

BANYAN TREE HOLDINGS LIMITED
(Company Registration Number 200003108H)

SIGNING AND COMPLETION OF THE TRANSACTION WITH CHINA VANKE CO., LTD

1. Introduction

Banyan Tree Holdings Limited (“BTH”, and together with its subsidiaries, the “BTH group”) refers to the announcement dated 23 January 2017 (the “Term Sheet Announcement”) made by it in relation to the entry into of the PPA and the Term Sheet with China Vanke Co., Ltd (“Vanke”).

(Note: All capitalised terms used but not defined herein shall have the same meanings given to them in the Term Sheet Announcement, unless otherwise expressly stated or the context otherwise requires.)

2. Execution and completion of Definitive Agreements in relation to the Partnership with Vanke

BTH wishes to announce the signing and simultaneous completion today of the definitive agreements in relation to the Proposed Transaction, including *inter alia* the following:

- (a) the transaction documents relating to the formation of a joint venture company, Banyan Tree Assets (China) Holdings Pte. Ltd. (“BTAC”), which holds substantially all of BTH group’s hotels and real estate assets in the People’s Republic of China (“PRC”) (“BTAC Transaction Documents”), comprising a subscription agreement among (i) a subsidiary of Vanke, Tritonia Company Limited (“TCL”), (ii) a subsidiary of BTH, Banyan Tree China Pte. Ltd. (“BTChina”), and (iii) BTAC, under which TCL agrees to subscribe for a 50% shareholding in the capital of BTAC (the “BTAC SA”), together with a shareholders’ agreement among TCL, BTChina and BTAC, regulating the affairs of BTAC;
- (b) the transaction documents relating to the formation of a joint venture company, Banyan Tree Services (China) Pte. Ltd. (“BTSC”), which holds substantially all of BTH group’s spa and gallery operations, design and technical services, and various other operating businesses in the PRC (“BTSC Transaction Documents”), comprising a subscription agreement among (i) a subsidiary of BTH, Banyan Tree Businesses Pte. Ltd. (“BTBiz”), (ii) BTAC, (iii) a special purpose company of a group of financial investors incorporated in Hong Kong (“MCo”), and (iv) BTSC, under which each of BTAC and MCo agrees to subscribe for a 40% and 20% shareholding respectively in the capital of BTSC, together with a shareholders’ agreement among BTAC, BTBiz, MCo and BTSC, regulating the affairs of BTSC;
- (c) the transaction documents relating to the formation of a joint venture company, Banyan Tree Hotel Management (China) Pte. Ltd. (“BTMC”) which holds substantially all of BTH group’s hotel and resorts management business in the PRC (“BTMC Transaction Documents”), comprising a subscription agreement among (i) a subsidiary of BTH, Banyan Tree Services Pte. Ltd. (“BTS”), (ii) BTAC, (iii) MCo, and (iv) BTMC, under which each of BTAC and MCo agrees to subscribe for a 40% and 20% shareholding respectively in the capital of BTMC, together with a shareholders’ agreement among BTS, BTAC, MCo and BTMC, regulating the affairs of BTMC;

- (d) an intellectual property licence agreement between BTH as licensor, and Sanctuary Management Pte. Ltd. (a member of the BTMC group) and BTSC, as licensees, under which a licence is granted by BTH to the licensees for the use of certain intellectual property in connection with the ordinary conduct of their business; and
- (e) guarantees and undertakings by BTH and Chogori Investment (Hong Kong) Limited (an indirect wholly-owned subsidiary of Vanke) respectively, in favour of TCL and BTAC and in favour of BTChina respectively, to provide certain undertakings and guarantee the performance of various obligations of the parties under the various transaction documents.

BTH has also today signed a share placement agreement (the “Share Placement Agreement”) with a wholly-owned subsidiary of Vanke, Alps Investments Limited (“Vanke SPV”), in relation to the Share Placement (as defined below), and the Initial Option, Additional Issuance and Additional Option (all as defined in Appendix A to this announcement).

