance measured at:		
12-month ECL	161	(79)
Lifetime ECL		
- Trade amounts	3,783	(2,799)
Write-offs	(1,148)	-
Exchange difference	(94)	-
As at 31 December	6,826	4,124

The gross carrying amount of financial assets at amortised cost is as follows:

Group	2019 \$'000	2018 \$'000
12-month ECL Financial assets at amortised cost	70,019	87,991
Lifetime ECL Financial assets at amortised cost	124,173	90,907
Total	194,192	178,898

The gross carrying amount of trade receivables, long-term receivables, long-term amount due from associates, amount due from related parties, contract assets, amount due from associates and other receivables of the Group are disclosed in Notes 27, 22, 19, 31, 3, 30, 23 and 28.

The gross carrying amount of loans of the Company as at 31 December 2019, without taking into account of any collaterals held or other credit enhancements which represents the maximum exposure to loss, is \$428,123,000 (2018:\$244,219,000).

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

45. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

(iii) Long-term receivables, trade receivables, contract assets, amounts due from associates and amounts due from related parties

The Group provides for lifetime expected credit losses for all trade-related balances including long-term receivables, trade receivables, contract assets, amounts due from associates and amounts due from related parties using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on similar loss pattern and geographical region. The loss allowance provision as at 31 December 2019 and 31 December 2018 is determined as follows, the expected credit losses below also incorporate forward looking information based on specific economic data.

Summarised below is the information about the credit risk exposure on the Group's trade-related balances using provision matrix, grouped by geographical region:

South East Asia:

31 December 2019	Contract assets	Current	91 – 120 days	121 – 180 days	181 – 365 days	> 365 days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross carrying amount	2,638	42,567	474	8,038	2,157	15,188	71,061
Loss allowance provision	–	–	–	4	–	3	7

31 December 2018	Contract assets	Current	91 – 120 days	121 – 180 days	181 – 365 days	> 365 days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross carrying amount	1,752	42,808	202	5,909	2,827	1,642	55,140
Loss allowance provision	–	548	–	14	2	2	566

North East Asia:

31 December 2019	Contract assets	Current	91 – 120 days	121 – 180 days	181 – 365 days	> 365 days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross carrying amount	–	30,470	411	478	2,153	774	34,286
Loss allowance provision	–	3,631	68	37	184	733	4,653

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

45. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

(iii) Long-term receivables, trade receivables, contract assets, amounts due from associates and amounts due from related parties (cont'd)

North East Asia:

31 December 2018	Contract assets \$'000	Current \$'000	91 – 120 days \$'000	121 – 180 days \$'000	181 – 365 days \$'000	> 365 days \$'000	Total \$'000
Gross carrying amount	–	13,380	1,011	1,122	3,069	1,575	20,157
Loss allowance provision	–	14	28	30	286	1,079	1,437

Other geographical areas:

31 December 2019	Contract assets \$'000	Current \$'000	91 – 120 days \$'000	121 – 180 days \$'000	181 – 365 days \$'000	> 365 days \$'000	Total \$'000
Gross carrying amount	–	15,793	618	829	684	901	18,825
Loss allowance provision	–	574	144	176	456	323	1,673

31 December 2018	Contract assets \$'000	Current \$'000	91 – 120 days \$'000	121 – 180 days \$'000	181 – 365 days \$'000	> 365 days \$'000	Total \$'000
Gross carrying amount	–	11,818	327	715	1,408	1,342	15,610
Loss allowance provision	–	511	67	121	769	618	2,086

Banyan Tree Holdings Limited and its subsidiaries

**Notes to the financial statements
For the financial year ended 31 December 2019**

45. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

(iii) Long-term receivables, trade receivables, contract assets, amounts due from associates and amounts due from related parties (cont'd)

Information regarding loss allowance movements for trade-related balances are detailed in the corresponding notes below.

Grand Total:

31 December 2019	Contract assets \$'000	Current \$'000	91 – 120 days \$'000	121 – 180 days \$'000	181 – 365 days \$'000	> 365 days \$'000	Total \$'000
Gross carrying amount	2,638	88,830	1,503	9,345	4,994	16,863	124,173
Loss allowance provision	–	4,205	212	217	640	1,059	6,333
31 December 2018	Contract assets \$'000	Current \$'000	91 – 120 days \$'000	121 – 180 days \$'000	181 – 365 days \$'000	> 365 days \$'000	Total \$'000
Gross carrying amount	1,752	68,006	1,540	7,746	7,304	4,559	90,907
Loss allowance provision	–	1,073	95	165	1,057	1,699	4,089

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the balance sheets; and
- a nominal amount of \$81,103,000 (2018: \$105,351,000) relating to corporate guarantees provided by the Company for the bank loans taken by its subsidiaries.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. The Group does not apply hedge accounting.

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2019

45. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the business segment and geographical profile of its trade receivables, amounts due from associates and related parties on an ongoing basis excluding other receivables of \$21,846,000 (2018: \$20,358,000) and contract assets of \$2,638,000 (2018: \$1,752,000). The credit risk concentration profile of the Group's trade receivables, amounts due from associates, joint ventures and related parties at the end of the reporting period is as follows:

		2019		2018	
	Note	\$'000	% of total	\$'000	% of total
Group					
By geographical regions:					
South East Asia		59,965	36	57,695	38
Indian Oceania		892	1	998	1
Middle East		1,144	1	2,666	2
North East Asia		87,766	54	78,988	51
Rest of the world		13,115	8	12,258	8
		<u>162,882</u>	<u>100</u>	<u>152,605</u>	<u>100</u>
By industry sectors:					
Hotel Investments		25,544	16	22,030	15
Property Sales		23,070	14	20,134	13
Fee-based Segment		98,084	60	86,936	57
Head Office		16,184	10	23,505	15
		<u>162,882</u>	<u>100</u>	<u>152,605</u>	<u>100</u>
Trade receivables					
Non-current	22	50,288		43,130	
Current	27	40,305		38,057	
		<u>90,593</u>		<u>81,187</u>	

45. Financial risk management objectives and policies (cont'd)

(a) **Credit risk (cont'd)**

Credit risk concentration profile (cont'd)

	Note	2019 \$'000	2018 \$'000
Amounts due from associates			
Current	30	4,631	3,070
Non-current	19	41,002	42,072
		<u>45,633</u>	<u>45,142</u>
Amounts due from related parties			
Current	31	<u>26,656</u>	<u>26,276</u>

Financial assets that are neither past due nor impaired

Trade and other receivables and amounts due from associates and related parties that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and short-term deposits, and long-term investments that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 27.

(b) **Liquidity risk**

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group maintains sufficient cash and short-term deposits, and internally generated cash flows to finance their activities. Management finances the Group's liquidity through internally generated cash flows and refinancing and minimises liquidity risk by keeping committed stand-by credit facilities available.

At the end of the reporting period, approximately 49.7% (2018: 39.4%) of the Group's notes payable, interest-bearing loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements. 78.1% (2018: 50.0%) of the Company's notes payable, interest-bearing loans and borrowings will mature in less than one year at the end of the reporting period.

