BANYAN TREE HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number 200003108H)

RESPONSE TO QUERIES RAISED BY SINGAPORE EXCHANGE LIMITED ("SGX") ON COMPANY'S ANNOUNCEMENT OF THE UNAUDITED RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2020 ("Announcement")

The Board of Directors (the "Board") of Banyan Tree Holdings Limited (the "Company", and together with its subsidiaries, the "Group") would like to announce the following in response to the queries raised by SGX on the Company's unaudited results for the full year ended 31 December 2020.

SGX's Queries:-

Question 1:

We note that the Company reported a cash balance of S$51.3 million and negative working capital. Please elaborate on how the Company plans to repay its short term loans due within the next 12 months of S$226.2 million as well as its other payables of S$116.6 million.

Company's Response:

Repayment of ST loans due within the next 12 months

With regards to the short term loans of S$226.2 million, S$125.6 million relates to revolving credit facilities and short term loans ("RCF") and the remaining S$100.6 million relates to the portion of term loans that are repayable within the next 12 months ("Current Portion of LT Loans").

RCFs are intended to fund internal working capital and short term liquidity requirements, which can be renewed or rolled over. The Group had historically rolled over these credit facilities and from 1 January 2021 till to date, S$30 million of RCF has been rolled over, whilst $20 million of RCF has been converted to a 3 year term loan. To optimize its credit funding, the Group is in various stages of discussions to continually reduce its short term loan obligations and anticipates further RCF conversions to long term loans in the course of current financial year.

In relation to the Current Portion of LT Loans of S$100.6 million, approximately 60% are due in December this current financial year and another S$15 million are expected to be rolled over to be repaid in 2022. The Group is in active discussions with its relationship banks for renewal and to term out the maturity of these loans.

As disclosed in page 8 of the Announcement under "net current (liabilities)/assets", the Group secured credit facilities totaling S$40 million with 2-3 years maturity (S$20 million conversion of RCF to term loan, as stated above, plus S$20 million of new term loan). These post balance sheet events would result in the Group's balance sheet being restored to positive net current assets. In addition, the Group is also actively pursuing the settlement of amounts due from associates of approximately S$50 million for full settlement in 2021, which will further improve its liquidity position.

Repayment of other payables of S$116.6 million

Description	Amount (S$Mil)
Sundry Creditors	2.6
Deposits	3.4
Accrued operating expenses	30.8
Accrued service charge	0.8
Loans from an investment	79.0
Total	**116.6**

Please refer to the table above for the breakdown of other payables of S$116.6 million. Included in loans from an investment was an amount of S$60.3 million which can be settled simultaneously against redeemable convertible preference shares ("RCPS") of an equivalent amount under long-term investments on the balance sheet. For more information relating to the RCPS and loans from an investment, please refer to Note 20 (Page 172) and Note 36 (Page 187) of the Annual Report 2019.

Excluding the S$60.3 million of loans from an investment, the remaining other payables of S$56.3 million can be repaid through a combination of collections of outstanding trade receivables of S$38.2 million, monetizing completed inventory in Property Development costs of S$67.4 million and existing cash balance.

Question 2:

We note that there was a decrease in related party receivable of S$9.5 million due to fair value adjustment of imputed interest on the long term portion of the receivables. Please disclose the terms of the related parties loans, including but not limited to the identities of the related parties, the terms of repayment, and the interest rates. Please explain how an adjustment of imputed interest resulted in the significant decrease in the amount receivable.

Company's Response:

The decrease of S$9.5 million in related party receivable was mainly due to the fair value adjustments of S$7.4 million and net settlement with related party payables of S$2.1 million. These receivables are trade related and non-interest bearing. The fair value adjustments were in respect of amounts due from related parties which are non-wholly owned subsidiaries of the Tropical Resorts Limited Group ("TRG") of approximately S$24.4 million ("TRG Debt").

The TRG Debt consist of outstanding hotel management fees and rental income earned from hotels in Bintan, Indonesia. Due to the impact of COVID-19 pandemic, the operating cash flows of TRG were impacted and led to the increase in outstanding amount and aging of the TRG Debt as at 31 December 2020.

Due to the expectation of the slower and extended recovery of the hotel operations in Bintan resulting from the COVID-19 pandemic, management expects that the TRG Debt could only be fully repaid across the next few years. In accordance with Singapore Financial Reporting Standards (International) (SFRS(I)) 9 Financial instruments, the Group performed a fair value computation, in consideration of the expected long term nature of the non-interest bearing receivable of the TRG Debt as at 31 December 2020 and estimate the fair value of the TRG Debt to be S$17.0 million. As a result, the Group recorded the difference of S$7.4 million as finance expense in the income statement.

By Order of the Board

Moy Keen Choy
Company Secretary
8 March 2021