3. The Collaboration

Overview

BTH and Vanke will each indirectly hold a 50% stake in BTAC which in turn holds assets and businesses in the PRC. BTAC will in turn invest in a 40% stake in each of BTSC and BTMC, with BTH indirectly holding a 40% stake in each of BTSC and BTMC, and MCo taking up the balance 20% stake in each of them. BTAC, BTSC and BTMC are all incorporated in Singapore.

Consideration

Based on valuation methodology agreed between BTH and Vanke, TCL has paid an initial sum of S\$69,210,230.40 in cash to BTAC to subscribe for its 50% stake comprising newly issued shares in BTAC, with the remaining sum of approximately S\$12,013,775.50 (subject to post-completion adjustment in accordance with the BTAC SA) to be injected into BTAC within 2017 (i.e. a total consideration of S\$81,224,005.90 (subject to post-completion adjustment) for its interests in BTAC, BTSC and BTMC). BTAC has in turn paid S\$56,650.50 and S\$8,858,789.50 in cash respectively to subscribe for newly issued shares in BTSC and BTMC, and MCo will pay S\$56,650.50 and S\$8,858,789.50 in cash respectively to subscribe for newly issued shares in BTSC and BTMC (MCo’s subscription price payment will take place on 15 August 2017, at which time its shares in BTSC and BTMC will be paid up).

4. Rationale for the Proposed Transactions

BTAC will be a company with net tangible assets of approximately S\$100 million and the intention to be an even more sizeable company by acquiring or developing hotels and resorts in the PRC bearing the Banyan Tree brands.

Vanke has created a reputation for quality and innovation and BTH is confident that its strategic partnership with Vanke will enable the Banyan Tree brands to expand rapidly and penetrate strategic sectors in the PRC.

5. The Share Placement and Options

In connection with the Collaboration, BTH has agreed to allot and issue to Vanke SPV by private placement 39,962,700 new ordinary shares of BTH (each a "Share") representing approximately, and not more than, 4.99% of the enlarged issued Share capital of BTH (excluding treasury Shares) (the "Placement Shares") immediately upon completion of the Share Placement, of an aggregate principal amount of approximately S\$24 million, subject to the fulfilment of certain conditions precedent ("Share Placement").

Based on the formula agreed in the Share Placement Agreement, the issue price per Placement Share is S\$0.60 and represents a premium of approximately 4.9% to the volume weighted average price of S\$0.572 for trades done on the Shares on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 10 August 2017 (being the full trading day on which the Share Placement Agreement is signed).

BTH has also granted, subject to the terms and conditions of the Share Placement Agreement, the Initial Option, Additional Issuance and Additional Option, to Vanke SPV.

Further information on the Share Placement, Initial Option, Additional Issuance and Additional Option can be found in Appendix A to this announcement.

6. Use of Proceeds

The proceeds from the Share Placement amount to approximately S\$24 million. BTH intends to use the proceeds from the Share Placement to reduce existing gearing and for general working capital.

BTH will announce the use of proceeds from each of the Initial Option, the Additional Issuance and the Additional Option, as and when the amounts are known. BTH intends to use these proceeds also to reduce existing gearing and for general working capital.

The proceeds from the Subscriptions (as defined in Appendix B to this announcement) amount to approximately S\$90.1 million and it is intended that they will be used to mainly reduce existing gearing and for general working capital.

7. Financial Effects

After the Subscriptions and the Share Placement:

- (a) the net tangible assets ("NTA") of BTH increases from S\$513,994,000 to S\$570,732,000;
- (b) the NTA per Share of BTH increases from 67.52 Singapore cents to 71.24 Singapore cents;
- (c) the net profits attributable to shareholders of BTH increases from S\$(11,065,000) to S\$27,698,000; and
- (d) the earnings per Share of BTH increases from (1.45) Singapore cents to 3.46 Singapore cents.

Please refer to Appendix B to this announcement for further details on the financial effects of the Subscriptions, Share Placement, the Initial Option, the Additional Issuance and the Additional Option.