The following table summarises the maturity profiles of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted payments except for financial liabilities where the timing of repayment cannot be reliably estimated as disclosed in the respective notes above.

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

45. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

	Note	2019 Effective rate %	1 year \$'000	2 to 5 years \$'000	After 5 years \$'000	Total \$'000
Group						
2019						
Financial assets						
Long-term receivables	22	5.33	—	9,294	—	9,294
Trade receivables	22/27	—	36,294	35,994	562	72,850
Trade receivables	22/27	6.00	1,689	6,083	139	7,911
Trade receivables	27	5.33	2,879	—	—	2,879
Other receivables	23/28	—	16,247	—	5,599	21,846
Amounts due from associates	30	—	4,631	—	—	4,631
Amounts due from associates	19	5.33	3,033	27,572	27,338	57,943
Amounts due from related parties	31	—	26,656	—	—	26,656
Cash and short-term deposits	32	—	130,802	—	—	130,802
Total undiscounted financial assets			222,231	78,943	33,638	334,812
Financial liabilities						
Trade payables		—	(31,120)	—	—	(31,120)
Other payables	36	—	(120,401)	—	—	(120,401)
Other payables		—	—	—	(2,810)	(2,810)
Lease liabilities	37	5.00 – 7.00	(4,032)	(13,753)	(55,941)	(73,726)
Amounts due to associates	30	—	(17,899)	—	—	(17,899)
Amounts due to related parties	31	—	(2,657)	—	—	(2,657)
Loans and borrowings						
- S\$ floating rate loan	34	COF + 1.75	(18,748)	—	—	(18,748)
- S\$ floating rate loan	34	COF + 2.00	(32,392)	(12,454)	(6,116)	(50,962)
- S\$ floating rate loan	34	SIBOR + 2.00	(10,406)	—	—	(10,406)
- S\$ floating rate loan	34	SIBOR + 2.30	(5,205)	—	—	(5,205)
- S\$ floating rate loan	34	SIBOR + 2.50	(10,443)	—	—	(10,443)
- S\$ floating rate loan	34	SIBOR + 3.25	(6,896)	(13,020)	—	(19,916)
- S\$ floating rate loan	34	SIBOR + 3.30	(3,157)	—	—	(3,157)
- S\$ floating rate loan	34	SOR + 2.25	(4,122)	(29,020)	—	(33,142)
- S\$ floating rate loan	34	SOR + 2.50	(1,194)	(31,195)	—	(32,389)
- US\$ floating rate loan	34	6.45	(3,372)	(19,990)	—	(23,362)
	34	MLR - 0.75 to MLR - 1.50	(50,834)	(124,297)	(98,558)	(273,689)
- BHT floating rate loan	34	3.80	(51,241)	—	—	(51,241)
- BHT floating rate loan	34	6.37	(957)	—	—	(957)
Notes payable	35	4.85	(102,021)	—	—	(102,021)
Total undiscounted financial liabilities			(477,097)	(243,729)	(163,425)	(884,251)
Total net undiscounted financial liabilities			(254,866)	(164,786)	(129,787)	(549,439)

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

45. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

	Note	2018 Effective rate %	1 year \$'000	2 to 5 years \$'000	After 5 years \$'000	Total \$'000
Group						
2018						
Financial assets						
Long-term receivables	22	5.33	—	16,832	—	16,832
Trade receivables	22/27	—	33,223	21,209	830	55,262
Trade receivables	22/27	6.00	1,690	6,760	801	9,251
Trade receivables	27	5.33	3,777	—	—	3,777
Other receivables	23/28	—	18,983	—	1,375	20,358
Amounts due from associates	30	—	3,070	—	—	3,070
Amounts due from associates	19	5.33	—	15,442	45,535	60,977
Amounts due from related parties	31	—	26,276	—	—	26,276
Cash and short-term deposits	32	—	206,181	—	—	206,181
Total undiscounted financial assets			293,200	60,243	48,541	401,984
Financial liabilities						
Trade payables		—	(24,363)	—	—	(24,363)
Other payables	36	—	(126,720)	—	—	(126,720)
Other payables		—	—	—	(2,581)	(2,581)
Amounts due to associates	30	—	(17,882)	—	—	(17,882)
Amounts due to related parties	31	—	(2,352)	—	—	(2,352)
Loans and borrowings						
- S\$ floating rate loan	34	COF + 2.00 SIBOR + 2.00 to SIBOR +	(24,995)	(12,381)	(12,764)	(50,140)
- S\$ floating rate loan	34	3.25	(15,898)	(3,025)	—	(18,923)
- S\$ floating rate loan	34	SOR + 2.50	(1,331)	(32,663)	—	(33,994)
- US\$ floating rate loan	34	7.32	(7,277)	(31,403)	—	(38,680)
- BHT floating rate loan	34	MLR - 0.75 to MLR - 1.50	(36,844)	(153,296)	(22,093)	(212,233)
- BHT floating rate loan	34	3.63	(19,586)	—	—	(19,586)
Notes payable	35	4.85 to 4.88	(132,389)	(102,021)	—	(234,410)
Total undiscounted financial liabilities			(409,637)	(334,789)	(37,438)	(781,864)
Total net undiscounted financial (liabilities)/assets			(116,437)	(274,546)	11,103	(379,880)

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

45. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

	Note	2019 Effective rate %	1 year \$'000	2 to 5 years \$'000	After 5 years \$'000	Total \$'000
Company						
2019						
Financial assets						
Long-term receivables	22	5.33	–	15,898	–	15,898
Trade receivables	27	–	4,008	–	–	4,008
Other receivables	28	–	1,915	–	–	1,915
Amounts due from subsidiaries	17/29	3.95 to 7.00	31,532	129,117	–	160,649
Amounts due from subsidiaries	17/29	–	152,217	–	310,837	463,054
Amounts due from associates	30	–	19	–	–	19
Amounts due from associates	19	5.33	–	1,732	1,718	3,450
Cash and short-term deposits	32	–	88,124	–	–	88,124
Total undiscounted financial assets			277,815	146,747	312,555	737,117
Financial liabilities						
Other payables	36	–	(65,713)	–	–	(65,713)
Amounts due to subsidiaries	29	–	(20,522)	–	(136,073)	(156,595)
Amounts due to associates	30	–	(17,831)	–	–	(17,831)
Amounts due to related parties	31	–	(15)	–	–	(15)
Loans and borrowings						
- S\$ floating rate loan	34	COF + 1.75	(18,748)	–	–	(18,748)
- S\$ floating rate loan	34	COF + 2.00	(32,392)	(12,454)	(6,116)	(50,962)
- S\$ floating rate loan	34	SIBOR + 2.3	(5,205)	–	–	(5,205)
- S\$ floating rate loan	34	SIBOR + 2.5	(10,443)	–	–	(10,443)
- S\$ floating rate loan	34	SOR + 2.50	(1,194)	(31,195)	–	(32,389)
Notes payable	35	4.85	(102,021)	–	–	(102,021)
Total undiscounted financial liabilities			(274,084)	(43,649)	(142,189)	(459,922)
Total net undiscounted financial assets			3,731	103,098	170,366	277,195

