



BANYAN TREE

**Banyan Tree Holdings Limited**

(Incorporated in the Republic of Singapore)

(Company Registration No. 200003108H)

**LETTER TO SHAREHOLDERS**

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# Banyan Tree Holdings Limited

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(Company Registration No. 200003108H)

APPENDIX TO NOTICE OF AGM

## Directors:

Ho KwonPing	(Executive Chairman)
Ariel P Vera	(Group Managing Director)
Chia Chee Ming Timothy	(Lead Independent Director)
Fang Ai Lian	(Independent Director)
Elizabeth Sam	(Independent Director)
Chan Heng Wing	(Independent Director)
Tham Kui Seng	(Independent Director)

## Registered Office:

211 Upper Bukit Timah Road  
Singapore 588182

**To: The Shareholders of  
Banyan Tree Holdings Limited**

11 April 2013

Dear Sir/Madam

## LETTER TO SHAREHOLDERS

### 1. INTRODUCTION

#### 1.1 AGM

We refer to the notice of annual general meeting of the Company ("**AGM**") dated 11 April 2013 (the "**Notice of AGM**") convening the AGM to be held on 29 April 2013, and in particular:

- (a) the ordinary resolution number 8.3 under the heading "Special Business", in relation to the proposed renewal of the IPT Mandate; and
- (b) the ordinary resolution number 8.4 under the heading "Special Business", in relation to the proposed Share Buyback Mandate,

as further explained in paragraphs 2 and 3 respectively below.

#### 1.2 Letter

The purpose of this Letter is to provide Shareholders with information relating to the proposed renewal of the IPT Mandate and the proposed Share Buyback Mandate, and to seek Shareholders' approval for both proposals at the AGM. Capitalised words and expressions used in this Letter, where not defined in the text of this Letter, are defined in the Schedule to this Letter.

**If you are in any doubt as to the contents herein or as to the course of action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.**

#### 1.3 SGX-ST

The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Letter.

## 2. THE PROPOSED RENEWAL OF THE IPT MANDATE

### 2.1 Background

The IPT Mandate enables the Company, its subsidiaries and its associated companies which are considered to be "entities at risk" within the meaning of Rule 904 of the Listing Manual of the SGX-ST (the "**Listing Manual**"), to enter into any of the transactions falling within the types of interested person transactions described in the IPT Mandate (the "**Mandated IPTs**"), with any person who falls within the classes of interested persons described in the IPT Mandate, provided that such transactions are made on normal commercial terms and are not prejudicial to the Company or its minority Shareholders, and are made in accordance with the review procedures for interested person transactions as set out in the IPT Mandate.

The IPT Mandate was renewed at the extraordinary general meeting of the Company on 26 April 2007 and in the following financial years on 28 April 2008, 30 April 2009, 30 April 2010, 29 April 2011 and 30 April 2012, and will continue in force until the forthcoming AGM on 29 April 2013.

The rationale for the IPT Mandate, the scope of the IPT Mandate, the benefit of the IPT Mandate to Shareholders, the classes of interested persons, the categories of interested person transactions and the review procedures for interested person transactions in respect of which the IPT Mandate is sought to be renewed remain unchanged save as set out in the paragraph immediately following, and are set out in the Appendix to this Letter.

The directors of the Company (the “**Directors**”) propose that the IPT Mandate be renewed at the AGM in the terms of the ordinary resolution to be proposed at the AGM and (unless revoked or varied by the Company in general meeting) to continue in force until the next AGM. It is intended that approval from Shareholders will be sought for the renewal of the IPT Mandate on an annual basis, subject to satisfactory review by the Audit and Risk Committee of the Company (the “**Audit and Risk Committee**”) of its continued application to transactions with interested persons.

## 2.2 Definitions

The following definitions, or such other definitions as the SGX-ST may from time to time determine, shall apply throughout paragraph 2 of this Letter (including the Appendix to this Letter), unless the context otherwise requires:

- (a) “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual;
- (b) “**associate**” means:
  - (i) in relation to any director, chief executive officer or controlling shareholder (being an individual):
    - (1) his immediate family (that is, the person’s spouse, child, adopted child, step-child, sibling and parent);
    - (2) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
    - (3) any company in which he and his immediate family together (directly or indirectly) have an interest of 30 per cent. or more; and
  - (ii) in relation to a controlling shareholder (being a company), any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30 per cent. or more;
- (c) “**associated company**” means a company in which at least 20 per cent. but not more than 50 per cent. of its shares are held by the listed company or group;
- (d) “**control**” means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company;
- (e) “**controlling shareholder**” means a person who:
  - (i) holds directly or indirectly 15 per cent. or more of the total number of issued shares (excluding treasury shares) in the company (the SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder); or
  - (ii) in fact exercises control over a company;
- (f) “**entity at risk**” or “**EAR**” means the issuer, a subsidiary of the issuer that is not listed on the SGX-ST or an approved exchange<sup>1</sup>, or an associated company of the issuer that is not listed on the SGX-ST or an approved exchange, provided that the listed issuer and its subsidiaries, or the listed issuer, its subsidiaries and its interested person(s), has/have control over the associated company;
- (g) “**EAR Group**” means all or any of the following: the Company, its subsidiaries which are not listed on the SGX-ST or an approved exchange, and its associated companies which are not listed on the SGX-ST; or an approved exchange and over which the Group and its interested persons have control;
- (h) “**interested person**” means a director, chief executive officer or controlling shareholder of the issuer; or an associate of any such director, chief executive officer or controlling shareholder;
- (i) “**interested person transaction**” means a transaction between an entity at risk and an interested person; and
- (j) “**TR Group**” means Tropical Resorts Limited, its subsidiaries and its associated companies.

## 2.3 Audit and Risk Committee’s Statements

Pursuant to Rule 920(1)(c) of the Listing Manual, the Audit and Risk Committee (comprising Mrs Fang Ai Lian, Mr Chia Chee Ming Timothy, Mrs Elizabeth Sam, Mr Chan Heng Wing and Mr Tham Kui Seng) confirms that:

- (a) the methods or procedures for determining the transaction prices for the interested person transactions set out in the Appendix to this Letter (“**Review Procedures**”) have not changed since Shareholders last approved the IPT Mandate at the annual general meeting of the Company held on 30 April 2012; and

<sup>1</sup> LRH is a subsidiary of the Company and is listed on the Stock Exchange of Thailand. Following a submission by the Company to SGX-ST dated 12 November 2009, SGX-ST had confirmed to the Company on 26 February 2010 that for the purposes of Chapter 9 of the Listing Manual, the Stock Exchange of Thailand is an approved exchange i.e. an exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9. Accordingly, LRH is not an “entity at risk” as defined in Chapter 9 of the Listing Manual. LRH is also not an “interested person” of the Company as defined in Chapter 9 of the Listing Manual.

