

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

2.10 *Property, plant and equipment*

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

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

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

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

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

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

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

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

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

2.11 *Investment properties*

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

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

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

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

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

2.12 *Intangible assets*

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

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

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

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

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

2.12 Intangible assets (cont'd)

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

(a) Trademarks

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

(b) Other intangible assets

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

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

(c) Club membership

Club membership was acquired separately and is amortised on a straight line basis over its finite useful life of 50 years.

2.13 Impairment of non-financial assets

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

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

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

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

2.13 Impairment of non-financial assets (cont'd)

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

2.14 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

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

Subsequent measurement

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

(i) Loans and receivables

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

(ii) Held-to-maturity investments

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

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

2.14 *Financial instruments (cont'd)*

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

(iii) *Available-for-sale financial assets*

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

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

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

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

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

(b) *Financial liabilities*

Initial recognition and measurement

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

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

Subsequent measurement

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

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

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

2.15 Long-term investments

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

2.16 Cash and cash equivalents

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

2.17 Property development costs

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

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

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

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

2.18 Impairment of financial assets

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

(a) Financial assets carried at amortised cost

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

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

2.18 ***Impairment of financial assets (cont'd)***

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

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

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

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

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

(b) ***Financial assets carried at cost***

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

(c) ***Available-for-sale financial assets***

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

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

2.18 Impairment of financial assets (cont'd)

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

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

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

2.19 Inventories

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

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

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

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

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

2.20 Segment reporting

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

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

2.21 *Borrowing costs*

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

2.22 *De-recognition of financial assets and liabilities*

(a) *Financial assets*

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

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

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

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

(b) *Financial liabilities*

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

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

2.23 Provisions

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

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

2.24 Financial guarantee

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

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

2.25 Employee benefits

(a) Defined contribution plans

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

(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.

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

2.25 Employee benefits (cont'd)

(c) Share-based payment

Performance share plan and restricted share plan

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

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

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

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

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

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

2.25 Employee benefits (cont'd)

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

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

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

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

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

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

(e) Defined benefits plans

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

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

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

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

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

2.25 Employee benefits (cont'd)

(e) Defined benefits plans (cont'd)

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

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

2.26 Leases

(a) As lessee

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

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

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

(b) As lessor

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

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

2.27 *Prepaid island rental and land use rights*

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

2.28 *Deferred income*

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

2.29 *Assets of disposal group classified as held for sale*

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

2.30 *Revenue*

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

(a) *Hotel investments*

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

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

2.30 Revenue (cont'd)

(b) Property sales

– Sale of completed development property

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

– Sale of development property under construction

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

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

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

(c) Management services

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

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

(d) Spa operation

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

(e) Merchandise sales

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

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

2.30 Revenue (cont'd)

(f) Project and design services

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

(g) Dividend income

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

(h) Interest income

Interest income is recognised using the effective interest method.

(i) Rental income

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

2.31 Taxes

(a) Current income tax

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

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

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

2.31 Taxes (cont'd)

(b) Deferred tax

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

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

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

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

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

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

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.

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

2.31 Taxes (cont'd)

(c) Sales tax

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

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

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

2.32 Share capital and share issuance expenses

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

2.33 Treasury shares

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

2.34 Contingencies

A contingent liability is:

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

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

2.34 Contingencies (cont'd)

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

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

2.35 Related parties

A related party is defined as follows:

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

Banyan Tree Holdings Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2016

3. Revenue

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

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

4. Other income

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

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

Banyan Tree Holdings Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2016

5. Salaries and related expenses

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

6. Other operating expenses

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

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

7. Profit from operations and other gains

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

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

Banyan Tree Holdings Limited and its Subsidiaries**Notes to the financial statements
For the financial year ended 31 December 2016**

8. Finance income

	Group	
	2016	2015
	\$'000	\$'000
Interest received and receivable from:		
- Banks	1,084	1,258
- Related parties	127	—
- Others	2,463	1,093
	<u>3,674</u>	<u>2,351</u>

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

9. Finance costs

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

Banyan Tree Holdings Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2016

10. Income tax expense

Major components of income tax expense

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

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

Banyan Tree Holdings Limited and its Subsidiaries**Notes to the financial statements
For the financial year ended 31 December 2016****10. Income tax expense (cont'd)***Relationship between tax expense and accounting profit/(loss)*