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

45. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

	Note	2018 Effective rate %	1 year \$'000	2 to 5 years \$'000	After 5 years \$'000	Total \$'000
Company						
2018						
Financial assets						
Long-term receivables	22	5.33	—	15,898	—	15,898
Trade receivables	27	—	3,254	—	—	3,254
Other receivables	28	—	7,292	—	—	7,292
Amounts due from subsidiaries	17/29	5.38 to 7.00	32,488	128,002	—	160,490
Amounts due from subsidiaries	17/29	—	165,432	—	127,913	293,345
Amounts due from associates	30	—	22	—	—	22
Amounts due from associates	19	5.33	—	1,696	5,000	6,696
Cash and short-term deposits	32	—	162,087	—	—	162,087
Total undiscounted financial assets			370,575	145,596	132,913	649,084
Financial liabilities						
Other payables	36	—	(69,287)	—	—	(69,287)
Amounts due to subsidiaries	29	—	(68,576)	—	(180,866)	(249,442)
Amounts due to associates	30	—	(17,831)	—	—	(17,831)
Amounts due to related parties	31	—	(12)	—	—	(12)
Loans and borrowings						
- S\$ floating rate loan	34	COF + 2.00	(24,995)	(12,381)	(12,764)	(50,140)
- S\$ floating rate loan	34	SOR + 2.50	(1,331)	(32,663)	—	(33,994)
Notes payable	35	4.85 to 4.88	(132,389)	(102,021)	—	(234,410)
Total undiscounted financial liabilities			(314,421)	(147,065)	(193,630)	(655,116)
Total net undiscounted financial assets/(liabilities)			56,154	(1,469)	(60,717)	(6,032)

BHT: Thai Baht

SIBOR: Singapore inter-bank offered rate

MLR: Minimum lending rate

COF: Cost of fund of lending bank

SOR: Swap offered rate

45. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk (cont'd)*

The table below shows the maximum amount of financial guarantee contracts, allocated to the earliest period in which the guarantee could be called.

	1 year \$'000	2 to 5 years \$'000	After 5 years \$'000	Total \$'000
Company				
31 December 2019				
Financial guarantees	81,103	—	—	81,103
31 December 2018				
Financial guarantees	105,351	—	—	105,351

(c) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their interest-bearing financial liabilities.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts. At the end of the reporting period, approximately 18% (2018: 41%) of the Group's interest-bearing financial liabilities are at fixed rates of interest. The table in Note 45(b) summarises the interest-bearing financial liabilities of the Group and the Company.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 75 (2018: 75) basis points lower/higher with all other variables held constant, the Group's profit before taxation would have been \$3,447,000 (2018: \$2,408,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate interest-bearing financial liabilities.

45. Financial risk management objectives and policies (cont'd)

(d) *Foreign currency risk*

The Group has transactional currency exposures arising from sales that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD, United States Dollars ("USD"), Thai Baht ("Baht") and Chinese Renminbi ("RMB"). The foreign currencies in which these transactions are denominated are mainly USD. As at 31 December 2019, approximately 19% (2018: 23%) of the Group's receivables are denominated in foreign currencies.

In addition, the Group has a Currency Management Plan which aims to mitigate impact on the Group's revenue from unfavourable exchange rates movements. The plan requires all operating entities in the Group to list its major wholesalers and their respective currencies. All contracts should endeavour to be in the currency of the market source. Market source refers to the country of origin or domicile of the business. The contracts are then reviewed and managed on a quarterly basis to mitigate the exposure of the Group's operations to foreign currency fluctuation.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Thailand, PRC and Maldives. The Group's net investments in Thailand, PRC and Maldives are not hedged as currency positions in Thai Baht, Chinese Renminbi and United States Dollar are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before taxation to a reasonably possible change in the USD and RMB exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Group	
	Profit before taxation	
	2019	2018
	\$'000	\$'000
USD/Baht - strengthened 5% (2018: 5%)	21	98
- weakened 5% (2018: 5%)	(21)	(98)
USD/SGD - strengthened 5% (2018: 5%)	1,692	1,674
- weakened 5% (2018: 5%)	(1,692)	(1,674)
RMB/SGD - strengthened 5% (2018: 5%)	326	336
- weakened 5% (2018: 5%)	(326)	(336)

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements For the financial year ended 31 December 2019

46. Capital management

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2019 and 2018.

As disclosed in Note 41(c), subsidiaries of the Group are required to set aside Legal Reserves in accordance to the Public Limited Companies Act B.E. 2535 under Section 116 in Thailand. The imposed capital requirement has been complied with by the subsidiaries for the financial years ended 31 December 2019 and 2018.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group's policy is to keep the gearing ratio below 100%. The Group includes within net debt, interest-bearing loans and borrowings, notes payable less cash and short-term deposits. Total capital refers to the total equity of the Group.

	Group	
	2019	2018
	\$'000	\$'000
Interest-bearing loans and borrowings (Note 34)	459,626	321,116
Notes payable (Note 35)	99,926	224,616
Less: Cash and short-term deposits (Note 32)	(130,802)	(206,181)
Net debt	428,750	339,551
Total capital	747,413	719,755
Gearing ratio	57%	47%

47. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

		Group 2019			
		Fair value measurements at the end of the reporting period using			
	Note	Quoted prices in active markets for identical instruments (Level 1) \$'000	Significant observable inputs other than quoted prices (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000	Total \$'000
Assets measured at fair value					
Financial assets:					
<u>Equity securities at FVOCI</u>					
- Equity shares (quoted)	20	2	—	—	2
- Equity shares (unquoted)	20	—	—	28,546	28,546
Total equity securities at FVOCI		2	—	28,546	28,548
Financial assets as at 31 December 2019		2	—	28,546	28,548

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

47. Fair value of assets and liabilities (cont'd)

(b) *Assets and liabilities measured at fair value (cont'd)*

Group 2019				
Fair value measurements at the end of the reporting period using				
Note	Quoted prices in active markets for identical instruments (Level 1) \$'000	Significant observable inputs other than quoted prices (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000	Total \$'000
Assets measured at fair value (cont'd)				
Non-financial assets:				
<u>Investment properties</u>				
Freehold land				
- Thailand, Phuket	—	—	13,585	13,585
- Northern Thailand	—	—	9,122	9,122
Freehold buildings				
- Thailand, Phuket	—	—	782	782
- Thailand, Bangkok	—	—	40,015	40,015
Total investment properties	14	—	63,504	63,504
<u>Property, plant and equipment</u>				
Freehold land				
- Singapore	—	—	46,786	46,786
- Thailand, Phuket	—	—	299,320	299,320
- Thailand, Bangkok	—	—	44,257	44,257
- Morocco	—	—	4,615	4,615
- Sri Lanka	—	—	5,382	5,382
Freehold buildings				
- Singapore	—	—	4,654	4,654
- Thailand, Phuket	—	—	132,743	132,743
- Thailand, Bangkok	—	—	55,826	55,826
- Morocco	—	—	6,440	6,440
- Sri Lanka	—	—	304	304
Total property, plant and equipment	13	—	600,327	600,327
Non-financial assets as at 31 December 2019				
		—	663,831	663,831