- (b) the Review Procedures are sufficient to ensure that the Mandated IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

If, during the periodic reviews by the Audit and Risk Committee, the Audit and Risk Committee is of the view that the Review Procedures are inadequate or inappropriate to ensure that the Mandated IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, or in the event of any amendment to Chapter 9 of the Listing Manual, it will in consultation with the Board of Directors of the Company (the "**Board**") take such action as it deems proper in respect of such procedures and/or modify or implement such procedures as may be necessary and direct the Company to revert to Shareholders for a fresh mandate based on new guidelines and procedures for transactions with interested persons.

## 2.4 Disclosures

Disclosure will be made in the Company's Annual Report of the aggregate value of all interested person transactions conducted with interested persons pursuant to the IPT Mandate during the current financial year, and in the Annual Reports for subsequent financial years during which the IPT Mandate continues in force, in accordance with the requirements of Chapter 9 of the Listing Manual. The Company will also announce the aggregate value of transactions conducted pursuant to the IPT Mandate for the financial periods that it is required to report on pursuant to Rule 705 of the Listing Manual (which relates to quarterly reporting by listed companies) within the time required for the announcement of such report.

## 3. THE PROPOSED SHARE BUYBACK MANDATE

### 3.1 The Proposed Share Buyback Mandate

It is a requirement under the Companies Act (Chapter 50 of Singapore) ("**Companies Act**") that a company which wishes to purchase or otherwise acquire its own shares has to obtain the approval of its shareholders to do so at a general meeting of its shareholders. In this regard, the proposed Share Buyback Mandate, if approved by Shareholders at the AGM of the Company to be held on 29 April 2013 shall enable the Directors to exercise all powers of the Company to purchase or otherwise acquire the ordinary shares in the capital of the Company (the "**Shares**") on the terms of the Share Buyback Mandate.

Under the proposed Share Buyback Mandate, if approved, the Company will be able to make market and off-market buybacks of Shares from time to time of up to one (1) per cent. of the total number of Shares (excluding treasury shares) in accordance with the terms set out below.

### 3.2 Rationale for the Share Buyback Mandate

The approval of the Share Buyback Mandate authorising the Company to purchase or acquire its Shares would give the Company the flexibility to undertake Share purchases or acquisitions up to the one (1) per cent. limit described in paragraph 3.3.1 below at any time, during the period when the Share Buyback Mandate is in force.

The rationale for the Company to undertake the purchase or acquisition of its Shares is as follows:

- (a) In managing the business of the Company and its subsidiaries (the "**Group**"), the management team strives to increase Shareholders' value by improving, *inter alia*, the return on equity of the Group. Share purchase is one of the ways in which the return on equity of the Group may be enhanced.
- (b) The Company has two (2) share based incentive schemes for its employees, namely the Banyan Tree Share Option Scheme and the Banyan Tree Performance Share Plan (collectively, the "**Plans**"). In both cases, subject to prevailing legislation, the Memorandum and Articles of Association of the Company for the time being (the "**Memorandum**" and "**Articles**" respectively) and the Listing Rules (as defined herein), the Company has the discretion whether to issue new Shares, deemed fully paid upon issuance and allotment, to participants who have exercised their Options or whose Awards have vested, as the case may be, or transfer existing Shares to such participants (whether held as treasury shares or otherwise). Shares bought back under the Share Buyback Mandate can be held by the Company as treasury shares to satisfy the Company's obligation to furnish Shares to participants under the Plans, thus giving the Company greater flexibility to select the method of providing Shares to employees most beneficial to the Company and its Shareholders.
- (c) The Share Buyback Mandate is an expedient, effective and cost-efficient way for the Company to return to Shareholders surplus cash/funds which is/are over and above its ordinary capital requirements and in excess of the financial and possible investment needs of the Group, if any. In addition, the Share Buyback Mandate will allow the Company to have greater flexibility over, *inter alia*, the Company's share capital structure and its dividend policy.
- (d) Share buyback mandates help mitigate short-term market volatility, offset the effects of short-term speculation and bolster Shareholder confidence.

While the Share Buyback Mandate would authorise a purchase or acquisition of Shares up to the said one (1) per cent. limit during the period referred to in paragraph 3.3.2 below, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may not be carried out to the full one (1) per cent. limit as authorised and the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate will be made only as and when the Directors consider it to be in the best interests of the Company and/or Shareholders and in circumstances which they believe will not result in any material adverse effect on the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST. The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares pursuant to the Share Buyback Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the SGX-ST.

### 3.3 Authority and Limits on the Share Buyback Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the proposed Share Buyback Mandate are summarised below:

#### 3.3.1 *Maximum Number of Shares*

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired pursuant to the Share Buyback Mandate is limited to that number of Shares representing not more than one (1) per cent. of the total number of issued Shares as at the date of the AGM at which the Share Buyback Mandate is approved, unless the Company has, at any time during the Relevant Period, reduced its share capital by a special resolution under Section 78C of the Companies Act, or the court has, at any time during the Relevant Period, made an order under Section 78I confirming the reduction of share capital of the Company, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered by the special resolution of the Company or the order of the court, as the case may be. Any Shares which are held as treasury shares will be disregarded for the purposes of computing the one (1) per cent. limit.

For illustrative purposes only, on the basis of 760,147,280 Shares in issue (excluding treasury shares) as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the AGM, and that the Company does not reduce its share capital, not more than 7,601,472 Shares (representing one (1) per cent. of the total number of issued Shares (excluding treasury shares) as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Buyback Mandate (if approved) during the period referred to in paragraph 3.3.2 below.

#### 3.3.2 *Duration of Authority*

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the AGM at which the Share Buyback Mandate is approved, up to:

- (a) the date on which the next AGM is held or required by law to be held;
- (b) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Shareholders in a general meeting; or
- (c) the date on which purchases or acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated,

whichever is the earliest.

The authority conferred on the Directors by the Share Buyback Mandate to purchase Shares may be renewed at the next AGM or at an extraordinary general meeting to be convened immediately after the conclusion or adjournment of the next AGM. When seeking the approval of the Shareholders for the Share Buyback Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the Share Buyback Mandate made during the previous 12 months, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such purchases of Shares, where relevant, and the total consideration paid for such purchases.