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

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

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

Banyan Tree Holdings Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2016

11. Earnings per share

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

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

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

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

Earnings per share computation

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

Banyan Tree Holdings Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2016

12. Property, plant and equipment

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

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

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

Banyan Tree Holdings Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2016

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

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

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

Revaluation of freehold land and buildings

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

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

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

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

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

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

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

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

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

Banyan Tree Holdings Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2016

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

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

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

Banyan Tree Holdings Limited and its Subsidiaries**Notes to the financial statements
For the financial year ended 31 December 2016****13. Investment properties**

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

The Group has no restrictions on the realisability of its investment properties except for investment properties in Seychelles amounting to \$24,616,000 (2015: \$23,902,000) which are subject to the Immovable Property (Transfer Restriction) Act. This Act prohibits the sale or transfer of immovable property to any non-Seychellois citizen or company having any non-Seychellois citizen as its shareholder without the prior approval of the Seychelles Government.

The office tower in Thailand is not subject to contractual obligations to any external party for repairs, maintenance and enhancements in 2016.

Valuation of investment properties

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

The basis of valuation was as follows:

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

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

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

13. Investment properties (cont'd)

Properties pledged as security

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

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

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

Banyan Tree Holdings Limited and its Subsidiaries

**Notes to the financial statements
For the financial year ended 31 December 2016**

14. Intangible assets

Group

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

Other intangible assets

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

Banyan Tree Holdings Limited and its Subsidiaries

**Notes to the financial statements
For the financial year ended 31 December 2016**

14. Intangible assets (cont'd)

Company

**Club
membership
\$'000**

Cost:

At 1 January 2015	2,412
Additions	209
At 31 December 2015, 1 January 2016 and 31 December 2016	2,621

Accumulated amortisation and impairment losses:

At 1 January 2015	48
Amortisation	49
At 31 December 2015 and 1 January 2016	97
Amortisation	53
At 31 December 2016	150

Net carrying amount:

At 31 December 2016	2,471
At 31 December 2015	2,524

14. Intangible assets (cont'd)

Impairment testing of goodwill

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

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

Key assumptions used for value in use calculations:

	Thai Wah Plaza Limited	
	2016	2015
Growth rate	3.6%	3.0%
Discount rate	7.1%	8.9%

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

Sensitivity to changes in assumptions

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

14. Intangible assets (cont'd)

Impairment testing of trademarks

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

- Property Sales Segment;
- Fee-based Segment

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

	Property Sales Segment		Fee-based Segment		Total	
	2016	2015	2016	2015	2016	2015
	\$'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 were determined using valuation report dated 1 November 2016, which was performed by a professional and independent valuer, based on income approach using cash flow projections based on financial budgets approved by management covering a five-year period.

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

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

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

Sensitivity to changes in assumptions

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

Banyan Tree Holdings Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2016

15. Land use rights

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

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

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

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

Banyan Tree Holdings Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2016

16. Subsidiaries

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

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

Impairment testing of investment in subsidiaries

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

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

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

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

Banyan Tree Holdings Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2016

16. Subsidiaries (cont'd)

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

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

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

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

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

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

Banyan Tree Holdings Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2016

16. Subsidiaries (cont'd)

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

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

Banyan Tree Holdings Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2016

16. Subsidiaries (cont'd)

	Name of subsidiary	Principal activities	Place of incorporation	Cost of investment		Effective equity held by the Group	
				2016 \$'000	2015 \$'000	2016 %	2015 %
(i)	<i>Held by the Company (cont'd)</i>						
(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
				<u>185,261</u>	<u>185,261</u>		

Banyan Tree Holdings Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2016

16. Subsidiaries (cont'd)

	Name of subsidiary	Principal activities	Place of incorporation	Effective equity held by the Group	
				2016 %	2015 %
(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	82.53	82.53
(8)	Banyan Tree Dunhuang (S) Pte. Ltd.	Investment holding	Singapore	100	100
(8)	Sanctuary Chengdu Development Company No. 3 (S) Pte. Ltd.	Investment holding	Singapore	100	100
(8)	Sanctuary Chengdu Development Company No. 1 (S) Pte. Ltd.	Investment holding	Singapore	100	100
(8)	Sanctuary Lijiang (S) Pte. Ltd.	Investment holding	Singapore	100	100
(8)	Sanctuary Jiwa Renga (S) Pte. Ltd.	Investment holding	Singapore	100	100
(8)	Global Investments Pte. Ltd. (formerly known as Banyan Tree Anhui (S) Pte. Ltd.)	Investment holding	Singapore	100	100
(8)	Banyan Tree Indochina Pte. Ltd.	Business management and consultancy services	Singapore	100	100
(1)	Architrave Design & Planning Services Pte. Ltd.	Provision of design, planning and consultancy services for hotels, resorts and spas	Singapore	100	100
(1)	GPS Development Services Pte. Ltd.	Provision of purchasing and project services for hotels, resorts and spas	Singapore	100	100
(1)	Banyan Tree Marketing Group Pte. Ltd.	Provision of marketing services	Singapore	100	100
(1)	Banyan Tree Hotels & Resorts Pte. Ltd.	Hotel management consultancy services	Singapore	100	100
(8)	Sanctuary Chengdu Development Company No. 4 (S) Pte. Ltd.	Investment holding	Singapore	100	100

