

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 HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

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 query raised by SGX on the Company’s half year results for the six months ended 30 June 2020:-

SGX’s Queries:-

Question 1:

We refer to the Company’s 1H 2020 financial statements announced on 12 August 2020. We noted that there has been a write-down of property development costs of S\$14,280,000 due to the Group pulling back on some of the developments in Australia and Thailand in light of the current macroeconomic context. Please provide a breakdown of how the amount is determined and provide more details on the developments to enable investors to understand the potential impact of the situation.

Company’s Response:

With the recent increasing lack of certainty on the opening up of international borders for travels in the current unfavorable macroeconomic condition, the Group re-assessed individual property sales projects at various development cycle against demand outlook assumptions and cash resource requirement. Certain projects in Australia and Thailand were decided to be pulled back which resulted in the write-down of property development costs of S\$14,280,000. These property development costs written down were mainly relating to architectural design, consultancy, other professional fees and pre-development cost incurred in the initial development stage of the projects. Please see below the write-down of property development costs by projects.

Project	Location	S\$’000
Banyan Tree Residence, Brisbane	Australia	8,229
Dusit Residences Phase 2	Thailand	1,237
Laguna Loft Phase 2 and 3	Thailand	2,959
Banyan Tree Grande Residence Phase 2	Thailand	177
Banyan Tree Plateau	Thailand	177
Banyan Tree Reserve	Thailand	132
Laguna Phuket Condominiums	Thailand	618
Sugar Palm	Thailand	221
M Gallery	Thailand	530
Total		14,280

Question 2:

Please clarify if the Company has assessed the value of its land, buildings as well as investment properties for the financial period ended 30 June 2020, and its basis of assessment. Please explain how the Board has addressed its mind to their carrying values and decided if any material change is required, in view of the current COVID-19 situation.

Company's Response:

The Group's land and buildings which mainly comprise hotel properties are included in property, plant and equipment. Land and buildings are segregated into two classes: leasehold and freehold. For leasehold properties, the Group adopts the cost model; and for freehold properties, the Group adopts the revaluation model. Investment properties are measured at fair value. The Group engages external professional valuers to support the determination of the fair value of its freehold land, buildings and investment properties. Property valuations generally include a subjective evaluation of certain factors and are based on various key assumptions and estimations, such as market comparables, future cash flows and discount rates applicable to these assets based on local market conditions existing at each valuation date.

On 31 March 2020, the Group engaged professional independent valuers to perform valuation on its freehold land and building in Singapore and Thailand which represented around 90% of the Group's total land and buildings as well as all its investment properties. The valuation did not indicate a reduction in value appraised against the carrying value of the properties as at 31 March 2020. Given the valuation was performed on 31 March 2020, the Board is not aware of material changes to the carrying values of land, buildings and investment properties as reported as at 30 June 2020. Nonetheless, Group will perform another valuation exercise of its land, buildings and investment properties for the full financial year 2020.

Question 3:

We refer to Appendix 7.2, paragraph 12 of the Listing Manual. It is stated that if no dividend is declared, the Company is required to explain the reason why. Please provide the reasons for not declaring dividends in respect of the current financial period.

Company's Response:

The COVID-19 Pandemic has an adverse impact globally on the travel and tourism industry. With cross border controls and travel restrictions remaining in place around the world, the Group's hotel business in destinations which essentially rely on international travelers continues to be negatively affected. The Group has implemented various cash conservation measures to mitigate the financial and operational effects arising from the economic consequences of COVID-19 pandemic. These measures included amongst others reducing operating expenses including payroll from headcount rationalization, unpaid leave program and deferral of non-critical capital expenditures. Consequently, in the current financial period, the Board of Directors has not recommended any interim dividend.

By Order of the Board

Moy Keen Choy
Company Secretary
24 August 2020