#### 3.3.3 *Manner of Purchase*

Purchases or acquisitions of Shares may be made by way of:

- (a) on-market purchases ("**Market Purchases**"), transacted on the SGX-ST through the ready market, and which may be transacted through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or
- (b) off-market purchases ("**Off-Market Purchases**") effected pursuant to an equal access scheme in accordance with Section 76C of the Companies Act.

The Directors may impose such terms and conditions which are not inconsistent with the Share Buyback Mandate, the Listing Rules, the Memorandum and Articles and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An Off-Market Purchase must, however, satisfy all of the following conditions:

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made to them; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements; (2) differences in consideration attributable to the fact that the offers may relate to Shares with different amounts remaining unpaid; and (3) differences in the offers introduced solely to ensure that each Shareholder is left with a whole number of Shares.

Pursuant to the Listing Rules, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document to all Shareholders containing at least the following information:

- (1) the terms and conditions of the offer;
- (2) the period and procedures for acceptances;
- (3) the reasons for the proposed purchase or acquisition of Shares;
- (4) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Singapore Code on Take-over and Mergers (the “**Take-over Code**” or “**Code**”) or other applicable take-over rules;
- (5) whether the purchases or acquisitions of Shares, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (6) details of any purchases or acquisitions of Shares made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases of Shares, where relevant, and the total consideration paid for the purchases; and
- (7) whether the Shares purchased or acquired by the Company will be cancelled or kept as treasury shares.

#### 3.3.4 *Maximum Purchase Price*

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses (“**related expenses**”)) to be paid for a Share will be determined by the Directors. However, the purchase price to be paid for the Shares pursuant to the purchases or acquisitions of the Shares must not exceed:

- (a) in the case of a Market Purchase, 105 per cent. of the Average Closing Price (as defined hereinafter); and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120 per cent. of the Highest Last Dealt Price (as defined hereinafter),

(the “**Maximum Price**”) in either case, excluding related expenses.

For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last five (5) Market Days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days;

“**Highest Last Dealt Price**” means the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase;

“**day of the making of the offer**” means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

“**Market Day**” means a day on which the SGX-ST is open for trading in securities.

### 3.4 Status of Purchased Shares

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share. At the time of each purchase of Shares by the Company, the Directors will decide whether the Shares purchased will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, depending on the needs of the Company at that time. It is presently intended by the Company that Shares which are purchased or acquired by the Company pursuant to the Share Buyback Mandate will be held as treasury shares, up to the maximum number of treasury shares permitted by law to be held by the Company.

### 3.5 Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

#### 3.5.1 *Maximum Holdings*

The number of Shares held as treasury shares cannot at any time exceed 10 per cent. of the total number of issued Shares.

#### 3.5.2 *Voting and Other Rights*

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets (whether in cash or otherwise) may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

#### 3.5.3 *Disposal and Cancellation*

Where Shares are held as treasury shares, the Company may at any time:

- (a) sell the treasury shares for cash;
- (b) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme. It follows that the Company may transfer the treasury shares to participants who have exercised their Options or whose Awards have vested, as the case may be, under the respective Plans;
- (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares; or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

### 3.6 Reporting Requirements

Within 30 days of the passing of a Shareholders' resolution to approve the purchases of Shares by the Company, the Board shall lodge a copy of such resolution with the Registrar of Companies ("**Registrar**").

The Board shall lodge with the Registrar within 30 days of a purchase of Shares on the SGX-ST or otherwise the notice of the purchase or acquisition in the prescribed form with the following particulars:

- (a) date of the purchase or acquisition;
- (b) the total number of Shares purchased or acquired by the Company;
- (c) the number of Shares cancelled;
- (d) the number of Shares held as treasury shares;
- (e) the Company's issued share capital before and after the purchase or acquisition of Shares;
- (f) the amount of consideration paid by the Company for the purchase or acquisition;
- (g) whether the Shares were purchased or acquired out of profits or the capital of the Company; and
- (h) such other information as may be required in the prescribed form.



The Listing Rules specify that a listed company shall notify the SGX-ST of all purchases or acquisitions of its Shares not later than 9.00 a.m.:

- (i) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made; and
- (ii) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer for the Off-Market Purchase.

The notification of such purchases or acquisitions of Shares to the SGX-ST shall be in such form and shall include such details prescribed in the Listing Manual. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

The Company, upon undertaking any sale, transfer, cancellation and/or use of treasury shares, will comply with Rule 704(28) of the Listing Manual, which provides that an issuer must make an immediate announcement thereof, stating the following:

- (1) date of the sale, transfer, cancellation and/or use;
- (2) purpose of such sale, transfer, cancellation and/or use;
- (3) number of treasury shares sold, transferred, cancelled and/or used;
- (4) number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (5) percentage of the number of treasury shares against the total number of Shares outstanding before and after such sale, transfer, cancellation and/or use; and
- (6) value of the treasury shares if they are used for a sale or transfer, or cancelled.

The Board shall lodge with the Registrar within 30 days of the cancellation or disposal of treasury shares the notice of the cancellation or disposal of treasury shares in the prescribed form with such particulars as may be required in the form, together with payment of the prescribed fee.

### 3.7 Source of Funds

The Company may only apply funds for the purchase or acquisition of Shares as provided in the Articles and in accordance with the applicable laws in Singapore. The Company may not purchase its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

The Company may use internal sources of funds, or a combination of internal resources and external borrowings, to finance Share Buybacks. The Directors do not propose to exercise the Share Buyback Mandate or rely on external borrowings to finance Share Buybacks to such an extent that it would materially affect the financial position, working capital requirements or investment ability of the Group.

### 3.8 Financial Effects

It is not possible for the Company to realistically calculate or quantify the impact of purchases of Shares that may be made pursuant to the Share Buyback Mandate on the net tangible assets ("**NTA**") and earnings per share ("**EPS**") as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased, whether the purchase is made out of capital or profits, the purchase prices paid for such Shares, the amount (if any) borrowed by the Company to fund the purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as treasury shares.

The Company's total issued share capital will be diminished by the total number of Shares purchased by the Company and which are not held as treasury shares. The NTA of the Group will be reduced by the aggregate purchase price paid by the Company for the Shares.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

The purchase or acquisition of Shares will only be effected by the Company after the Board has considered relevant factors such as the working capital requirements, availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions. The Share Buyback Mandate (if approved) will be exercised with a view to enhance the EPS and/or the NTA value per Share of the Group.