Banyan Tree Holdings Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2016

16. Subsidiaries (cont'd)

	Name of subsidiary	Principal activities	Place of incorporation	Effective equity held by the Group	
				2016 %	2015 %
(ii)	<i>Held through subsidiaries (cont'd)</i>				
(1)	BT Development Singapore Pte. Ltd.	Investment holding	Singapore	100	100
(8)	Banyan Tree Management (S) Pte. Ltd.	Hotel management	Singapore	100	100
(1)	Banyan Tree Spas Pte. Ltd.	Operation of spas	Singapore	100	100
(2)	Banyan Tree Mkg (HK) Limited	Provision of marketing services	Hong Kong	100	100
(2)	Banyan Tree Resorts & Spas (Thailand) Company Limited	Provision of spa services	Thailand	100	100
(2)	Banyan Tree Hotels & Resorts (Thailand) Limited	Provision of hotel management services	Thailand	100	100
(2)	TWR – Holdings Limited	Investment holding and property development	Thailand	65.75	65.75
(2)	Laguna Holiday Club Limited	Holiday club membership and property development	Thailand	65.75	65.75
(2)	Laguna (3) Limited	Property development	Thailand	65.75	65.75
(2)	Banyan Tree Gallery (Thailand) Limited	Sale of merchandise	Thailand	82.53	82.53
(2)	Pai Samart Development Company Limited	Property development	Thailand	65.75	65.75
(2)	Mae Chan Property Company Limited	Property development	Thailand	65.75	65.75
(2)	Phuket Resort Development Limited	Property development	Thailand	65.75	65.75
(2)	Laguna Grande Limited	Operation of golf club and property development	Thailand	65.75	65.75
(2)	Laguna Banyan Tree Limited	Hotel operations and property development	Thailand	65.75	65.75
(2)(10)	Talang Development Company Limited	Property development	Thailand	32.88	32.88
(2)	Twin Waters Development Company Limited	Property development	Thailand	65.75	65.75

Banyan Tree Holdings Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2016

16. Subsidiaries (cont'd)

	Name of subsidiary	Principal activities	Place of incorporation	Effective equity held by the Group	
				2016	2015
				%	%
(ii)	<i>Held through subsidiaries (cont'd)</i>				
(2)	Bangtao (1) Limited	Property development	Thailand	65.75	65.75
(2)	Bangtao (2) Limited	Property development	Thailand	65.75	65.75
(2)	Bangtao (3) Limited	Property development	Thailand	65.75	65.75
(2)	Bangtao (4) Limited	Property development	Thailand	65.75	65.75
(2)	Bangtao Development Limited	Property development	Thailand	65.75	65.75
(2)	Bangtao Grande Limited	Hotel operations	Thailand	65.75	65.75
(2)	Laguna Central Limited	Dormant	Thailand	55.89	55.89
(2)(10)	Laguna Service Company Limited	Provision of utilities and other services to hotels owned by the subsidiaries	Thailand	47.93	47.93
(2)	Thai Wah Plaza Limited	Hotel operations, lease of office building space and property development	Thailand	65.75	65.75
(2)	Thai Wah Tower Company Limited	Lease of office building space	Thailand	65.75	65.75
(2)	Thai Wah Tower (2) Company Limited	Property development	Thailand	65.75	65.75
(2)(10)	Laguna Excursions Limited	Travel operations	Thailand	32.22	32.22
(2)	Laguna Lakes Limited	Property development	Thailand	62.46	62.46
(2)	Laguna Village Limited	Hotel operations	Thailand	65.75	65.75
(17)	LVCL (Thailand) Co., Ltd	Provision of project development services	Thailand	—	100
(2)	Wanyue Leisure Health (Shanghai) Co., Ltd	Operation of spas	China	100	100
(2)	Zhongdian Jiantang Hotel Limited	Hotel services	China	80	80
(2)	Jiwa Renga Resorts Limited	Hotel construction and operation	China	96	96
(2)	Banyan Tree Hotels Management (Beijing) Co., Ltd	Provision of operation and management services for property, spas and food and beverage, and consulting services for hotel design and tourism information	China	100	100