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2019

47. Fair value of assets and liabilities (cont'd)

(b) Assets and liabilities measured at fair value (cont'd)

		Group 2018			
		Fair value measurements at the end of the reporting period using			
	Note	Quoted prices in active markets for identical instruments (Level 1) \$'000	Significant observable inputs other than quoted prices (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000	Total \$'000
Assets measured at fair value					
Financial assets:					
<u>Equity securities at FVOCI</u>					
- Equity shares (quoted)	20	2	—	—	2
- Equity shares (unquoted)	20	—	—	29,851	29,851
Total equity securities at FVOCI		2	—	29,851	29,853
Financial assets as at 31 December 2018		2	—	29,851	29,853

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

47. Fair value of assets and liabilities (cont'd)

(b) *Assets and liabilities measured at fair value (cont'd)*

		Group 2018			
		Fair value measurements at the end of the reporting period using			
Note		Quoted prices in active markets for identical instruments (Level 1) \$'000	Significant observable inputs other than quoted prices (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000	Total \$'000
Assets measured at fair value (cont'd)					
Non-financial assets:					
<u>Investment properties</u>					
Freehold land					
	- Thailand, Phuket	—	—	10,260	10,260
	- Northern Thailand	—	—	8,025	8,025
Freehold buildings					
	- Thailand, Phuket	—	—	1,006	1,006
	- Thailand, Bangkok	—	—	32,510	32,510
Total investment properties	14	—	—	51,801	51,801
<u>Property, plant and equipment</u>					
Freehold land					
	- Singapore	—	—	45,153	45,153
	- Thailand, Phuket	—	—	243,635	243,635
	- Thailand, Bangkok	—	—	41,307	41,307
	- Morocco	—	—	6,863	6,863
	- Sri Lanka	—	—	5,386	5,386
Freehold buildings					
	- Singapore	—	—	5,099	5,099
	- Thailand, Phuket	—	—	109,305	109,305
	- Thailand, Bangkok	—	—	51,281	51,281
	- Morocco	—	—	9,644	9,644
	- Sri Lanka	—	—	331	331
Total property, plant and equipment	13	—	—	518,004	518,004
Non-financial assets as at 31 December 2018		—	—	569,805	569,805

47. Fair value of assets and liabilities (cont'd)

(c) Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivatives

The valuation of derivatives are based on a variety of commonly used valuation methods and makes assumptions based on market conditions existing at each reporting date. The valuation models incorporate various market observable inputs including the risk free rate, volatility of quoted equity instruments and quoted price of equity instruments.

Banyan Tree Holdings Limited and its subsidiaries

**Notes to the financial statements
For the financial year ended 31 December 2019**

47. Fair value of assets and liabilities (cont'd)

(d) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value at 31 December 2019 \$'000	Valuation techniques	Unobservable inputs	Range (weighted average)
Recurring fair value measurements				
At FVOCI:				
La Punta Resorts S.A. De C.V.	1,720	Discounted cash flow	Growth rate Discount rate	5.0% 10.4%
Mayakoba Thai S.A. De C.V.	10,521	Discounted cash flow	Growth rate Discount rate	5.0% 10.4%
Investment properties:				
<u>Freehold land</u>				
Thailand, Phuket	13,585	Market value approach	Yield adjustments*	53.2%
Northern Thailand	9,122	Market value approach	Yield adjustments*	28.9% to 39.6%
<u>Freehold buildings</u>				
Thailand, Phuket	782	Replacement cost approach	Standard construction cost per Sq feet	Baht 1,000 to Baht 25,000 per Sq meter (Baht 19,666)
Thailand, Bangkok	40,015	Market value approach	Yield adjustments*	10.0%

47. Fair value of assets and liabilities (cont'd)

(d) **Level 3 fair value measurements (cont'd)**

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)*

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3): (cont'd)

Description	Fair value at 31 December 2019 \$'000	Valuation techniques	Unobservable inputs	Range (weighted average)
Recurring fair value measurements (cont'd)				
Property, plant and equipment:				
<u>Freehold land</u>				
Singapore	46,786	Market value approach	Yield adjustments*	6.0% to 30.0%
Thailand, Phuket	299,320	Market value approach	Yield adjustments*	10.0% to 82.3% (33.6%)
Thailand, Bangkok	44,257	Market value approach	Yield adjustments*	10.8%
Morocco	4,615	Market value approach	Yield adjustments*	5.90%
Sri Lanka	5,382	Market value approach	Yield adjustments*	Rs 550,000 perch to Rs 1,250,000 perch (Rs 908,000 perch)

Banyan Tree Holdings Limited and its subsidiaries

**Notes to the financial statements
For the financial year ended 31 December 2019**

47. Fair value of assets and liabilities (cont'd)

(d) Level 3 fair value measurements (cont'd)

(i) Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3): (cont'd)

Description	Fair value at 31 December 2019 \$'000	Valuation techniques	Unobservable inputs	Range (weighted average)
Recurring fair value measurements (cont'd)				
Property, plant and equipment: (cont'd)				
<u>Freehold buildings</u>				
Singapore	4,654	Market value approach	Yield adjustments*	6.0% to 30.0%
Thailand, Phuket	124,270	Replacement cost approach	Standard construction cost per Sq meter	Baht 600 to Baht 75,000 per Sq meter (Baht 12,666)
	8,473	Market value approach	Yield adjustments	0.48% to 6.59%
Thailand, Bangkok	55,826	Replacement cost approach	Standard construction cost per Sq meter	Baht 1,000 to Baht 47,000 per Sq meter (Baht 23,346)
Morocco	6,440	Market value approach	Yield adjustments*	5.90%
Sri Lanka	304	Replacement cost approach	Standard construction cost per Sq feet	Rs 2,000 psf to Rs 6,000 psf (Rs 5,076 psf)

Unquoted equity instrument – Long-term investment in BTAC

The fair value of the unquoted equity shares in BTAC is determined by reference to the recent transaction price among unrelated willing buyer and seller. The key unobservable inputs include adjustments made to the most recent transaction price among unrelated willing buyer and seller.