For illustrative purposes only, the financial effects of the Share Buyback Mandate (if approved) on the Company and the Group, based on the audited financial accounts of the Group for the financial year ended 31 December 2012 are based on the assumptions set out below:

- (a) based on 760,147,280 Shares in issue (excluding treasury shares) as at the Latest Practicable Date and assuming no further Shares are issued and 1,255,000 Shares are held by the Company as treasury shares on or prior to the AGM, and no reduction of share capital of the Company takes place, not more than 7,601,472 Shares (representing one (1) per cent. of the total number of issued Shares (excluding treasury shares) as at the date of the AGM) may be purchased by the Company pursuant to the Share Buyback Mandate (if approved);
- (b) in the case of Market Purchases by the Company and assuming that the Company purchases 7,601,472 Shares (representing approximately one (1) per cent. of the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date) at the Maximum Price of S\$0.66 for one (1) Share (being the price equivalent to five (5) per cent. above the average of the closing prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of the 7,601,472 Shares (excluding related expenses) is approximately S\$5.0 million; and
- (c) in the case of Off-Market Purchases by the Company and assuming that the Company purchases 7,601,472 Shares (representing approximately one (1) per cent. of the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date) at the Maximum Price of S\$0.74 for one (1) Share (being the price equivalent to 20 per cent. above the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of the 7,601,472 Shares (excluding related expenses) is approximately S\$5.6 million.

For illustrative purposes only, and based on the assumptions set out in sub-paragraphs (a), (b) and (c) above and assuming that (i) such purchase of Shares is financed solely by internal sources of funds and made entirely out of profits; (ii) the Share Buyback Mandate had been effective on 1 January 2012; and (iii) the Company had on the last day of financial year ended 31 December 2012 purchased 7,601,472 Shares (representing approximately one (1) per cent. of the total number of its issued Shares (excluding treasury shares) as at the Latest Practicable Date), the financial effects of the purchase of the 7,601,472 Shares by the Company pursuant to the Share Buyback Mandate, in the Market Purchase and Off-Market Purchase scenarios, in either case, whether held as treasury shares or cancelled, on the audited financial accounts of the Group and the Company for the financial year ended 31 December 2012, are summarised in the following tables:

#### Pro-forma Financial Effects on the Group as at 31 December 2012 of the Scenarios described above

	Per Consolidated Financial Statements as at 31 December 2012	Pro-forma Financial Effects as at 31 December 2012 for the Scenarios described above	
		Market Purchase	Off-Market Purchase
Equity attributable to owners of the Company (S\$'000)	544,484	539,467	538,859
Net tangible assets (S\$'000)	517,581	512,564	511,956
Non-controlling interests (S\$'000)	167,913	167,913	167,913
Current assets (S\$'000)	411,126	406,109	405,501
Current liabilities (S\$'000)	231,875	231,875	231,875
Cash & cash equivalents (S\$'000)	120,824	115,807	115,199
Working capital (S\$'000)	179,251	174,234	173,626
Number of issued shares	760,147,280	752,545,808	752,545,808
Weighted average number of shares	760,019,586	760,019,586	760,019,586
<b>Financial Ratios</b>			
Net tangible assets per share (cents)	68.09	68.11	68.03
Current ratio (times)	1.77	1.75	1.75
Earnings per share (cents)	1.96	1.96	1.96

## Pro-forma Financial Effects on the Company as at 31 December 2012 of the Scenarios described above

	Per Financial Statements as at 31 December 2012	Pro-forma Financial Effects as at 31 December 2012 for the Scenarios described above	
		Market Purchase	Off-Market Purchase
Equity attributable to owners of the Company (S\$'000)	245,380	240,363	239,755
Net tangible assets (S\$'000)	245,380	240,363	239,755
Current assets (S\$'000)	83,477	78,460	77,852
Current liabilities (S\$'000)	83,709	83,709	83,709
Cash & cash equivalents (S\$'000)	19,297	14,280	13,672
Working capital (S\$'000)	(232)	(5,249)	(5,857)
Number of issued shares	760,147,280	752,545,808	752,545,808
Weighted average number of shares	760,019,586	760,019,586	760,019,586
<b>Financial Ratios</b>			
Net tangible assets per share (cents)	32.28	31.94	31.86
Current ratio (times)	1.00	0.94	0.93
Loss per share (cents)	(1.55)	(1.55)	(1.55)

Shareholders should note that the financial effects set out above are purely for illustrative purposes only based on the abovementioned assumptions. Although the proposed Share Buyback Mandate (if approved) would authorise the Company to purchase up to one (1) per cent. of the total number of issued Shares (excluding treasury shares) as determined in accordance with the applicable provisions of the Companies Act, the Company may not necessarily purchase or be able to purchase the entire one (1) per cent. of the total number of its issued Shares (excluding treasury shares). In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

Shareholders who are in doubt as to their tax positions or any tax implications in their respective jurisdictions should consult their own professional tax advisers.

### 3.9 Take-over Implications

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

#### 3.9.1 Obligation to make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of the Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

#### 3.9.2 Persons Acting in Concert

Under the Take-over Code, persons acting in concert ("**concert parties**") comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of the company.

Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert, namely:

- a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights;
- a company with any of its directors (together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts);
- a company with any of its pension funds and employee share schemes;
- a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10 per cent. or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of the foregoing, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, ownership or control of at least 20 per cent. but not more than 50 per cent. of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders, including Directors and their concert parties respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

### **3.9.3 Effect of Rule 14 and Appendix 2**

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and their concert parties will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30 per cent. or more, or in the event that such Directors and their concert parties hold between 30 per cent. and 50 per cent. of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than one (1) per cent. in any period of six (6) months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30 per cent. or more, or, if such Shareholder holds between 30 per cent. and 50 per cent. of the Company's voting rights, the voting rights of such Shareholder would increase by more than one (1) per cent. in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate.

Based on the interests of the Substantial Shareholders in Shares recorded in the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, none of the Substantial Shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate of the maximum limit of one (1) per cent. of its issued Shares (excluding treasury shares) as at the Latest Practicable Date.

Shareholders are reminded that those who are in doubt as to their obligations, if any, to make a mandatory offer under the Take-over Code as a result of the Shares bought back by the Company should consult the Securities Industry Council and/or their professional advisers at the earliest opportunity.