Banyan Tree Holdings Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2016

16. Subsidiaries (cont'd)

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

Banyan Tree Holdings Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2016

16. Subsidiaries (cont'd)

	Name of subsidiary	Principal activities	Place of incorporation	Effective equity held by the Group	
				2016 %	2015 %
(ii)	Held through subsidiaries (cont'd)				
(2)	Banyan Tree Resorts Limited	Provision of resort management services	Hong Kong	100	100
(2)	Banyan Tree Spa (HK) Limited	Provision of spa management services	Hong Kong	100	100
(4)	Cheer Golden Limited	Investment holding	Hong Kong	65.75	65.75
(2)	Triumph International Holdings Limited	Investment holding	Hong Kong	80	80
(2)	Northpoint Investments Limited	Investment holding	Hong Kong	100	100
(2)	Banyan Tree Investment Holdings (HK) Limited	Investment holding	Hong Kong	100	100
(11)	Banyan Tree Hotels & Resorts Korea Limited	Provision of hotel management services	Korea	100	100
(8)	Banyan Tree Indochina (GP) Company Limited	Manage and operate the Banyan Tree Indochina Hospitality Fund, L.P.	Cayman Islands	100	100
(11)	Jayanne International Limited	Investment holding	British Virgin Islands	100	100
(11)	Club Management Limited	Provision of resort and hotel management and operation services and ancillary services related to the hospitality industry	British Virgin Islands	100	100
(11)	Lindere Villas Limited	Investment holding	British Virgin Islands	100	100
(11)(18)	Resort Holdings Limited	Investment holding	British Virgin Islands	100	100
(15)	PT. AVC Indonesia	Holiday club membership	Indonesia	65.75	65.75
(2)	PT. Management Banyan Tree Resorts & Spas	Provision of consultation and management services of the international hotels marketing	Indonesia	100	100

Banyan Tree Holdings Limited and its Subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2016

16. Subsidiaries (cont'd)

	Name of subsidiary	Principal activities	Place of incorporation	Effective equity held by the Group	
				2016 %	2015 %
(ii)	<i>Held through subsidiaries (cont'd)</i>				
(2)	PT. Banyan Tree Management	Provision of hotel management services	Indonesia	100	100
(2)	PT Cassia Resorts Investments	Hotel operations and property development	Indonesia	100	100
(5)	PT Leisure Development Bintan	Hotel operations and property development	Indonesia	100	100
(2)	Banyan Tree MX S.A. De C.V.	Provision of business management services, resort and hotel management, operation services and ancillary services related to the hospitality industry	Mexico	100	100
(5)	Banyan Tree Servicios S.A. De C.V.	Provision of business management services, resort and hotel management, operation services and ancillary services related to the hospitality industry	Mexico	100	100
(11)	Banyan Tree Guam Limited	Business office operation service and operation of spa facilities	Guam	100	100
(2)	Banyan Tree Spas Sdn. Bhd.	Operation of spas	Malaysia	100	100
(11)	Banyan Tree Japan Yugen Kaisha	Operation of spas	Japan	100	100
(2)	Heritage Spas Egypt LLC	Operation and investment in resorts, spas and retail outlets	Egypt	100	100
(2)	Banyan Tree (Private) Limited	Operation of spas	Sri Lanka	100	100
(6)	Heritage Spas South Africa (Pty) Ltd	Operation and investment in resorts, spas and retail outlets	South Africa	100	100
(2)	Heritage Spas Dubai LLC	Operation of spas	Dubai	100	100
(2)	Maldives Angsana Pvt Ltd	Operation of holiday resorts	Maldives	100	100
(5)	Keelbay Pty Ltd	Development of residential property	Australia	100	100

Banyan Tree Holdings Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2016

16. Subsidiaries (cont'd)

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

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

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

(3) Audited by Tudor V.P. & Co.

(4) Audited by RSM Nelson Wheeler.

(5) Not required to be audited as the company is exempted from audit.

(6) Audited by Mazars.

(7) Audited by BDO Seychelles.