8. Nomination of Director

Vanke (through Vanke SPV) will nominate one (1) director to the board of directors of BTH (the "Board"). The appointment will be subject to evaluation and recommendation by the Nominating and Remuneration Committee and approval by the Board and/or shareholders in accordance with BTH's Constitution.

9. Information on Vanke

Vanke is a leading real estate company headquartered in Shenzhen, China. It develops residential, retail, industrial and logistics properties in China, US, UK, Singapore, Hong Kong and Malaysia. Vanke also offers property services in China in 65 large and medium-sized cities with a total of over 356 million square meters of contractual projects and 10.75 million users served. Vanke ranked 307th on the Fortune Global 500 list for the year 2017. Vanke is dual-listed on the Shenzhen and Hong Kong Stock Exchanges.

10. Interests of Directors and Substantial Shareholders and Vanke

None of the directors of BTH nor (in so far as the directors are aware) any substantial shareholders of BTH or their respective associates (as defined in the SGX-ST Listing Manual) has any interest, whether direct or indirect, in the Proposed Transaction (other than through their shareholdings in BTH). As of the date hereof, Vanke does not have any interests, direct or indirect, in BTH's issued Share capital. Vanke is not related to any of the directors of BTH.

By Order of the Board

Jane Teah
Company Secretary
10 August 2017

Appendix A
Further information on the Share Placement, Initial Option,
Additional Issuance and Additional Option

Initial Option

In addition to the Share Placement, BTH has granted, subject to the terms and conditions of the Share Placement Agreement, an option to Vanke SPV ("Initial Option"), exercisable (in whole and not in part only), during the period starting from the date of completion of the Share Placement and ending on 5.00 p.m. on the date being the fifth market day immediately preceding the date of BTH's annual general meeting to be held during the calendar year 2018, to subscribe for 16,842,649 new Shares ("Initial Option Shares") at the exercise price ("Exercise Price") being the higher of:

- (a) 115% of the volume weighted average price for trades done on the Shares on the Main Board of the SGX-ST for the 90 consecutive trading days immediately preceding the date of the exercise of the Initial Option; or
- (b) such price being a 10% discount to the volume weighted average price for trades done on the Shares on the Main Board of the SGX-ST for the full trading day on which the Initial Option is exercised.

The Placement Shares and the Initial Option Shares will be allotted and issued pursuant to the general mandate for issue of shares and securities granted to the Board at the annual general meeting of BTH held on 21 April 2017.

BTH will be making an application to the SGX-ST for the listing and quotation of the Placement Shares and the Initial Option Shares on the Official List of the SGX-ST after this announcement.

Additional Issuance and Additional Option

Subject to the completion of the subscription of the Initial Option Shares, and the receipt of the approval of BTH shareholders at a general meeting to be convened (the "Shareholders' Approval"), BTH shall allot and issue to Vanke SPV such number of new Shares (the "Additional Issuance Shares") at the Exercise Price to bring Vanke's aggregate interest (direct and deemed) in BTH to such shareholding percentage as may be notified by Vanke SPV to BTH (the "Resultant Shareholding Percentage"), provided that the aggregate interest (direct and deemed) of Vanke in BTH immediately after the allotment and issue of such Additional Issuance Shares is not more than 10% of the enlarged issued Share capital of BTH (excluding treasury Shares) (the "Additional Issuance"). The Resultant Shareholding Percentage will be calculated based on BTH's issued Share capital (excluding treasury shares) as at the date of the Share Placement Agreement after adjusting for such number of new Shares that may have been allotted and issued (i) at the relevant time under the subscription agreement entered into between BTH and Accor S.A. dated 27 April 2017, as amended and supplemented from time to time (the "Accor Agreement") and pursuant to the outstanding rights and awards under the Banyan Tree Share Award Scheme 2016, Banyan Tree Share Option Scheme and Banyan Tree Performance Share Plan as at the date of the Share Placement Agreement for 2,273,775 new Shares, and (ii) such number of New Shares, Initial Option Shares, Additional Issuance Shares and Additional Option Shares that have been, or will be, issued, as the case may be, at the relevant time.