### **3.10 Listing Rules**

While the Listing Rules do not expressly prohibit purchase of shares by a listed company during any particular time or times, because a listed company would be considered an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not purchase any Shares pursuant to the Share Buyback Mandate after a development which could have a material effect on the price of the Shares has occurred or has been the subject of a consideration and/or a decision of the Board until such time as such information has been publicly announced. In particular, in line with Rule 1207(19)(c) of the Listing Manual, the Company will not purchase or acquire any Shares through Market Purchases during the period of:

- (a) one (1) month immediately preceding the announcement of the Company's annual results; and
- (b) two (2) weeks immediately preceding the announcement of the Company's quarterly results.

The Company is required under Rule 723 of the Listing Manual to ensure that at least 10 per cent. of the total number of issued Shares (excluding treasury shares) are in the hands of the public. The "public", as defined under the Listing Manual, are persons other than the directors, chief executive officer, substantial shareholders or controlling shareholders of the Company and its subsidiaries, as well as the associates of such persons.

Based on the Register of Directors' shareholdings and the Register of Substantial Shareholders maintained by the Company, as at the Latest Practicable Date approximately 200,788,155 Shares, representing 26.41 per cent. of the total number of issued Shares (excluding treasury shares), are in the hands of the public. Assuming that the Company purchases its Shares up to the full one (1) per cent. limit pursuant to the Share Buyback Mandate from the public (as defined in the Listing Rules), the

number of Shares in the hands of the public would be reduced to 193,186,683 Shares, representing 25.67 per cent. of the issued share capital of the Company (excluding treasury shares). Accordingly, the Company is of the view that there is a sufficient number of Shares held in the hands of the public which would permit the Company to undertake purchases or acquisitions of its Shares up to the full one (1) per cent. limit pursuant to the proposed Share Buyback Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity.

In undertaking any purchases or acquisitions of Shares through Market Purchases, the Directors will use their best efforts to ensure that, notwithstanding such purchases, a sufficient float in the hands of the public will be maintained so that the purchases or acquisitions of Shares will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

### 3.11 Previous Share Buybacks

The Company has not purchased any Shares in the last 12 months preceding the Latest Practicable Date. As at the Latest Practicable Date, the Company holds 1,255,000 treasury shares.

## 4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Based on the Register of Directors' shareholdings and the Register of Substantial Shareholders maintained by the Company, as at the Latest Practicable Date, and as at the date of the AGM (on the assumption that their voting rights will not change between the Latest Practicable Date and the date of the AGM), the direct and deemed interests and voting rights of the Directors and the Substantial Shareholders before and after the purchase of Shares pursuant to the Share Buyback Mandate (if approved), assuming (a) the Company purchases the maximum amount of one (1) per cent. of the total number of issued Shares (excluding treasury shares) determined in accordance with the provisions of the Companies Act, and (b) there is no change in the number of Shares held by the Directors and the Substantial Shareholders or which they are deemed interested in, will be as follows:

	Before Share Buyback (No. of Shares)			Before Share Buyback % <sup>1</sup>	After Share Buyback % <sup>2</sup>
	Direct Interest	Deemed Interest	Total Interest		
<b>Directors</b>					
Ho KwonPing	–	286,232,582 <sup>3</sup>	286,232,582	37.65	38.04
Ariel P Vera	919,600	699,400 <sup>4</sup>	1,619,000	0.21	0.22
Chia Chee Ming Timothy	257,000	–	257,000	0.03	0.03
Elizabeth Sam	156,000	–	156,000	0.02	0.02
Fang Ai Lian	–	–	–	–	–
Chan Heng Wing	–	–	–	–	–
Tham Kui Seng	–	–	–	–	–
<b>Substantial Shareholders (who are not also Directors)</b>					
Claire Chiang	–	286,232,582 <sup>5</sup>	286,232,582	37.65	38.04
Estate of Ho Lien Fung, Deceased	–	38,095,000 <sup>6</sup>	38,095,000	5.01	5.06
Bibace	270,460,582	9,772,000 <sup>7</sup>	280,232,582	36.87	37.24
Recourse Investments Ltd.	6,000,000	280,232,582 <sup>8</sup>	286,232,582	37.65	38.04
KAP Holdings Ltd.	–	280,232,582 <sup>8</sup>	280,232,582	36.87	37.24
Qatar Holding LLC	–	205,187,443 <sup>9</sup>	205,187,443	26.99	27.27
Qatar Investment Authority	–	205,187,443 <sup>10</sup>	205,187,443	26.99	27.27

#### Notes:

<sup>1</sup> As a percentage of the current issued share capital of the Company (excluding treasury shares), comprising 760,147,280 Shares.

<sup>2</sup> As a percentage of the issued share capital of the Company (excluding treasury shares), comprising 752,545,808 Shares, assuming that the Company purchases the maximum number of 7,601,472 Shares under the Share Buyback Mandate.

<sup>3</sup> Ho KwonPing is deemed to have an interest in the Shares held by Recourse Investments Ltd., Bibace and Citibank Nominees Singapore Pte Ltd (acting as nominee for Bibace).

<sup>4</sup> The Company granted a conditional award of 262,500 Shares to Ariel P Vera under the Banyan Tree Performance Share Plan. The Shares if conditions are met will vest on a date in the future. Ariel P Vera is also entitled to another 436,900 Shares under the Banyan Tree Performance Share Plan which will vest subject to certain terms and conditions.

<sup>5</sup> Claire Chiang is deemed to have an interest in the Shares held by Recourse Investments Ltd., Bibace and Citibank Nominees Singapore Pte Ltd (acting as nominee for Bibace).

<sup>6</sup> Estate of Ho Lien Fung, Deceased is deemed to have an interest in the Shares held by ICD (HK) Limited (formerly known as Wah-Chang Offshore (Hong Kong) Company Limited) and HSBC (Singapore) Nominees Pte Ltd (acting as nominee for Li-Ho Holdings (Private) Limited).

<sup>7</sup> Bibace is deemed to have an interest in the Shares held by its nominee, Citibank Nominees Singapore Pte Ltd.

<sup>8</sup> KAP Holdings Ltd. and Recourse Investments Ltd. are each deemed to have an interest in the Shares held by Bibace and Citibank Nominees Singapore Pte Ltd (acting as nominee for Bibace).

<sup>9</sup> Qatar Holding LLC ("QH") is deemed to have an interest in the shares held through third party nominees.

