

**ANNUAL GENERAL MEETING TO BE HELD ON 28 APRIL 2021**  
**RESPONSE TO QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE)**

**Question 1:**

**Would the board/management provide shareholders with greater clarity on how the group's strategic growth plans have changed as a result of the pandemic? Specifically:**

- (i) **Geographical diversification: The group has a large presence in the stronghold markets of Thailand and Indonesia. New hotels that were planned prior to COVID-19 and opening soon in 2021 would include Angsana Corfu in Greece, Banyan Tree Doha At La Cigale Mushaired in Qatar and Banyan Tree Ilha Caldeira in Mozambique. Going forward, what change has management made to the investment criteria for new hotels (such as hotels/resorts, size, location, position)?**

**Response:**

The Group has a diversified geographical presence of hotels in China, rest of Asia, Americas and Africa. In coming 12 months, the Group anticipates further expansion with new hotels opening not only in core Asia region but also Africa and entering new markets namely in Europe and Middle East. The Group continues to pursue an "asset-right" growth balanced with cash conservation strategy going into 2021 given hotel occupancy is still impacted by effects of COVID-19 pandemic. Going forward, the management will continue to pursue a strategy to further increase the mix of hotels under pure management with no equity investment. No additional investment of new hotels is expected except to complete project works which are at advanced stage of development prior to the onset of COVID-19 pandemic. The only such hotel is a 16-key Banyan Tree Escape resort in Bali, originally scheduled in 2020 but postponed to 2021, which will be the inception of an exciting brand extension for the Group.

- (ii) **Management contracts: Similarly, would the group's focus be on signing new hotel management contracts with hotel owners without the need for the group to hold equity interest in the assets?**

**Response:**

Yes, the Group continues to focus on signing new third-party hotel management contracts with no equity investment requirement. In 2020, 20 new third-party management contracts were signed.

- (iii) **Asset disposal: Has management identified assets that are suitable for disposal?**

**Response:**

The Group actively reviews and re-balances its portfolio of assets on an ongoing basis. In 2020, a piece of land in Brisbane was divested realising A\$16 million. The Group decided that it was no longer suitable and financially prudent to undertake this property development in light of the change in market condition.

- (iv) **Equity interest: Outside of its stronghold markets of Thailand and Indonesia, are there circumstances where the group would want to/prefer to participate in a new development with equity interest?**

**Response:**

Please refer to answers in (i) and (ii) above.

**Question 2:**

**World Tourism Organisation (UNWTO) predicts that international tourism could take two-and-a-half to four years to rebound to pre-pandemic levels and that global recovery is also likely to be uneven, with the speed of recovery varying from region to region and entry requirements differing from country to country.**

**As seen in the consolidated cash flow statement (page 115), the group's net cash flow used in operating activities was relatively low at \$(19.15) million even as the group reported a loss of \$(102.5) million in 2020. Cash and cash equivalents at the end of the year amounted to \$51.3 million (page 116 – Consolidated cash flow statement), down from \$140.8 million a year ago.**

- (i) **Does the group have the working capital to tide it through the pandemic in the worst case? Currently, management has anticipated that a rebound in the industry would start from the second half of 2021.**

**Response:**

Subsequent to 31 December 2020, the Group has converted \$20.0 million current loans to a 3-year term loan, secured a new \$20.0 million 2-year term loan and also obtained an in-principle approval for \$15.0 million of interest-bearing loans and borrowings to be rolled over and repaid in 2022.

In addition, the Group has received A\$16.0 million from the completion of the sales of its development land in Brisbane, Australia. The Group is also actively pursuing the settlement of amounts due from associates of approximately \$50.0 million for full settlement in 2021.

As announced on 8 March 2021, the Group is actively building up its liquidity position through various measures, including collections of outstanding trade receivables, monetising completed inventory in property development costs and the conversion of short term loans to longer term loans as well as to term out the maturity profile of its term loans.

The successful execution of these events will further strengthen the Group's liquidity and financial position.

**To improve organizational agility, the group has said that it will focus on short-haul regional and domestic travel in the near to medium term.**

- (ii) **Would this result in a mis-match between the group's inventory and demand?**

**Response:**

Under this climate where many countries borders are still closed, domestic markets remain a focus.

When borders re-open, it is expected leisure travellers will travel short-haul regionally before long-haul international travel gradually increases.

- (iii) **How is management finetuning occupancy and room rates to ensure that the group generates sufficient operating cashflow without negatively affecting its premium positioning in the long term?**

**Response:**

Our commercial strategy continues to be dynamic and top line performance is based on market elasticity as well as competitor positioning. The Group continues to actively monitor travel patterns and demand, and adjust its dynamic revenue management strategy according to market and location to maximise demand and pricing. Pricing could be adjusted dynamically when demand from international travel resumes.