(8) Audited by A Garanzia LLP.

(9) Audited by RSM China CPAs.

Banyan Tree Holdings Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2016

16. Subsidiaries (cont'd)

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

Of the effective equity held by the Group of 65.75% in LRH, 10.90% (2015: 10.90%) is held in trust by TTFMC. Taking into account of the issued and paid up capital of LRH held by TTFMC and TNVDR, the voting rights held by the Group in the subsidiary amount to 72.55% (2015: 73.67%) and the voting rights held by the non-controlling interest in the subsidiary amount to 27.45% (2015: 26.33%).

Of the effective equity held by the non-controlling interest of 34.25% in LRH, 3.18% (2015: 3.18%) and 10.32% (2015: 11.47%) is held by TTFMC and TNVDR respectively. Taking into account of the issued and paid up capital of LRH held by TTFMC and TNVDR, the voting rights held by the non-controlling interest in the subsidiary amount to 27.45% (2015: 26.33%).

Banyan Tree Holdings Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2016

16. Subsidiaries (cont'd)

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

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

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

Summarised financial information about subsidiary with material NCI

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

Summarised balance sheet

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

Banyan Tree Holdings Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2016

16. Subsidiaries (cont'd)

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

Summarised statement of comprehensive income

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

Other summarised information

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

Banyan Tree Holdings Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2016

17. Associates

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

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

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

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

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

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

17. Associates (cont'd)

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

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

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

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

Banyan Tree Holdings Limited and its Subsidiaries**Notes to the financial statements
For the financial year ended 31 December 2016****17. Associates (cont'd)**

The Group has not recognised its share of losses and deficit in the currency translation reserve relating to one of its associates, Tropical Resorts Limited where its share of deficit in equity has exceeded the Group's interest in this associate. At the end of the reporting period, the Group's cumulative share of unrecognised losses and currency translation deficit were \$7,312,000 (2015: \$6,052,000) and \$598,000 (2015: \$313,000) respectively. The Group's share of the current year's unrecognised losses was \$1,080,000 (2015: \$1,282,000).

The Group has no obligation in respect of these losses.

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

	2016 \$'000	2015 \$'000
Assets and liabilities *:		
Current assets	19,403	17,294
Non-current assets	92,043	49,538
Total assets	111,446	66,832
Current liabilities	(89,430)	(46,607)
Non-current liabilities	(73,780)	(63,536)
Total liabilities	(163,210)	(110,143)
Results:		
Revenue	27,156	28,379
Loss for the year	(11,363)	(12,296)
Other comprehensive (expense)/income	(275)	169
Total comprehensive income	(11,638)	(12,127)

* Included in assets and liabilities and total comprehensive income of associates is Tropical Resorts Limited's net liabilities position of \$58,225,000 (2015: \$45,130,000) and total comprehensive loss of \$11,129,000 (2015: \$10,650,000).

Banyan Tree Holdings Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2016

18. Long-term investments

	Group	
	2016	2015
	\$'000	\$'000
<i>Quoted investments</i>		
Equity shares, at fair value	2	20,509
<i>Unquoted investments</i>		
Equity shares, at fair value	—	50,290
Equity shares, at cost	17,796	37,514
Less: Impairment in value of unquoted investments	(2,911)	(1,563)
Total unquoted investments	14,885	86,241
Total available-for-sale financial assets	14,887	106,750

Unquoted equity shares stated at cost have no market prices and the fair value cannot be reliably measured using valuation techniques. The unquoted equity shares represent ordinary shares in companies that are not quoted on any markets and do not have comparable industry peers that are listed.

As at 31 December 2016, the Group has carried out an assessment of the recoverable amount of its long-term investments. An impairment loss of \$1,350,000 (2015: Nil), representing the write-down to the recoverable amount was recognised in profit or loss for the financial year ended 31 December 2016. The recoverable amount of the long-term investment is assessed using the value in use method with the discount rate and growth rate used was 10.8% and 5% respectively.