<sup>10</sup> Qatar Investment Authority is deemed to have an interest in the shares held by its wholly-owned subsidiary, QH.

## 5. DIRECTORS' RECOMMENDATIONS AND ABSTENTION FROM VOTING

### 5.1 Proposed Renewal of the IPT Mandate

The Directors who are considered independent for the purposes of the IPT Mandate are Mr Chia Chee Ming Timothy, Mrs Fang Ai Lian, Mrs Elizabeth Sam, Mr Chan Heng Wing and Mr Tham Kui Seng (the "**Independent Directors**"). The Independent Directors are of the opinion that the proposed renewal of the IPT Mandate is in the best interests of the Company. Accordingly, the Independent Directors recommend that Shareholders vote in favour of the ordinary resolution relating to the proposed renewal of the IPT Mandate as set out in the Notice of AGM.

Mr Ho KwonPing and Mr Ariel P Vera, who are associates of the interested persons in the IPT Mandate, will abstain from voting on their Shares at the AGM in respect of the resolution relating to the proposed renewal of the IPT Mandate. They will also not accept nominations to act as proxy, corporate representative or attorney to vote in respect of the said resolution unless the Shareholders appointing them have indicated clearly how votes are to be cast in respect of the said resolution.

The interested persons named in the IPT Mandate and their associates should abstain from voting on the ordinary resolution relating to the proposed renewal of the IPT Mandate as set out in the Notice of AGM. They should also not accept nominations to act as proxy, corporate representative or attorney to vote in respect of the said resolution unless the Shareholders appointing them have indicated clearly how votes are to be cast in respect of the said resolution.

### 5.2 Proposed Share Buyback Mandate

The Directors are of the opinion that the proposed Share Buyback Mandate is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolution relating to the proposed Share Buyback Mandate as set out in the Notice of AGM.

## 6. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of the Company during normal business hours on any weekday (public holidays excluded) from the date of this Letter up to and including the date of the AGM:

- (a) the Annual Report of the Company for the financial year ended 31 December 2012; and
- (b) the Memorandum and Articles.

## 7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the IPT Mandate and the Share Buyback Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading. Where information in this Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources and/or reproduced in this Letter in its proper form and context.

Yours faithfully  
For and on behalf of the Board of Directors of  
**Banyan Tree Holdings Limited**

**Ho KwonPing**  
Executive Chairman

# Schedule – Definitions

In this Letter, the following definitions apply throughout unless otherwise stated:

<b>“AGM”</b>	: The annual general meeting of the Company, notice of which is given on pages 195 to 198 of the Annual Report of the Company in respect of the financial year ended 31 December 2012
<b>“Articles”</b>	: The Articles of Association of the Company for the time being
<b>“Audit and Risk Committee”</b>	: The Audit and Risk Committee of the Company
<b>“Award”</b>	: The right to receive Shares pursuant to the Banyan Tree Performance Share Plan
<b>“Banyan Tree Performance Share Plan”</b>	: The Banyan Tree Performance Share Plan approved and adopted by the Company on 28 April 2006, and as amended or modified from time to time
<b>“Banyan Tree Share Option Scheme”</b>	: The Banyan Tree Share Option Scheme approved and adopted by the Company on 28 April 2006, and as amended or modified from time to time
<b>“Bibace”</b>	: Bibace Investments Ltd (formerly known as TRL Investments Ltd)
<b>“Board”</b>	: The Board of Directors of the Company
<b>“CDP”</b>	: The Central Depository (Pte) Limited
<b>“Companies Act”</b>	: The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
<b>“Company” or “BTH”</b>	: Banyan Tree Holdings Limited
<b>“Directors”</b>	: The directors of the Company for the time being
<b>“EPS”</b>	: Earnings per Share
<b>“Group”</b>	: The Company and its subsidiaries
<b>“IPT Mandate”</b>	: The Shareholders’ mandate for interested person transactions approved at the extraordinary general meeting of the Company held on 2 May 2006, as disclosed in the prospectus of the Company dated 26 May 2006, which Shareholders’ mandate has subsequently been renewed on an annual basis
<b>“Latest Practicable Date”</b>	: The latest practicable date prior to the printing of this Letter, being 15 March 2013
<b>“Listing Manual”</b>	: The listing manual of the SGX-ST
<b>“Listing Rules”</b>	: The listing rules of the SGX-ST set out in the Listing Manual
<b>“LRH”</b>	: Laguna Resorts & Hotels Public Company Limited
<b>“LRH Group”</b>	: Laguna Resorts & Hotels Public Company Limited, its subsidiaries and its associated companies
<b>“Market Day”</b>	: A day on which the SGX-ST is open for trading in securities
<b>“Memorandum”</b>	: The Memorandum of Association of the Company for the time being
<b>“NTA”</b>	: Net tangible assets
<b>“Option”</b>	: The right to subscribe for Shares granted or to be granted pursuant to the rules of the Banyan Tree Share Option Scheme
<b>“Plans”</b>	: The Banyan Tree Share Option Scheme and the Banyan Tree Performance Share Plan
<b>“QH”</b>	: Qatar Holding LLC
<b>“Registrar”</b>	: The Registrar of Companies
<b>“Relevant Period”</b>	: The period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date the resolution relating to the Share Buyback Mandate is passed
<b>“Securities Account”</b>	: Securities accounts maintained by depositors with CDP, but not including securities accounts maintained with a depository agent

<b>"SGX-ST"</b>	: Singapore Exchange Securities Trading Limited
<b>"Shareholders"</b>	: Registered holders for the time being of Shares, except that where the registered holder is CDP, the term "Shareholders" shall, where the context admits, mean the depositors whose Securities Account are credited with Shares
<b>"Share Buyback Mandate"</b>	: General and unconditional mandate given by Shareholders to authorise the Directors to purchase Shares in accordance with the terms set out in this Letter as well as the rules and regulations set forth in the Companies Act and the Listing Manual
<b>"Share Buybacks"</b>	: Share buybacks undertaken by the Company of up to one (1) per cent. of the total number of issued Shares (excluding treasury shares)
<b>"Shares"</b>	: Ordinary shares in the share capital of the Company
<b>"Substantial Shareholder"</b>	: A person who has an interest in not less than five (5) per cent. of the issued voting shares of the Company
<b>"Take-over Code" or "Code"</b>	: The Singapore Code on Take-overs and Mergers
<b>"S\$" and "cents"</b>	: Singapore dollars and cents, respectively
<b>"%" or "per cent."</b>	: Per centum or percentage

The terms "**depositor**", "**Depository Register**" and "**depository agent**" shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

The term "**controlling shareholder**" shall have the meaning ascribed to it in the Listing Manual.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing any one gender shall, where applicable, include the other genders. References to persons shall include corporations.

