

BANYAN TREE HOLDINGS LIMITED

(Company Registration Number 200003108H)

ESTABLISHMENT AND FIRST CLOSING OF THE BANYAN TREE INDOCHINA HOSPITALITY FUND

The Board of Banyan Tree Holdings Limited (the "Company") is pleased to announce that the Company established the Banyan Tree Indochina Hospitality Fund, L.P. (the "Indochina Fund" or the "Fund") on 29 January 2008, a real estate development fund, constituted as an exempted limited partnership under the laws of the Cayman Islands. The Indochina Fund is the first real estate development fund established by the Company.

The Indochina Fund is seeking a total commitment of between US\$300 million to US\$400 million by the final closing date, expected later this year ("Final Closing"). On 28 February 2008, the Company, via a wholly-owned subsidiary, and HSIL Investments Limited ("HSIL"), the Nan Fung Group ("Nan Fung"), via a Feeder Fund, each committed to invest one-third of US\$100 million i.e. US\$33.33 million each, in the Fund and, if higher, to increase their respective commitments to 12.5% of total commitments (ie. 37.5% in aggregate), subject to a cap of US\$50 million each (ie. US\$150 million in aggregate), on or before Final Closing.

Banyan Tree Indochina (GP) Company Limited (the "General Partner"), a wholly-owned subsidiary of the Company, is the general partner of the Fund. The Company, HSIL and Nan Fung will have representatives on the investment committee of the General Partner (the "Investment Committee").

THE INDOCHINA FUND

The Indochina Fund will be investing primarily in the Laguna Vietnam project located in the Chan May-Lang Co Economic Zone, Vietnam (the "Project") and other projects that are yet to be identified in Vietnam, Cambodia and Laos.

The Project involves the development of Laguna Vietnam, which will be the first fully integrated, world-class resort destination in Vietnam. Laguna Vietnam will be located on a beachfront site of approximately 280 hectares situated along three kilometres of the coast of Central Vietnam. When complete, Laguna Vietnam will include seven high-end and luxury hotels, including Banyan Tree and Angsana resorts, (totaling approximately 2,000 keys), an 18-hole golf course, spas, convention facilities, town centre, as well as about 1,000 luxury villas and residences. Laguna Vietnam is envisaged to be the leading world-class destination resort in Indochina, as well as the premium second home destination in the region.

The General Partner to the Indochina Fund will be directly responsible for the development of the Project and all other projects undertaken by the Fund. The Company, through its subsidiaries Laguna Resorts and Hotels Public Company Limited and Banyan Tree Hotels & Resorts Pte. Ltd., has agreed on the terms of various contracts to provide property level services to the Project and other projects undertaken by the Fund including design services during the construction phase of each project and hotel and spa management services for certain of the completed hotels.

The Indochina Fund is expected to have a fund life of seven years, subject to an extension of up to two additional years, after which, the General Partner will seek to realise the Indochina Fund's investments via an initial public offering and listing on a stock exchange, a trade sale, or through any other method that would maximise value for investors in the Indochina Fund at that point in time.

BENEFITS OF THE INDOCHINA FUND

The Board of the Company believes that the Indochina Fund will enable the Company to:

- (i) reproduce its Laguna Phuket integrated resort operation and development success in Vietnam,
- (ii) gain a foothold in the burgeoning economies of Vietnam, Cambodia, and Laos in line with the Company's global expansion,
- (iii) derive returns from its ongoing roles as general partner, as an investor and as a provider of property level services with respect to the Fund,
- (iv) pursue a capital efficient strategy with regard to its investments in Indochina, and
- (v) leverage off the fund management experience of HSIL as a consultant.

The above benefits will enable the Company to focus on growing its business through new management agreements and selective resort and hotel investments and increase its geographical presence by expanding its resort and hotel operations into new strategic locations which are part of the Company's corporate strategy.

PLACEMENT OF THE FUND

The Company has issued a mandate letter to HSBC Investment Banking in respect of the placing of partnership interests in the Indochina Fund to a limited number of institutional and other investors.

This announcement appears for information purposes only and no offering of partnership interests is being made to the Company's shareholders.

By Order of the Board

Jane Teah and Lee Kin Meng
Joint Company Secretaries
28 February 2008

BANYAN TREE HOLDINGS LIMITED

Banyan Tree Holdings Limited (“Banyan Tree” or the “Group”) is a leading manager and developer of premium resorts, hotels and spas in the Asia Pacific, with 23 resorts and hotels, 65 spas, 65 retail galleries, and two golf courses. The Group manages and/or has ownership interests in niche resorts and hotels. The resorts each typically has between 50 and 100 rooms and commands room rates at the high end of each property’s particular market.

Banyan Tree has seven operating business segments: hotel investment, hotel residence sales, hotel management, spa operations, gallery operations, property sales, design fees and others (design and project management, golf course operations and other businesses).

The Group’s primary business is the management, development and ownership of resorts and hotels. This is centered on two award-winning brands: Banyan Tree and Angsana. Banyan Tree also operates the leading integrated resort in Thailand – Laguna Phuket, through the Group’s subsidiary, Laguna Resorts & Hotels Public Company Limited.

As a leading operator of spas in the Asia Pacific, Banyan Tree’s spas are one of the key features in their resorts and hotels. Banyan Tree galleries, which complement their resorts, hotels and spas, help to extend the reach and scope of their brands.

Since the launch of the first Banyan Tree resort, Banyan Tree Phuket, in 1994, Banyan Tree has received over 300 awards and accolades for the resorts, hotels and spas that the Group manages. The Group has also received recognition for its commitment to environmental protection and emphasis on corporate social responsibility.

HSIL INVESTMENTS LTD

HSIL Investments Limited, a member of the HSBC Group, is the dedicated real estate and infrastructure investment business (and a wholly owned subsidiary) of HSBC, managing a range of property and infrastructure funds and investments. HSIL has successfully structured and raised nine private equity funds in the real estate and infrastructure space and currently manages in excess of US\$10 billion of specialist assets in infrastructure, commercial and residential properties.

As consultant to the Indochina Fund, HSIL will provide certain consultancy services, relating to fund management and administration, to the general partner. HSIL’s participation on the Investment Committee further enhances the management of the Fund with its private equity real estate experience.

NAN FUNG GROUP

The Nan Fung Group is a privately held group of companies and business interests carrying on the business of property development as its core business in Greater China including Hong Kong in addition to shipping, textiles and financial services. Nan Fung is one of the leading real estate developers and largest privately held developers in Hong

Kong and has a track record for successful business ventures including over 130 completed developments in Greater China (predominantly Hong Kong).

Nan Fung's participation on the Investment Committee further enhances the management of the Fund with its extensive experience as a developer which includes the ongoing development of an integrated resort on Hainan Island with a site area of 97 ha, and a number of luxury hotel projects in major cities in China.