19. Prepaid island rental

	Group	
	2016	2015
	\$'000	\$'000
At 1 January	24,981	25,047
Net exchange differences	712	1,535
Payment of island rental during the year	1,382	1,342
	27,075	27,924
Less: Amount charged to expenses during the year	(2,167)	(2,116)
Less: Reclassification to other receivables	—	(827)
At 31 December	24,908	24,981
Amount chargeable within 1 year (Note 25)	2,069	1,986
Amount chargeable after 1 year	22,839	22,995
	24,908	24,981

Banyan Tree Holdings Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 31 December 2016

19. Prepaid island rental (cont'd)

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

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

Island	Lease period 2016		Lease period 2015	
<i>Maldives</i>				
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

20. Long-term trade receivables

	Group	
	2016 \$'000	2015 \$'000
Loans and receivables		
Long-term trade receivables are repayable as follows:		
Within 12 months (Note 26)	9,726	8,042
Between 2 to 5 years	23,874	24,438
After 5 years	5,219	6,679
	29,093	31,117

Long-term trade receivables consist of:

- (i) Receivables from property sales bear interest at rates ranging from 3% to 12%, Minimum Lending Rate (MLR) plus 0.5% per annum (2015: 5% to 12%, MLR plus 0.5% and the Group's cost of funds plus 0.5% per annum) and are repayable over an instalment period of 2 to 10 years (2015: 3 to 10 years).
- (ii) The Group has purchased certain properties on behalf of a third party who is in the business of selling club memberships. A subsidiary of the Group acts as the manager of these properties on behalf of the third party. As at 31 December 2016, the amounts due from the third party are \$14,034,000 (2015: \$13,897,000), out of which an amount of \$11,527,000 (2015: \$12,417,000) bears an interest rate of 6% per annum (2015: 6%), is unsecured and repayable over 13.5 to 15 years, commencing from 2008. The remaining amount due from the third party is interest-free, unsecured and repayable between 2 to 5 years.

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

Significant foreign currency denominated balances

	Group	
	2016 \$'000	2015 \$'000
US Dollars	10,304	11,121

At the end of the reporting period, the Group has provided for an allowance of \$Nil (2015: \$Nil) for impairment of the long-term trade receivables with a nominal amount of \$2,507,000 (2015: \$1,480,000). The allowance account for the financial year ended 31 December 2016 in relation to the long-term trade receivables is \$579,000 (2015: \$562,000).

Receivables subject to offsetting arrangements

The Group provides club management services to Private Collection Limited. The Group is regularly charged by Private Collection Limited for rental, utilities and other miscellaneous payments incurred on behalf of the Group. Both parties have an agreement to settle the net amount due to or from each other.

The Group's trade receivables and trade payables that are off-set are as follows:

		2016 \$'000	
	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Description			
Trade receivables	5,141	(2,634)	2,507
Trade payables	2,634	(2,634)	–
		2015 \$'000	
	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Description			
Trade receivables	4,034	(2,554)	1,480
Trade payables	2,554	(2,554)	–

Banyan Tree Holdings Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2016

21. Other receivables – non current

	Group	
	2016	2015
	\$'000	\$'000
<i>Loans and receivables</i>		
Deposits	3,504	3,137
Loans to third parties	7,664	1,585
	<u>11,168</u>	<u>4,722</u>

Included in the loans made to third parties is an unsecured loan of \$832,000 (2015: \$Nil) bearing interest at a rate of 3.8% (2015: Nil%) with fixed terms of repayment, and an unsecured loan of \$5,200,000 (2015: \$Nil) bearing interest at a rate of 6.2% (2015: Nil%) with fixed terms of repayment. Except for these loans, loans to third parties are unsecured, interest-free, with no fixed terms of repayment, and the Group will not demand repayment within the next twelve months.

22. Investment securities

	Group	
	2016	2015
	\$'000	\$'000
<i>Current</i>		
<i>Held-to-maturity investment</i>		
SGD corporate bonds with interest rate ranging from Nil% (2015: 4.64% to 5.80%) and due date ranging from Nil (2015: 22 February 2016 to 21 June 2016)	–	2,512

23. Property development costs

	Group	
	2016	2015
	\$'000	\$'000
Properties under development		
Cost incurred to date	220,377	282,091
Less: Allowance for foreseeable losses	(3,801)	(3,706)
	<u>216,576</u>	<u>278,385</u>
Properties held for sale	<u>35,219</u>	<u>57,438</u>
	<u>251,795</u>	<u>335,823</u>

Banyan Tree Holdings Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2016

23. Property development costs (cont'd)

	Group	
	2016	2015
	\$'000	\$'000
Amounts expected to be recovered:		
No more than 12 months	43,564	28,113
More than 12 months	208,231	307,710
	251,795	335,823

During the financial year, borrowing costs of \$6,038,000 (2015: \$4,533,000) arising from borrowings obtained specifically for the development property were capitalised under properties under development.