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

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2019

47. Fair value of assets and liabilities (cont'd)

(d) Level 3 fair value measurements (cont'd)

(i) Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3): (cont'd)

Description	Fair value at 31 December 2018 \$'000	Valuation techniques	Unobservable inputs	Range (weighted average)
Recurring fair value measurements				
At FVOCI:				
La Punta Resorts S.A. De C.V.	4,254	Discounted cash flow	Growth rate Discount rate	5.0% 13.3%
Mayakoba Thai S.A. De C.V.	10,521	Discounted cash flow	Growth rate Discount rate	5.0% 13.3%
Investment properties:				
<u>Freehold land</u>				
Thailand, Phuket	10,260	Market value approach	Yield adjustments*	35.5%
Northern Thailand	8,025	Market value approach	Yield adjustments*	34.5% to 35.7%
<u>Freehold buildings</u>				
Thailand, Phuket	1,006	Discounted cash flow	Growth rate Discount rate 10 years operating cash flow	10.0% 9.0% Baht 16.4 million to Baht 22.4 million (Baht 19.2 million)
Thailand, Bangkok	32,510	Discounted cash flow	Growth rate Discount rate 10 years operating cash flow	3.0% to 10.0% 11.0% Baht 18.6 million to Baht 55.8 million (Baht 39.7 million)

47. Fair value of assets and liabilities (cont'd)

(d) *Level 3 fair value measurements (cont'd)*

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)*

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3): (cont'd)

Description	Fair value at 31 December 2018 \$'000	Valuation techniques	Unobservable inputs	Range (weighted average)
Recurring fair value measurements (cont'd)				
Property, plant and equipment:				
<u>Freehold land</u>				
Singapore	45,153	Market value approach	Yield adjustments*	15.0% to 24.0%
Thailand, Phuket	243,635	Market value approach	Yield adjustments*	2.8% to 87.1% (32.4%)
Thailand, Bangkok	41,307	Market value approach	Yield adjustments*	23.1%
Morocco	6,863	Market value approach	Yield adjustments*	11.0% to 12.0%
Sri Lanka	5,386	Market value approach	Yield adjustments*	Rs 550,000 perch to Rs 1,250,000 perch (Rs 908,000 perch)

47. Fair value of assets and liabilities (cont'd)

(d) **Level 3 fair value measurements (cont'd)**

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)*

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3): (cont'd)

Description	Fair value at 31 December 2018 \$'000	Valuation techniques	Unobservable inputs	Range (weighted average)
Recurring fair value measurements (cont'd)				
Property, plant and equipment: (cont'd)				
<u>Freehold buildings</u>				
Singapore	5,099	Market value approach	Yield adjustments*	15.0% to 24.0%
Thailand, Phuket	109,305	Fair value approach	Standard construction cost per Sq meter	Baht 600 to Baht 75,000 per Sq meter (Baht 11,448)
Thailand, Bangkok	51,281	Fair value approach	Standard construction cost per Sq meter	Baht 1,000 to Baht 47,000 per Sq meter (Baht 23,346)
Morocco	9,644	Market value approach	Yield adjustments*	11.0% to 12.0%
Sri Lanka	331	Replacement cost approach	Standard construction cost per Sq feet	Rs 2,000 psf to Rs 6,000 psf (Rs 5,076 psf)

Unquoted equity instrument – Long-term investment in BTAC

The fair value of the unquoted equity shares in BTAC is determined by reference to the recent transaction price among unrelated willing buyer and seller. The key unobservable inputs include adjustments made to the most recent transaction price among unrelated willing buyer and seller.

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

47. Fair value of assets and liabilities (cont'd)

(d) Level 3 fair value measurements (cont'd)

(i) Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)

Significant increases/(decreases) in net cash flow, standard construction cost and yield adjustments in isolation would result in a significantly higher/(lower) fair value measurement.

Significant increases/(decreases) in discount rate in isolation would result in a significantly lower/(higher) fair value measurement.

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

47. Fair value of assets and liabilities (cont'd)

(d) Level 3 fair value measurements (cont'd)

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

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

Fair value measurements using significant unobservable inputs (Level 3)																
Property, plant and equipment																
Investment properties																
Freehold land																
Freehold buildings																
Freehold buildings																
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Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2019

47. Fair value of assets and liabilities (cont'd)

(d) Level 3 fair value measurements (cont'd)

(ii) Movements in Level 3 assets and liabilities measured at fair value (cont'd)

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

Fair value measurements using significant unobservable inputs (Level 3)																				
	Property, plant and equipment										Investment properties				Financial assets at FVOCI					
	Freehold land					Freehold buildings					Freehold land		Freehold buildings		Equity shares (unquoted) \$'000	Total \$'000				
	Singapore \$'000	Morocco \$'000	Seychelles \$'000	Thailand, Bangkok \$'000	Sri Lanka \$'000	Singapore \$'000	Morocco \$'000	Seychelles \$'000	Thailand, Bangkok \$'000	Sri Lanka \$'000	Seychelles \$'000	Thailand, Bangkok \$'000	Thailand, Phuket \$'000	Northern Thailand \$'000			Thailand, Bangkok \$'000			
Group 2018																				
Opening balance	45,153	6,814	13,141	237,836	40,323	6,262					5,287	9,725	48,405	106,432	48,098	394				
Adoption of SFRS(I)																				
Total gains or losses for the period																				
- included in profit or loss																				
- included in other comprehensive income																				
Purchases, issues, sales and settlements																				
- Purchases																				
- Disposal of subsidiaries																				
- Transferred (to)/from property development costs																				
- Transferred from construction-in-progress																				
- Transferred from joint venture																				
Depreciation																				
Exchange differences																				
Closing balance	45,153	6,863	-	243,635	41,307	5,386	5,099	9,644	-	109,305	51,281	331	-	10,260	8,025	1,006	32,510	102,000	671,805	

Banyan Tree Holdings Limited and its subsidiaries

**Notes to the financial statements
For the financial year ended 31 December 2019**

47. Fair value of assets and liabilities (cont'd)

(d) Level 3 fair value measurements (cont'd)

(ii) Movements in Level 3 assets and liabilities measured at fair value (cont'd)

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

Group 2019	Fair value measurements using significant unobservable inputs (Level 3)										
	Property, plant and equipment			Freehold buildings			Investment land			Freehold properties	
	Singapore	Morocco	Thailand, Bangkok	Sri Lanka	Singapore	Morocco	Thailand, Bangkok	Phuket	Northern Thailand	Thailand, Bangkok	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total gains or losses for the period included in profit or loss:											
- Other income	-	-	-	-	-	-	-	-	503	(628)	3,736
Net gain/(loss) from fair value adjustment of investment properties	-	(2,127)	-	-	-	(3,193)	(491)	-	-	-	(5,811)
- Impairment loss	-	(2,127)	-	-	-	(3,193)	(491)	-	503	(628)	(2,075)
Other comprehensive income:											
- Net surplus/(deficit) on revaluation of land and buildings	1,440	-	43,592	53	(65)	-	(262)	1,351	-	-	46,094
	1,440	-	43,592	53	(65)	-	(262)	1,351	-	-	46,094

Notes to the financial statements
For the financial year ended 31 December 2019

(d) **Level 3 fair value measurements (cont'd)**

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

Total gains or losses for the period included in profit or loss:

- Other income

Net gain/(loss) from fair value adjustment of investment properties

47. Fair value of assets and liabilities (cont'd)

(d) Level 3 fair value measurements (cont'd)

(iii) Valuation policies and procedures

The President and Group Managing Director ("President"), who is assisted by Vice President, Corporate Finance (collectively referred to as the "President office"), oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, the President office reports to the Group's Audit and Risk Committee.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage professional independent valuers who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 fair value measurement guidance to perform the valuation.

For valuations performed by professional independent valuers, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, professional independent valuers are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, professional independent valuers are required to the extent practicable to use a minimum of two valuation approaches to allow for cross-checks.