In addition, subject to the completion of the subscription of the Additional Issuance Shares, and the receipt of the Shareholders' Approval, BTH shall on the date of receipt of the Shareholders' Approval grant Vanke SPV an option (the "Additional Option") exercisable (in whole and not in part only) during the six (6)-month period starting from the date of exercise of the call option under the Accor Agreement or the date on which such call option under the Accor Agreement expires, whichever is earlier, for such number of new Shares ("Additional Option Shares") at the at the exercise price (the "Additional Option Exercise Price") being the higher of:

- (a) 115% of the volume weighted average price for trades done on the Shares on the Main Board of the SGX-ST for the 90 consecutive trading days immediately preceding the date of the exercise of the Additional Option; or
- (b) such price being a 10% discount to the volume weighted average price for trades done on the Shares on the Main Board of the SGX-ST for the full trading day on which the Additional Option is exercised,

that would result in Vanke having an aggregate interest (direct and deemed) in BTH that is equal to the Resultant Shareholding Percentage immediately after the Additional Option Completion Date.

The allotment and issue of the Additional Issuance Shares and the Additional Option Shares will be subject to the receipt of the Shareholders' Approval. Pursuant to the Share Placement Agreement BTH will convene an extraordinary general meeting no later than the date on which BTH's annual general meeting will be held during the calendar year 2018.

BTH will be making an application to the SGX-ST for the listing and quotation of the Additional Issuance Shares and the Additional Option Shares on the Official List of the SGX-ST and a circular to shareholders containing details of the Additional Issuance and the Additional Option (together with the notice of the extraordinary general meeting), will be despatched in due course.

Number of Placement Shares, Initial Option Shares, Additional Issuance Shares and Additional Option Shares

Assuming that the maximum number of New Shares (being 95,433,507) are allotted and issued pursuant to the Accor Agreement, and that the outstanding rights and awards under the Banyan Tree Share Award Scheme 2016, Banyan Tree Share Option Scheme and Banyan Tree Performance Share Plan as at the date of the Share Placement Agreement for 2,273,775 new Shares are allotted and issued, pursuant to the terms and conditions of the Share Placement Agreement, the maximum aggregate number of Placement Shares, Initial Option Shares, Additional Issuance Shares and Additional Option Shares that BTH may allot and issue to Vanke SPV is 95,433,507.

Appendix B
Financial Effects

1. Financial Effects of the Subscriptions and the Share Placement

The illustrative financial effects of the transactions under the BTAC Transaction Documents, the BTSC Transaction Documents and the BTMC Transaction Documents (collectively, the "Subscriptions"), together with the Share Placement only (excluding the exercise of the Initial Option, the Additional Issuance and the exercise of the Additional Option), are as set out in the tables below, after factoring in estimated legal and professional fees and other expenses relating to the transactions. The illustrative figures are based on the issued Share capital of BTH as at the date of this announcement and the unaudited financial statements of BTH for the six months ended 30 June 2017 ("6M17").

Net Tangible Assets ("NTA")⁽¹⁾

	Before the Subscriptions and Share Placement	After the Subscriptions and before the Share Placement	After the Subscriptions and the Share Placement
NTA (S\$'000)	513,994	546,755	570,732
NTA per Share ⁽²⁾ (Singapore cents)	67.52	71.83	71.24

Earnings⁽³⁾

	Before the Subscriptions and Share Placement	After the Subscriptions and before the Share Placement	After the Subscriptions and Share Placement
Net profits attributable to shareholders (S\$'000)	(11,065)	27,698	27,698
Earnings per Share ⁽²⁾ (Singapore cents)	(1.45)	3.64	3.46

Notes:

- (1) Excluding minority interests. The illustrative financial effects of the Subscriptions and/or Share Placement are based on the assumption that the Subscriptions and/or Share Placement had been effected at the end of 6M17.
- (2) Based on 761,194,280 Shares (excluding 208,000 treasury shares) in issue as at the date of this announcement.
- (3) The illustrative financial effects of the Subscriptions and/or Share Placement are based on the assumption that the Subscriptions and/or Share Placement had been effected at the end of 6M17.

