

BANYAN TREE HOLDINGS LIMITED
(Company Registration Number 200003108H)

PARTNERSHIP WITH CHINA VANKE CO., LTD.

1. The Principal Points of Agreement & Term Sheet for the Share Placement

Banyan Tree Holdings Limited ("BTH") wishes to inform shareholders that it has today entered into two binding term sheets with China Vanke Co., Ltd. ("Vanke", and together with BTH, the "Parties"). Vanke is a large real estate developer in the People's Republic of China and is currently listed on the Shenzhen Stock Exchange and the Stock Exchange of Hong Kong Limited.

The two binding term sheets are:

- i) a definitive and binding Principal Points of Agreement ("PPA"); and
- ii) a Term Sheet ("Term Sheet") in relation to the issue of BTH shares ("Shares").

The PPA and the Term Sheet relate to the following (together, the "Proposed Transactions"):-

(A) a proposed mutual co-operation (the "Collaboration") between the Parties to create a new entity structure known as Banyan Tree China ("BTC") for the purpose of consolidating ownership of BTH's interests in China ("Assets"), as well as to co-develop brands owned by BTH in China. BTC may also co-invest with BTH and other parties to develop Banyan Tree-branded projects overseas, which may capture the business opportunities in China's growing outbound market.

(B) BTC will be initially controlled 50:50 by BTH and Vanke.

- a. BTC shall initially own the following Assets upon its establishment or as soon as practicable thereafter:
 - i. 40% of Banyan Tree Hotels Management (Tianjin) Co., Ltd ("China Hotel Management Co" or "CHMC");
 - ii. 100% of Laguna Chengdu which includes Chengdu Banyan Tree No. 1 Property Co., Ltd, Chengdu Banyan Tree No. 3 Property Co., Ltd, Chengdu Banyan Tree No. 4 Property Co., Ltd. and Chengdu Laguna Property Service Co., Ltd;
 - iii. 100% of Banyan Tree Lijiang hotel; and
 - iv. 100% of Banyan Tree Ringha hotel.

The injection by BTH of its Assets into BTC shall be based on valuations which will be performed by reputable independent third party valuers following an agreed methodology and approach set out in the PPA. Based on the unaudited accounts of the Group as at 30 September 2016 (which was announced on 10 November 2016), the book value of the Assets (before valuation) is RMB659 million or approximately S\$134 million.

- b. BTC shall, as may be determined mutually between BTC and seller, offer to purchase for cash or for shares in BTC all the assets and interests of other Limited Partners' stake in Banyan Tree China Hospitality Fund ("Fund"), including 100% of BTH's 5% equity investment in the Fund (the book value (before valuation) is RMB57 million or approximately S\$12 million based on the unaudited accounts of the Group as at 30 September 2016); and
 - c. BTC may, as may be determined mutually between BTC and seller, offer to purchase for cash or for shares in BTC of other relevant hotel assets in China which bear one of the brands owned by BTH under a similar valuation methodology.
- (C) BTH agrees to issue Shares to Vanke in connection with the Collaboration by private placement of an aggregate principal amount of S\$25 million ("Share Placement") subject to the fulfilment of certain conditions precedent. The placement price is S\$0.60 per share or such minimum price required by applicable law and the listing rules of the SGX-ST. BTH also agrees to grant an option to Vanke to further purchase such number of Shares ("Option") which would result in Vanke having an interest in Shares representing a total amount to be determined by BTH, the minimum of which shall be 5% and the maximum can be 10% of the enlarged share capital of BTH on a fully diluted basis, at a placement price equivalent to 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 exercise of the Option (subject to compliance with applicable law and the listing rules of the SGX-ST).

2. Nomination of director

In connection with the Proposed Transactions, Vanke 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.

3. Definitive Agreements

The Parties will use reasonable commercial endeavours to agree and enter into definitive agreements in relation to the Proposed Transactions which will incorporate the terms set out in the PPA and Term Sheet as well as other terms as agreed between the Parties, within a period of 90 days from the date of the PPA and Term Sheet, provided that each of the PPA and Term Sheet shall be extended in accordance with the extension provisions set out therein. The definitive agreements are subject to the approval of the relevant regulatory authorities.

4. General Mandate

The proposed issue of Shares will be made and the Option will be granted pursuant to the general mandate for issue of shares and securities granted to the Board at the annual general meeting of BTH held on 28 April 2016.

5. Rationale for the Proposed Transactions

BTC will be a sizeable company with three main components: hotel ownership, hotel management, and development of senior living projects and wellness. Vanke has created a reputation for quality and innovation. Thus, a strategic partnership with Vanke will enable the Banyan Tree Brands to expand rapidly and penetrate strategic sectors in China.

All co-developed hotels will be operated in accordance with quality assurance and brand standards controlled by BTH. A mutually agreed process and a series of Brand Assurance Protocols from BTH will ensure the suitability of a proposed Collaboration project for the Banyan Tree Brands.

6. 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 have 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.

7. Announcements

Further announcements on the status of the definitive agreements and the Proposed Transaction will be made in due course as and when appropriate, and in accordance with the listing rules of the SGX-ST.

By Order of the Board

Jane Teah
Company Secretary

23 January 2017