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

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2019

47. Fair value of assets and liabilities (cont'd)

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

		Fair value measurements at the end of the reporting period using			
		Group		Company	
	Note	Quoted prices in active markets for identical assets (Level 1) \$'000	Carrying amount \$'000	Quoted prices in active markets for identical assets (Level 1) \$'000	Carrying amount \$'000
2019					
Assets					
Associates	19	16,618	34,163	—	—
2018					
Assets					
Subsidiaries	17	—	—	190,998	71,619
Associates	19	30,798	33,336	—	—

(f) *Assets and liabilities not carried at fair value and whose carrying amounts are reasonable approximation of fair values*

Management has determined that the carrying amounts of cash and short-term deposits, current trade and other receivables, current amounts due to and from subsidiaries, associates and related parties, and current trade and other payables, based on their notional amounts, reasonably approximate their fair values because these are short-term in nature or are repriced frequently.

Long-term receivables, notes payable and interest-bearing loans and borrowings carry interest which approximates market interest rate. Accordingly, their notional amounts approximate their fair values.

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

47. Fair value of assets and liabilities (cont'd)

(g) *Financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair values*

Fair value information has not been disclosed for the Group's financial instruments not carried at fair value and whose carrying amounts are not reasonable approximation of fair values, because the fair values cannot be measured reliably.

The loans due from subsidiaries, associates and third parties (classified within non-current assets) have no repayment terms and are repayable only when the cash flows of the borrowers permit. The non-current deposits classified within non-current assets have no terms of maturity. Accordingly, management is of the view that the fair values of these loans and deposits cannot be determined reliably as the timing of the future cash flows arising from the loans and deposits cannot be estimated reliably.

(h) *Classification of financial instruments*

Set out below is a comparison by category of carrying amounts of all the Group's and Company's financial instruments that are carried in the financial statements:

Group	Note	Financial assets at amortised cost \$'000	Financial assets at FVOCI \$'000	Non- financial assets \$'000	Total \$'000
Year ended					
31 December 2019					
Non-current assets					
Property, plant and equipment	13	—	—	699,126	699,126
Right-of-use assets	37	—	—	19,559	19,559
Investment properties	14	—	—	63,504	63,504
Intangible assets	15	—	—	35,239	35,239
Land use rights	16	—	—	2,559	2,559
Associates	19	41,002	—	120,234	161,236
Long-term investments	20	—	100,697	—	100,697
Deferred tax assets	38	—	—	23,369	23,369
Prepaid island rental	21	—	—	19,020	19,020
Prepayments		—	—	385	385
Long-term receivables	22	50,288	—	—	50,288
Other receivables	23	5,599	—	—	5,599
		96,889	100,697	982,995	1,180,581

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

47. Fair value of assets and liabilities (cont'd)

(h) Classification of financial instruments (cont'd)

Group	Note	Financial assets at amortised cost \$'000	Financial assets at FVOCI \$'000	Non- financial assets \$'000	Total \$'000
Year ended 31 December 2019					
Current assets					
Property development costs	24	—	—	318,187	318,187
Inventories	25	—	—	5,967	5,967
Prepayments and other non-financial assets	26	—	—	17,855	17,855
Trade receivables	27	40,305	—	—	40,305
Other receivables	28	16,247	—	—	16,247
Contract assets	3	2,638	—	—	2,638
Amounts due from associates	30	4,631	—	—	4,631
Amounts due from related parties	31	26,656	—	—	26,656
Cash and short-term deposits	32	130,802	—	—	130,802
		221,279	—	342,009	563,288
Total assets		318,168	100,697	1,325,004	1,743,869

Banyan Tree Holdings Limited and its subsidiaries

**Notes to the financial statements
For the financial year ended 31 December 2019**

47. Fair value of assets and liabilities (cont'd)

(h) Classification of financial instruments (cont'd)

Group	Note	Liabilities at amortised cost \$'000	Non- financial liabilities \$'000	Fair value through Profit or Loss \$'000	Total \$'000
Year ended 31 December 2019					
Current liabilities					
Tax payable		–	10,400	–	10,400
Other non-financial liabilities	33	–	15,593	–	15,593
Interest-bearing loans and borrowings	34	177,966	–	–	177,966
Notes payable	35	99,926	–	–	99,926
Trade payables		31,120	–	–	31,120
Other payables	36	120,401	–	–	120,401
Contract liabilities	3	–	55,034	–	55,034
Lease liabilities	37	1,428	–	–	1,428
Amounts due to associates	30	17,899	–	–	17,899
Amounts due to related parties	31	2,657	–	–	2,657
		451,397	81,027	–	532,424
Non-current liabilities					
Deferred tax liabilities	38	–	136,080	–	136,080
Defined and other long-term employee benefits	39	–	4,236	–	4,236
Deposits received		–	2,108	–	2,108
Other non-financial liabilities		–	3,696	–	3,696
Interest-bearing loans and borrowings	34	281,660	–	–	281,660
Other payables		2,810	–	–	2,810
Lease liabilities	37	33,442	–	–	33,442
		317,912	146,120	–	464,032
Total liabilities		769,309	227,147	–	996,456

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

47. Fair value of assets and liabilities (cont'd)

(h) Classification of financial instruments (cont'd)

Group	Note	Financial assets at amortised cost \$'000	Financial assets at FVOCI \$'000	Non- financial assets \$'000	Total \$'000
Year ended 31 December 2018					
Non-current assets					
Property, plant and equipment	13	—	—	599,435	599,435
Investment properties	14	—	—	51,801	51,801
Intangible assets	15	—	—	33,351	33,351
Land use rights	16	—	—	2,201	2,201
Associates	19	42,072	—	119,007	161,079
Long-term investments	20	—	102,002	—	102,002
Deferred tax assets	38	—	—	18,951	18,951
Prepaid island rental	21	—	—	20,029	20,029
Prepayments		—	—	292	292
Long-term receivables	22	43,130	—	—	43,130
Other receivables	23	1,375	—	—	1,375
		86,577	102,002	845,067	1,033,646

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

47. Fair value of assets and liabilities (cont'd)

(h) Classification of financial instruments (cont'd)

Group	Note	Financial assets at amortised cost \$'000	Financial assets at FVOCI \$'000	Non- financial assets \$'000	Total \$'000
Year ended 31 December 2018					
Current assets					
Property development costs	24	—	—	279,977	279,977
Inventories	25	—	—	6,229	6,229
Prepayments and other non-financial assets	26	—	—	19,630	19,630
Trade receivables	27	38,057	—	—	38,057
Other receivables	28	18,983	—	—	18,983
Contract assets	3	1,752	—	—	1,752
Amounts due from associates	30	3,070	—	—	3,070
Amounts due from related parties	31	26,276	—	—	26,276
Cash and short-term deposits	32	206,181	—	—	206,181
		294,319	—	305,836	600,155
Total assets		380,896	102,002	1,150,903	1,633,801

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

47. Fair value of assets and liabilities (cont'd)

(h) Classification of financial instruments (cont'd)