Details of the properties as at 31 December 2016 are as follows:

Description	Location of property	Estimated completion %	Existing use of property	Gross floor area (Sq meter)	Estimated completion date	Effective equity held by the Group %
Banyan Tree Bangkok Apartments	Bangkok, Thailand	100	Held for sale	1,271	Completed	65.75
Banyan Tree Phuket Double Pool Villas	Phuket, Thailand	100	Held for sale	1,804	Completed	65.75
Laguna Village Lofts	Phuket, Thailand	100	Held for sale	2,448	Completed	65.75
Cassia Phuket Phase 1	Phuket, Thailand	100	Held for sale	2,450	Completed	65.75
Cassia Phuket Phase 2	Phuket, Thailand	—	Under construction	5,064	May 2018	65.75
Laguna Park Phuket Townhome and Villas	Phuket, Thailand	80	Under construction	26,551	December 2018	65.75
Laguna Village Residences	Phuket, Thailand	53	Under construction	4,697	December 2018	65.75
Banyan Tree Grand Residence Phase 1	Phuket, Thailand	24	Under construction	15,485	December 2025	65.75
Banyan Tree Residences, Brisbane	Brisbane, Australia	—	Under construction	15,058	April 2019	100
Northpoint, Australia	Northpoint, Australia	—	Under construction	4,424	—	100
Banyan Tree Lijiang Phase 1 extension *	Lijiang, China	100	Held for sale	523	Completed	83.20
Cassia Lijiang *	Lijiang, China	8	Under construction	12,660	—	83.20

Banyan Tree Holdings Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2016

23. Property development costs (cont'd)

Description	Location of property	Estimated completion %	Existing use of property	Gross floor area (Sq meter)	Estimated completion date	Effective equity held by the Group %
Laguna Chengdu *	Wenjiang, China	29	Under construction	104,040	June 2021	100
Banyan Tree Bintan	Bintan, Indonesia	100	Held for sale	6,080	Completed	100
Cassia Bintan Phase 1	Bintan, Indonesia	50	Under construction	7,706	May 2017	100
Cassia Bintan Phase 2	Bintan, Indonesia	24	Under construction	6,497	August 2017	100

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

Details of the properties as at 31 December 2015 are as follows:

Description	Location of property	Estimated completion %	Existing use of property	Gross floor area (Sq meter)	Estimated completion date	Effective equity held by the Group %
Banyan Tree Bangkok Apartments	Bangkok, Thailand	100	Held for sale	1,152	Completed	65.75
Banyan Tree Phuket Double Pool Villas	Phuket, Thailand	100	Held for sale	1,804	Completed	65.75
Laguna Village Lofts	Phuket, Thailand	100	Held for sale	2,585	Completed	65.75
Cassia Phuket Phase 1	Phuket, Thailand	100	Held for sale	3,779	Completed	65.75
Laguna Park Phuket Townhome and Villas	Phuket, Thailand	74	Under construction	43,010	December 2016	65.75
Laguna Village Residences	Phuket, Thailand	47	Under construction	4,697	December 2018	65.75
Banyan Tree Lijiang Phase 1 extension	Lijiang, China	100	Held for sale	523	Completed	83.20
Laguna Chengdu	Wenjiang, China	23	Under construction	104,040	June 2019	100
Banyan Tree Bintan	Bintan, Indonesia	100	Held for sale	6,080	Completed	100
Cassia Bintan Phase 1	Bintan, Indonesia	19	Under construction	7,706	December 2016	100

Banyan Tree Holdings Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2016

24. Inventories

	Group	
	2016	2015
	\$'000	\$'000
Balance sheet:		
Food and beverage, at cost	2,036	2,001
Trading goods and supplies, at cost	5,295	6,222
Materials, at cost	2,067	2,350
	<u>9,398</u>	<u>10,573</u>
Income statement inclusive of the following charge:		
- Inventories recognised as an expense in cost of sales	25,663	26,254
- Inventories written down (Note 7)	62	105
	<u>25,725</u>	<u>26,359</u>

25. Prepayments and other non-financial assets - current

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Prepayments	7,434	7,376	128	146
Prepaid island rental – current portion (Note 19)	2,069	1,986	–	–
Advances to suppliers	2,559	4,427	–	–
Goods and services tax/ value-added tax receivable	3,408	3,666	–	–
Others	3,213	3,354	6	14
	<u>18,683</u>	<u>20,809</u>	<u>134</u>	<u>160</u>