The Group is leaning on existing brand equity and expanding to a multi-branded approach to increase overall market share in different customer segments, including the domestic market. Until international travel resumes, the Group maintains top-of-mind awareness and brand positioning with core international customer base through multiple online platforms and touchpoints.

**Question 3:**

**The board made good progress with board renewal to meet the principles and provisions of the Code of Corporate Governance 2018. The chairman, in his statement, noted with gratitude the cessation and pending retirement of directors, namely Mr Zhang Xu who stepped down from the board in the November 2020, and Mrs Fang Ai Lian, Mr Chan Heng Wing and Mr Tham Kui Seng.**

**The board had appointed Mr Beh Jit Han Paul, Mr Tan Chian Khong and Mr Arnoud De Meyer as independent directors and Mr Ding Changfeng and Mr Ho Ren Hua as non-executive non-independent directors. Additional information on directors seeking re-election can be found on pages 91 to 95 of the annual report.**

**The board conducted a process in 2020 to identify and appoint two additional independent directors to allow the board to have a majority of independent directors. The board/nominating and remuneration committee (“NRC”) stated that potential candidates are sought networking contacts and recommendations.**

- (i) **Can the NRC help shareholders understand if the non-executive directors have the appropriate balance and mix of skills, knowledge, experience, especially in hospitality, real estate and services, to engage in effective and constructive debate with the executive directors?**

**Response:**

The NRC reviews the appropriate size, level of independence and diversity of thought and background in the composition of the Board and Board Committees ensuring that each member has the expertise, skills and attributes to discharge his/her responsibilities effectively. The NRC also ensures that there is an appropriate number of Independent Directors for the Board and each Board Committee. Having considered the nature and scope of the Group’s businesses, the NRC is of the opinion that the current composition, mix and size of the Board and its Board Committee are appropriate and adequately equipped with the requisite skills, experience and knowledge.

As part of the Board's rejuvenation process, the Board has endeavoured to expand the diversity of its members beyond those with hospitality and property experience, but also in the areas of

digital and technology related fields. The Board will also look to maintain the number of female Independent Directors on its Board.

**(ii) How does the use of networking contacts and recommendations in the search for new director candidates support the group's diversity policy?**

**For instance, it observed that there are strong links among the directors outside of the board. The founder and executive chairman, Mr Ho KwonPing, chairs the Board of Trustees of Singapore Management University, which Mr Beh Jit Han Paul, the newly appointed independent director, is a member. Mr Chia Chee Ming Timothy was on the same board until January 2019 while Mr Arnoud De Meyer was the President of Singapore Management University from 2010 to 2018.**

**Response:**

Networking contacts, referrals and recommendations by the NRC and the Independent Directors are part of the process new director candidates are identified, evaluated and selected. In addition to adhering to the diversity framework in the context of different skillsets, business and industry experience, gender, age, ethnicity and culture, the NRC and the Board focuses also on independence in the ability of each director to discharge his/her duties in the identification and selection of new directors who would better support the Company's achievement of its strategic objectives.

Independent Directors make up a majority of the Board, each of them come from a diverse background and experience. The Independent Directors have no affiliations or business relationships with the Group, its related corporations, substantial shareholders or officers, nor do any relationships or circumstances exist which are likely to, or could appear to, interfere with the exercise of their independent business judgement acting in the best interests of the Group.

Each of the Directors updates the Company of any changes in his/her external appointments and these changes are noted at the Board meetings. Although some Directors have multiple board representations, the NRC monitors and assesses annually the number of listed company board representations and the principal commitments of each of the Directors. For FY2020, the NRC and the Board, having reviewed the multiple listed company board representations of the Directors and their principal commitments, are satisfied that each of these Directors is able to perform and has adequately performed, his/her duties as a Director of the Company.

**(iii) How effective are the board members at avoiding groupthink?**

**Response:**

Each Director has separate and independent access to Management and the Company Secretary. Each Director also have separate and independent access to independent professional advice as and when necessary to enable them (including the Independent Directors) to discharge their responsibilities effectively and such costs are borne by the Company.

The Board operates in a manner that promotes effective contribution of all Directors and ensures active and comprehensive Board discussions on Group matters and fosters constructive dialogue with management and other stakeholders. There is a culture of openness and debate at the Board level, promoting and maintaining a high standard of corporate governance, and ensuring appropriate relations within the Board and between the Board and Management.

Two Board Committees, namely the Audit and Risk Committee ("ARC") and the Nominating and Remuneration Committee ("NRC"), are constituted to assist the Board to ensure there is diversity and thoroughness in the decision making process of the Board. The NRC duties include evaluation of the Board's and Board Committees' effectiveness via a formal process and objective

performance criteria which includes open communication, meaningful participation and rigorous decision making.

By Order of the Board

Moy Keen Choy  
Company Secretary  
28 April 2021