Group	Note	Liabilities at amortised cost \$'000	Non- financial liabilities \$'000	Fair value through Profit or Loss \$'000	Total \$'000
Year ended 31 December 2018					
Current liabilities					
Tax payable		—	11,700	—	11,700
Other non-financial liabilities	33	—	13,502	—	13,502
Interest-bearing loans and borrowings	34	90,486	—	—	90,486
Notes payable	35	124,690	—	—	124,690
Trade payables		24,363	—	—	24,363
Other payables	36	126,720	—	—	126,720
Contract liabilities	3	—	46,767	—	46,767
Amounts due to associates	30	17,882	—	—	17,882
Amounts due to related parties	31	2,352	—	—	2,352
		386,493	71,969	—	458,462
Non-current liabilities					
Deferred tax liabilities	38	—	113,445	—	113,445
Defined and other long-term employee benefits	39	—	3,336	—	3,336
Deposits received		—	2,068	—	2,068
Other non-financial liabilities		—	3,598	—	3,598
Interest-bearing loans and borrowings	34	230,630	—	—	230,630
Notes payable	35	99,926	—	—	99,926
Other payables		2,581	—	—	2,581
		333,137	122,447	—	455,584
Total liabilities		719,630	194,416	—	914,046

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2019

47. Fair value of assets and liabilities (cont'd)

(h) Classification of financial instruments (cont'd)

Company	Note	Financial assets at amortised cost \$'000	Non- financial assets \$'000	Total \$'000
Year ended 31 December 2019				
Non-current assets				
Intangible assets	15	–	3,414	3,414
Subsidiaries	17	406,076	223,991	630,067
Associates	19	2,619	869	3,488
Long-term receivables		12,553	–	12,553
		421,248	228,274	649,522
Current assets				
Prepayments and other non-financial assets	26	–	251	251
Trade receivables		4,008	–	4,008
Other receivables	28	1,915	–	1,915
Amounts due from subsidiaries	29	182,467	–	182,467
Amounts due from associates	30	19	–	19
Cash and short-term deposits	32	88,124	–	88,124
		276,533	251	276,784
Total assets		697,781	228,525	926,306

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

47. Fair value of assets and liabilities (cont'd)

(h) *Classification of financial instruments (cont'd)*

Company	Note	Liabilities at amortised cost \$'000	Non- financial liabilities \$'000	Total \$'000
Year ended 31 December 2019				
Current liabilities				
Other non-financial liabilities	33	—	732	732
Interest-bearing loans and borrowings	34	63,600	—	63,600
Notes payable	35	99,926	—	99,926
Other payables	36	65,713	—	65,713
Amounts due to subsidiaries	29	20,522	—	20,522
Amounts due to associates	30	17,831	—	17,831
Amounts due to related parties	31	15	—	15
		267,607	732	268,339
Non-current liabilities				
Interest-bearing loans and borrowings	34	46,033	—	46,033
Amounts due to subsidiaries		136,073	—	136,073
		182,106	—	182,106
Total liabilities		449,713	732	450,445

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

47. Fair value of assets and liabilities (cont'd)

(h) **Classification of financial instruments (cont'd)**

Company	Note	Financial assets at amortised cost \$'000	Non- financial assets \$'000	Total \$'000
Year ended 31 December 2018				
Non-current assets				
Intangible assets	15	–	2,828	2,828
Subsidiaries	17	222,190	337,283	559,473
Associates	19	5,268	869	6,137
Long-term receivables		12,553	–	12,553
		240,011	340,980	580,991
Current assets				
Prepayments and other non-financial assets	26	–	291	291
Trade receivables		3,254	–	3,254
Other receivables	28	7,292	–	7,292
Amounts due from subsidiaries	29	196,282	–	196,282
Amounts due from associates	30	22	–	22
Cash and short-term deposits	32	162,087	–	162,087
		368,937	291	369,228
Total assets		608,948	341,271	950,219

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2019

47. Fair value of assets and liabilities (cont'd)

(h) Classification of financial instruments (cont'd)

Company	Note	Liabilities at amortised cost \$'000	Non- financial liabilities \$'000	Total \$'000
Year ended 31 December 2018				
Current liabilities				
Tax payable		–	73	73
Other non-financial liabilities	33	–	879	879
Interest-bearing loans and borrowings	34	23,600	–	23,600
Notes payable	35	124,690	–	124,690
Other payables	36	69,287	–	69,287
Amounts due to subsidiaries	29	68,576	–	68,576
Amounts due to associates	30	17,831	–	17,831
Amounts due to related parties	31	12	–	12
		303,996	952	304,948
Non-current liabilities				
Interest-bearing loans and borrowings	34	48,633	–	48,633
Notes payable	35	99,926	–	99,926
Amounts due to subsidiaries		180,866	–	180,866
		329,425	–	329,425
Total liabilities		633,421	952	634,373

48. Segment information

For management purposes, the Group is organised into business units based on the nature of products and services provided, with each reportable operating segment representing strategic business units that offers different products and serves different markets. The reportable operating segments are as follows:

The Hotel investments segment relates to hotel and restaurant operations.

The Property sales segment comprises hotel residences, Laguna property sales and development project/site sales. Hotel residences business relates mainly to the sale of hotel villas or suites, which are part of hotel operations, to investors under a leaseback scheme. Laguna property sales business relates to the development and sale of properties which are standalone vacation homes in Laguna Phuket. Development project/site sales relates to pure development land sales or development land sales which are fully or partially developed with infrastructure.

The Fee-based segment comprises the management of hotels and resorts, the management of an asset-backed destination club, the management of private-equity funds, the management and operation of spas, the sales of merchandise, the provision of architectural and design services, the management and ownership of golf courses, and rental of retail outlets and offices.

The Head Office segment relates to expenses incurred by corporate office.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained below, is measured differently from operating profit or loss in the consolidated financial statements.

Geographical information

Revenue derived from management of hotels and resorts, and provision of architectural and design services are reported based on the geographical location of the Group's customers while all other revenue streams are based on the geographical location of the Group's assets. Non-current assets are based on the geographical location of the Group's assets.

The South East Asia segment comprises countries such as Thailand, Indonesia, Malaysia and Vietnam.

The Indian Oceania segment comprises countries such as Seychelles, Maldives, Sri Lanka and India.

The Middle East segment comprises countries such as Dubai, Kuwait and Qatar.

The North East Asia segment comprises countries such as China, Japan, Hong Kong and Macau.

The rest of the world segment comprises countries such as Australia, Guam, Morocco, Americas and Europe.

48. Segment information (cont'd)

Allocation basis and transfer pricing

Segments' results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Income taxes are managed on a group basis and are not allocated to operating segments. Unallocated income comprises of other sources of income which are not directly attributable to the identified operating segments.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

Segment accounting policies are the same as the policies of the Group as described in Note 2. The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices.

Information about major customers

There is no concentration of revenue derived from any one single customer for both years ended 31 December 2019 and 2018.