Any reference in this Letter to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and not otherwise defined in this Letter shall have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be. Summaries of the provisions of any laws and regulations (including the Code and Listing Rules) contained in this Letter are of such laws and regulations (including the Code and Listing Rules) as at the Latest Practicable Date.

Any reference to a time of day in this Letter is made by reference to Singapore time unless otherwise stated.

Any discrepancies in this Letter between the listed amounts and the totals thereof and/or the respective percentages are due to rounding.



# Appendix – Shareholders’ Mandate for Interested Person Transactions

## 1. IPT MANDATE

### 1.1 Rationale for the IPT Mandate

The transactions with interested persons are entered into or to be entered into by the EAR Group in the ordinary course of business. They are recurring transactions which are likely to occur with some degree of frequency and arise at any time and from time to time. The IPT Mandate is intended to facilitate these transactions, provided that they are carried out on normal commercial terms and are not prejudicial to the Company and its minority Shareholders.

If approved by Shareholders at the AGM or any adjournment thereof, the proposed IPT Mandate will take effect from the date of receipt of Shareholders’ approval at the AGM until the next AGM, and shall apply in respect of interested person transactions entered or to be entered into from the date of the AGM until the next AGM, unless revoked or varied by the Company in general meeting. Thereafter, it is intended that approval from Shareholders for a renewal of the IPT Mandate will be sought on an annual basis, subject to satisfactory review by the Audit and Risk Committee of its continued application to transactions with interested persons.

### 1.2 Scope of the IPT Mandate

The IPT Mandate will cover a wide range of transactions arising in the ordinary course of business operations of the EAR Group. The principal activities of the Group are those of investment holding; hotel investments; hotel, fund and club management; provision of project design and management services; spa operations and property sales. Other ancillary businesses are gallery operations and golf course operations.

The IPT Mandate will not cover any interested person transaction which has a value below S\$100,000 as the threshold and aggregation requirements of Chapter 9 of the Listing Manual do not apply to such transactions.

Transactions with interested persons which do not come within the ambit of the IPT Mandate (including any renewal thereof) will be subject to the applicable provisions of Chapter 9 of the Listing Manual.

### 1.3 Benefit of the IPT Mandate

The Directors are of the view that the Group will be able to benefit from such transactions with interested persons.

In view of the time-sensitive nature of commercial transactions, it would be advantageous to the Group to obtain and renew a Shareholders’ mandate to enter into certain interested person transactions in its normal course of business, provided that all such transactions are carried out on normal commercial terms and are not prejudicial to the Company and its minority Shareholders. The IPT Mandate and the renewal of the IPT Mandate on an annual basis will eliminate the need to convene separate general meetings from time to time to seek Shareholders’ approval as and when potential interested person transactions with the interested persons arise, thereby reducing substantially, the administrative time, inconvenience and expense associated with the convening of such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group.

Pursuant to Rules 907 and 920(1) of the Listing Manual, the Company will:

- (a) announce the aggregate value of interested person transactions entered into with interested persons pursuant to the IPT Mandate, for the quarterly financial periods which it is required to report on pursuant to Rule 705 of the Listing Manual, and within the time required for the announcement of such report; and
- (b) disclose the IPT Mandate in the annual report of BTH, giving details of the aggregate value of interested person transactions entered into during the financial year under review in the annual report.

The name of the interested person and the corresponding aggregate value of the interested person transactions entered into with the same interested person will be presented in the following format:

<b>Name of interested person</b>	<b>Aggregate value of all interested person transactions entered into during the financial year under review (excluding transactions of value less than S\$100,000 and transactions entered into pursuant to the IPT Mandate)</b>	<b>Aggregate value of all interested person transactions entered into under the IPT Mandate during the financial year under review (excluding transactions of value less than S\$100,000)</b>
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## 2. CLASSES OF INTERESTED PERSONS

The IPT Mandate will apply to the EAR Group’s interested person transactions carried out with:

- (a) the TR Group;
- (b) Phuket Hotel Limited;
- (c) Universal Starch Public Company Limited; and
- (d) United Insulation Services Pte. Ltd.

### 3. CATEGORIES OF INTERESTED PERSON TRANSACTIONS

The types of transactions with interested persons (as described in paragraph 2 above) to which the IPT Mandate applies and the benefits to be derived therefrom are set out below:

- (a) provision of management and related services such as reservation and procurements services for the management of resorts, hotels, golf courses and spas;
  - (b) consignment of merchandise for sale in the Banyan Tree and Angsana Gallery outlets;
  - (c) retail sales of Banyan Tree gallery vouchers and “Banyan Tree” merchandise;
  - (d) lease of premises for spa operations and office use;
  - (e) profit sharing returns in respect of units leased at resorts;
  - (f) supply of goods such as guest amenities;
  - (g) obtaining corporate secretarial services; and
  - (h) reimbursement of expenses relating to costs and expenses incurred by the EAR Group and/or on its behalf in connection with the provision of management and other services,
- (the “Mandated IPTs”).

### 4. REVIEW PROCEDURES FOR INTERESTED PERSON TRANSACTIONS

4.1 To ensure that the Mandated IPTs are undertaken on normal commercial terms and on an arm’s length basis which will not be prejudicial to the Company’s interests and the interests of minority Shareholders, the following procedures have been implemented for the review and approval of interested person transactions under the IPT Mandate:

- (a) in respect of management agreements and/or technical assistance agreements for the management of resorts, hotels, golf courses and spas, spa lease/spa services agreements, consignment agreements, supply of goods and the sale of retail products, the EAR Group will make comparisons of the terms of these agreements with similar agreements entered into with unrelated third parties or in the absence of such agreements with unrelated third parties, the EAR Group will seek advice from industry consultants on the prevailing market practice or industry norms, to ensure that all such transactions will be consistent with the prevailing market practice or industry norms or the Group’s normal commercial terms and usual business practices and policies for the applicable transactions;
- (b) in respect of any new or subsequent renewal of any leases, a valuation conducted by independent property valuers on the premises at the time of the entry or the renewal of leases to assess its open market rental value and information gathered from independent property agents as to the rental rates of comparable properties will be used as comparison, wherever possible. The new leases and any renewal of leases shall be at rentals not higher than market rentals;
- (c) in respect of the provision of reservation services, procurement services or the receipt of corporate secretarial services or the recovery of costs associated with such services, the EAR Group will make comparisons of the terms of these arrangements with similar arrangements entered into with unrelated third parties or in the absence of such arrangements with unrelated third parties, the EAR Group will seek advice from industry consultants on prevailing market practice or industry norms, to ensure that, the provision of such services or receipt of such services shall be consistent with the prevailing market practice or industry norms or the Group’s normal commercial terms and in accordance with its usual business practices and policies for the applicable transactions; and
- (d) in cases where it is not possible to obtain comparables from unrelated third parties, the EAR Group may enter into a transaction with an interested person, provided that the price and terms received from or given to the interested person are in accordance with prevailing business practices or industry norms and/or rates or prices which are consistent with the Group’s usual margin associated with similar volume of business or on terms which the Audit and Risk Committee considers to be on normal commercial terms and are not prejudicial to the Company or its minority Shareholders.

4.2 In addition to the review procedures, the Group will review and approve the Mandated IPTs as follows:

- (a) transactions equal to or exceeding three (3) per cent., but less than five (5) per cent. of the latest audited consolidated NTA after minority interests (also known as non-controlling interests) of the Group, will be reviewed and approved by any two (2) of the Directors; and
- (b) transactions equal to or exceeding five (5) per cent. of the latest audited consolidated NTA after minority interests (also known as non-controlling interests) of the Group, will be reviewed and approved by the Audit and Risk Committee and the Board, which may as it deems fit, request for additional information pertaining to the transaction from independent sources or advisers, including the obtaining of valuations from professional valuers.

4.3 In addition, the Audit and Risk Committee will include the review of the EAR Group’s interested person transactions as part of its standard procedures while examining the adequacy of the Group’s internal controls. In the event that a member of the Board, a member of the Audit and Risk Committee or an authorised reviewing officer (where applicable) has a conflict of interest in relation to any interested person transaction, he will abstain from reviewing that particular transaction. In such instances, an alternative approving authority will be responsible for reviewing the transaction. The Board will also ensure

that all disclosure requirements on interested person transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with. The annual internal audit plan shall incorporate a review of all interested person transactions entered into pursuant to the IPT Mandate.

- 4.4 The Audit and Risk Committee shall review the internal audit reports to ascertain whether the guidelines and procedures established to monitor interested person transactions have been complied with. In addition, the Audit and Risk Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that the Mandated IPTs are conducted on normal commercial terms. Further, if during these periodic reviews by the Audit and Risk Committee, the Audit and Risk Committee is of the view that the guidelines and procedures as stated above are not sufficient to ensure that these interested person transactions will be on normal commercial terms and will not be prejudicial to the Company and its minority Shareholders, the Company will (pursuant to Rules 920(1)(b)(iv) and (vii) of the Listing Manual) revert to Shareholders for a fresh mandate based on new guidelines and procedures for transactions with interested persons.
- 4.5 The Board shall have overall responsibility for the determination of the review procedures with the authority to sub-delegate to individuals or committees within the Company as they deem appropriate.
- 4.6 The Company has also implemented the following procedures for the identification of interested persons and the recording of all the EAR Group's interested person transactions:
- (a) the Company Secretary will maintain a list of the Directors and controlling shareholders and their respective associates (which is to be updated immediately if there are any changes), and disclose the list to relevant personnel to enable identification of interested persons. The master list of interested persons which is maintained shall be reviewed at least annually;
  - (b) the Company Secretary will also obtain signed letters of confirmation from key management personnel, controlling shareholders and Directors on an annual basis as to their interests in any transaction with the EAR Group;
  - (c) following the review and verification by the Internal Audit Department of interested person transactions, the Company Secretary will compile all the interested person transactions prior to submission to the Audit and Risk Committee. The Company's subsidiaries and associated companies will be required to inform the Company Secretary of any significant upcoming transactions with interested persons to facilitate timely announcements and/or the obtaining of Shareholders' approval, where necessary;
  - (d) the rationale for and analysis of interested person transactions shall be documented and filed in a register of interested person transactions (the "**Interested Person Transactions Register**");
  - (e) following the review and verification by the Internal Audit Department of the interested person transactions, further review of the interested person transactions is to be conducted by the Group Managing Director as well as the Chief Financial Officer of the Company, and shall comprise the comparison of the interested person transactions arrangement with industry practice and other customers. If either the Group Managing Director or the Chief Financial Officer of the Company is interested in a transaction or if the interested person is related to either the Group Managing Director or the Chief Financial Officer of the Company, the review shall be conducted by the Executive Chairman. Notwithstanding the foregoing, the review shall be conducted by the Audit and Risk Committee under the following circumstances:
    - (i) the Group Managing Director and the Chief Financial Officer of the Company are both interested in a transaction or if the interested person is related to both the Group Managing Director and the Chief Financial Officer of the Company; or
    - (ii) where the Executive Chairman is required to conduct the review but is interested in the transaction or if the interested person is related to the Executive Chairman;
  - (f) the Audit and Risk Committee will be responsible for reviewing the EAR Group's interested person transactions on a quarterly basis and the outcome of such review shall be documented and filed in the Interested Person Transactions Register; and
  - (g) the Board will also be responsible for obtaining Shareholders' approval for recurring interested person transactions which are carried out in the normal course of business.

## **5. REVIEW OF NON-MANDATED INTERESTED PERSON TRANSACTIONS AND REVIEW BY THE AUDIT AND RISK COMMITTEE**

All other existing and future interested person transactions not subject to the IPT Mandate will be reviewed and approved in accordance with the threshold limits set out above and where applicable, in accordance with the limits set out under Chapter 9 of the Listing Manual, to ensure that they are carried out on normal commercial terms and are not prejudicial to the Company's interests and the interests of its minority Shareholders. In the event that such interested person transactions require the approval of the Board and the Audit and Risk Committee, relevant information will be submitted to the Board or the Audit and Risk Committee for review. In the event that such interested person transactions require the approval of Shareholders, additional information may be required to be presented to Shareholders and an independent financial adviser may be appointed for an opinion.

The Audit and Risk Committee will also review all interested person transactions to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Listing Manual) are complied with. The Company will also endeavour to comply with the recommendations set out in the Code of Corporate Governance.