Banyan Tree Holdings Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2016

26. Trade receivables

	Group	
	2016	2015
	\$'000	\$'000
<i>Loans and receivables</i>		
Trade receivables	52,956	80,062
Current portion of long-term trade receivables (Note 20)	9,726	8,042
	62,682	88,104
Less: Allowance for doubtful debts	(19,527)	(21,878)
	43,155	66,226

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

Significant foreign currency denominated balances

	Group	
	2016	2015
	\$'000	\$'000
US Dollars	6,467	16,661

Receivables that are past due but not impaired

The Group has trade receivables amounting to \$21,045,000 (2015: \$37,781,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their ageing at the end of the reporting period is as follows:

	Group	
	2016	2015
	\$'000	\$'000
<i>Trade receivables past due but not impaired:</i>		
Less than 30 days	9,331	10,529
30 to 60 days	2,645	3,987
61 to 90 days	2,048	2,431
More than 90 days	7,021	20,834
	21,045	37,781

Notes to the financial statements
For the financial year ended 31 December 2016

26. Trade receivables (cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2016 \$'000	2015 \$'000
Trade receivables – nominal amounts	19,527	21,878
Less: Allowance for doubtful debts	(19,527)	(21,878)
	<u>-</u>	<u>-</u>
Movement in allowance accounts:		
At 1 January	21,878	10,391
Charge for the year	2,223	11,393
Utilisation	(4,383)	(280)
Exchange differences	(191)	374
At 31 December	<u>19,527</u>	<u>21,878</u>

It is the Group's policy not to provide for general allowance in respect of doubtful debts and allowance is only made for debts that have been determined as uncollectible in accordance to Note 2.18 (a).

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Receivables subject to offsetting arrangements

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

The Group's trade receivables and trade payables that are off-set are as follows:

	2016 \$'000		
Description	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Trade receivables	139	(109)	30
Trade payables	109	(109)	-
	2015 \$'000		
Description	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Trade receivables	130	(124)	6
Trade payables	124	(124)	-

Banyan Tree Holdings Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2016

27. Other receivables - current

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<i>Loans and receivables</i>				
Deposits	1,563	1,484	38	4
Interest receivable	12	77	9	56
Staff advances	389	377	—	—
Insurance recoverable	105	815	—	—
Other recoverable expenses	3,280	1,886	—	—
Other receivables	3,582	9,250	23	87
	8,931	13,889	70	147

28. Amounts due from/(to) subsidiaries

	Company	
	2016	2015
	\$'000	\$'000
<i>Loans and receivables</i>		
Amounts due from subsidiaries		
- non-trade	207,538	198,317
<i>Financial liabilities at amortised cost</i>		
Amounts due to subsidiaries		
- non-trade	(46,699)	(50,812)

The amounts due from/(to) subsidiaries are unsecured, interest-free and repayable on demand.

At the end of the reporting period, the Company has provided for an allowance of \$300,000 (2015: \$Nil) for impairment of the amounts due from its subsidiaries with a nominal amount of \$9,734,000 (2015: \$5,107,000). The allowance account for the financial year ended 31 December 2016 in relation to the amounts due from the subsidiaries is \$3,836,000 (2015: \$3,536,000).

Banyan Tree Holdings Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2016

29. Amounts due from/(to) associates

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<i>Loans and receivables</i>				
Amounts due from associates				
- trade	224	59	—	—
Less: Allowance for doubtful debts	(21)	(21)	—	—
	<u>203</u>	<u>38</u>	<u>—</u>	<u>—</u>
<i>Financial liabilities at amortised cost</i>				
Amounts due to associates				
- trade	(5)	(32)	—	—
	<u>(5)</u>	<u>(32)</u>	<u>—</u>	<u>—</u>

30. Amounts due from/(to) related parties

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<i>Loans and receivables</i>				
Amounts due from related parties				
- trade	21,994	18,599	—	—
- non-trade	5	43	1	—
	<u>21,999</u>	<u>18,642</u>	<u>1</u>	<u>—</u>
<i>Financial liabilities at amortised cost</i>				
Amounts due to related parties				
- trade	(521)	(168)	—	—
- non-trade	(343)	(934)	—	—
	<u>(864)</u>	<u>(1,102)</u>	<u>—</u>	<u>—</u>

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

Significant foreign currency denominated balances

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
US Dollars	<u>11,053</u>	<u>15,933</u>	<u>—</u>	<u>—</u>