(a) **Operating segments**

The following tables present revenue and results information regarding the Group's reportable operating segments for the financial years ended 31 December 2019 and 2018:

	Hotel invest- ments \$'000	Property sales \$'000	Fee- based segment \$'000	Head Office \$'000	Total \$'000
Year ended					
31 December 2019					
Revenue:					
Segment revenue					
Sales	173,877	114,223	83,025	–	371,125
Inter-segment sales	(187)	–	(23,984)	–	(24,171)
Sales to external customers	173,690	114,223	59,041	–	346,954

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

48. Segment information (cont'd)

(a) Operating segments (cont'd)

	Hotel invest- ments \$'000	Property sales \$'000	Fee- based segment \$'000	Head Office \$'000	Total \$'000
Year ended 31 December 2019					
Results:					
Segment results	(2,349)	27,971	13,630	(12,560)	26,692
Unallocated income					5,827
Profit from operations and other gains					32,519
Finance income	121	2,049	53	5,497	7,720
Finance costs	(8,587)	(2,063)	(3,032)	(13,080)	(26,762)
Share of results of associates	(29)	—	—	508	479
Profit before taxation					13,956
Income tax expense					(11,427)
Profit for the financial year					2,529
Year ended 31 December 2018					
Revenue:					
Segment revenue					
Sales	192,956	76,959	82,793	—	352,708
Inter-segment sales	(432)	—	(23,230)	—	(23,662)
Sales to external customers	192,524	76,959	59,563	—	329,046

Banyan Tree Holdings Limited and its subsidiaries

**Notes to the financial statements
For the financial year ended 31 December 2019**

48. Segment information (cont'd)

(a) Operating segments (cont'd)

	Hotel invest- ments \$'000	Property sales \$'000	Fee- based segment \$'000	Head Office \$'000	Total \$'000
Year ended 31 December 2018					
Results:					
Segment results	13,254	4,922	11,996	(12,573)	17,599
Unallocated income					43,168
Profit from operations and other gains					60,767
Finance income	125	1,317	46	1,281	2,769
Finance costs	(6,366)	(1,901)	(2,924)	(37,900)	(49,091)
Share of results of associates	—	—	66	11,337	11,403
Share of results of joint ventures	—	—	—	(879)	(879)
Profit before taxation					24,969
Income tax expense					(10,576)
Profit for the financial year					14,393

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

48. Segment information (cont'd)

(a) Operating segments (cont'd)

The following tables present certain assets, liabilities and other information regarding the Group's reportable operating segments for the financial years ended 31 December 2019 and 2018:

	Hotel invest- ments \$'000	Property sales \$'000	Fee-based segment \$'000	Head Office \$'000	Total \$'000
Year ended 31 December 2019					
Assets and liabilities:					
Segment assets	601,028	459,152	294,073	205,011	1,559,264
Associates	—	—	247	160,989	161,236
Deferred tax assets	8,573	13,067	1,670	59	23,369
Total assets					1,743,869
Segment liabilities	94,105	67,337	32,424	96,558	290,424
Interest-bearing loans and borrowings	211,571	100,230	2,160	145,665	459,626
Notes payable	—	—	—	99,926	99,926
Current and deferred tax liabilities	81,112	53,113	8,229	4,026	146,480
Total liabilities					996,456
Other segment information:					
Capital expenditure	46,370	158	1,204	251	47,983
Depreciation of property, plant and equipment and right-of-use assets	19,606	952	2,014	373	22,945
Amortisation expense	693	—	—	71	764
Other non-cash items	104	—	225	3,615	3,944

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2019

48. Segment information (cont'd)

(a) Operating segments (cont'd)

	Hotel invest- ments \$'000	Property sales \$'000	Fee-based segment \$'000	Head Office \$'000	Total \$'000
Year ended 31 December 2018					
Assets and liabilities:					
Segment assets	521,847	374,111	267,296	290,517	1,453,771
Associates	—	—	274	160,805	161,079
Deferred tax assets	8,681	9,025	1,067	178	18,951
Total assets					1,633,801
Segment liabilities	44,632	63,787	35,676	99,074	243,169
Interest-bearing loans and borrowings	105,103	77,135	57,262	81,616	321,116
Notes payable	—	—	—	224,616	224,616
Current and deferred tax liabilities	67,453	44,842	7,987	4,863	125,145
Total liabilities					914,046
Other segment information:					
Capital expenditure	26,014	1,022	243	264	27,543
Depreciation of property, plant and equipment	17,467	580	1,844	213	20,104
Amortisation expense	2,168	—	—	94	2,262
Other non-cash items	79	—	(833)	(1,474)	(2,228)

48. Segment information (cont'd)

(b) Geographical information

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

	Revenue		Non-current assets	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Singapore	964	768	81,213	79,425
South East Asia	289,471	252,754	783,363	661,149
Indian Oceania	38,275	57,164	57,168	40,139
Middle East	583	697	—	—
North East Asia	9,048	9,199	26,497	27,675
Rest of the world	8,613	8,464	11,385	17,728
	346,954	329,046	959,626	826,116

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

49. Dividends

Company	
2019	2018
\$'000	\$'000

Proposed but not recognised as a liability as at 31 December

Dividends on ordinary shares, subject to shareholders' approval at the AGM:

- Final exempt (one-tier) dividend for 2019: Nil cent
(2018: 1.05 cents) per share

— 8,813

50. Events occurring after the reporting period

In recent months, a novel coronavirus ("Covid-19") had caused an outbreak of pneumonia in Wuhan and other parts of China. On 30 January 2020, the WHO declared Covid-19 as a global health emergency. On 11 March 2020, the WHO declared Covid-19 a pandemic. The business environment in 2020 will be challenging due to the recent Covid-19 outbreak which will weigh on the Group's hotel- and resort-related businesses in the near- to mid-term as international tourism is expected to shrink with cancellations and a slowdown in forward bookings. The estimate of the financial impact cannot be reasonably determined at this juncture.

Banyan Tree Holdings Limited and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2019

50. Events occurring after the reporting period (cont'd)

On 16 March 2020, a wholly-owned subsidiary of the Group, Banyan Tree Hotels & Resorts Pte. Ltd. ("BTHR") entered into a joint venture agreement ("JVA") with Myanmar Treasure Hotel & Resort Group Company Limited ("HH") to carry out hotel management business in Myanmar. BTHR and HH (or their respective designated subsidiaries) shall incorporate a new company ("JVCO") in Singapore with an initial issued and paid-up share capital of \$100,000, in which each of BTHR and HH (or their respective designated subsidiaries) shall hold 50% of the shares. The parties' share capital contribution shall be in proportion to their shareholding. JVCO shall in turn incorporate a subsidiary in Myanmar ("MYR-Sub"), which shall be the vehicle that carries out hotel management business in Myanmar. BTHR shall contribute its hotel management expertise and knowhow to the joint venture, and HH shall allow MYR-Sub to manage certain hotel properties of HH located in Myanmar, with such relationship being governed by the terms and conditions in the JVA.

On 16 March 2020, Siam Commercial Bank granted LRH an in-principle approval for a one year moratorium for term loans with total principal repayment of \$18,281,000. Accordingly, loan tenure for the respective loans will be extended for one year, and current interest-bearing loans and borrowings of \$14,990,000 as at 31 December 2019 would be reclassified to non-current.

The financial statements for the year ended 31 December 2019 have not been adjusted for the financial effects of the above transactions.

51. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 16 March 2020.