2. Financial Effects of the Share Placement, the Initial Option, the Additional Issuance and the Additional Option

The illustrative financial effects of the Share Placement, the Initial Option, the Additional Issuance and the Additional Option, excluding the Subscriptions, and assuming the exercise in full by Vanke SPV of the Initial Option and the Additional Option at a price per Share of S\$0.60, are as set out in the tables below. The illustrative figures are based on the issued Share capital of BTH as at the date of this announcement and the unaudited financial statements of BTH for 6M17.

Share Capital

	Before the Share Placement and the Initial Option, the Additional Issuance and the Additional Option	After the Share Placement only	After the Share Placement and the exercise of the Initial Option only	After the Share Placement, the exercise of the Initial Option and the Additional Issuance only	After the Share Placement, the exercise of the Initial Option, the Additional Issuance and the exercise of the Additional Option in full
Number of Shares ⁽¹⁾	761,194,280	801,156,980	817,999,629	845,748,043	954,335,069 ⁽²⁾

Net Tangible Assets ("NTA")⁽³⁾

	Before the Share Placement and the Initial Option, the Additional Issuance and the Additional Option	After the Share Placement only	After the Share Placement and the exercise of the Initial Option only	After the Share Placement, the exercise of the Initial Option and the Additional Issuance only	After the Share Placement, the exercise of the Initial Option, the Additional Issuance and the exercise of the Additional Option in full
NTA (\$'000)	513,994	537,972	548,077	564,726	629,878
NTA per Share ⁽⁴⁾ (Singapore cents)	67.52	67.15	67.00	66.77	66.00

Earnings⁽⁵⁾

	Before the Share Placement and the Initial Option, the Additional Issuance and the Additional Option	After the Share Placement only	After the Share Placement and the exercise of the Initial Option only	After the Share Placement, the exercise of the Initial Option and the Additional Issuance only	After the Share Placement, the exercise of the Initial Option, the Additional Issuance and the exercise of the Additional Option in full
Net profits attributable to shareholders (\$'000)	(11,065)	(11,065)	(11,065)	(11,065)	(11,065)
Earnings per Share ⁽⁴⁾ (Singapore cents)	(1.45)	(1.38)	(1.35)	(1.31)	(1.16)

Gearing⁽⁵⁾

	Before the Share Placement and the Initial Option, the Additional Issuance and the Additional Option	After the Share Placement only	After the Share Placement and the exercise of the Initial Option only	After the Share Placement, the exercise of the Initial Option and the Additional Issuance only	After the Share Placement, the exercise of the Initial Option, the Additional Issuance and the exercise of the Additional Option in full
Net debt (\$\$'000)	532,020	508,042	497,937	481,288	416,136
Total equity (\$\$'000)	720,002	743,980	754,085	770,734	835,886
Net gearing	0.74	0.68	0.66	0.62	0.50

Notes:

- (1) Excluding 208,000 treasury shares in issue as at the date of this announcement.
- (2) Based on the assumption that 95,433,507 Shares are allotted and issued pursuant to the Accor Agreement and 2,273,775 Shares are allotted and issued to satisfy the outstanding rights and awards under the Banyan Tree Share Award Scheme 2016, Banyan Tree Share Option Scheme and Banyan Tree Performance Share Plan.
- (3) Excluding minority interests. The illustrative financial effects of the Share Placement, the Initial Option, the Additional Issuance and/or the Additional Option are based on the assumption that the Share Placement, the Initial Option, the Additional Issuance and/or the Additional Option had been effected at the end of 6M17.
- (4) Based on the number of Shares shown in Note (1).
- (5) The illustrative financial effects of the Share Placement, the Initial Option, the Additional Issuance and/or the Additional Option are based on the assumption that the Share Placement, the Initial Option, the Additional Issuance and/or the Additional Option had been effected at the end of 6M17.