

BANYAN TREE HOLDINGS LIMITED

(Company Registration Number 200003108H)

THE STRAITS TIMES ARTICLE DATED 20 FEBRUARY 2016

Banyan Tree Holdings Limited (the “Company/BTH”) refers to the Straits Times article dated 20 February 2016 on BTH entitled “Banyan Tree to slash staff ahead of ‘coming recession’”. The said article’s sub-header was “Workforce to be cut by 12%, including about 20 S’pore jobs; three top executives quit”.

BTH would like to state that the restructuring referred to in the article is part of the Group’s continuous process of carrying out its operational review and is not expected to have a material financial impact for the current financial year ending 2016. Also, the said top executives who quit are operational personnel in the hotel management subsidiary of BTH and they do not fall in the category of ‘executive officers’ defined under the Listing Rules.

A copy of the article, marked as Appendix “A” is attached.

Banyan Tree to slash staff ahead of 'coming recession'



Mr Langston (top) has resigned as vice-president of operations, Asia Pacific; **Mr Pugson (above)** will become head of Banyan Tree Hotels and Resorts.

Workforce to be cut by 12%, including about 20 S'pore jobs; three top executives quit

Grace Leong

Banyan Tree Hotels and Resorts will slash 12 per cent of its 1,400-plus workforce over the next few months as part of a restructuring ahead of a "relatively prolonged" global downturn.

Three of the hotel management company's top executives – Mr David Spooner, vice-president of sales and marketing; Mr Andrew Langston, vice-president of operations, Asia Pacific; and Mr Abid Butt, chief executive – have resigned as a result of the restructuring.

"The restructuring is not just a pure cost-cutting exercise. It is a periodic restructuring to become more lean, more efficient. The cost

savings are expected to run into the millions," Banyan Tree Holdings executive chairman Ho Kwon Ping told The Straits Times yesterday.

As part of the changes, Mr Des Pugson, former vice-president of China operations, will become the head of Banyan Tree Hotels and Resorts. The position of vice-president of sales and marketing has been replaced by a new position, vice-president of sales.

The position of vice-president of operations, Asia Pacific, has been eliminated and replaced by new positions. As well, there will be 18 new and concurrent appointments in sales, operations and business development.

The company embarked on the restructuring late last year to "cut

away many legacy costs, processes and structures", Mr Ho said in a Feb 5 letter to staff.

"We are anticipating the coming recession to be a relatively prolonged one, so we are clearing the decks to write down potential bad debts and uncollectible fees as a precaution," he told The Straits Times. "Anyone who doesn't restructure now is going to end up a dinosaur."

Of the estimated 168 positions to be terminated, about 20 are in the Singapore office, with the rest in Bangkok, Phuket and Shanghai.

In the past few years, the firm's revenues have increased considerably but operating margins have dropped due to spiralling expenses, Mr Ho said.

Banyan Tree said its third-quarter Ebitda – a measure of profit before tax, interest and other items – fell 26 per cent to \$5.7 million for the three months to Sept 30 due to

higher sales and marketing expenses. Revenue for the quarter jumped 12 per cent to \$81.4 million due to higher sales recognition from property transactions. But this was partially offset by lower contributions from hotel operations in Thailand, the Maldives and the Seychelles.

"The economies of both Europe and Russia, our key source markets, remain weak. The bombing incident in Bangkok in late August (last year) has affected our business in Thailand. The economic slowdown in China may affect our income contribution from China," it said.

Mr Ho added: "Russian outbound travel and purchases of holiday homes have gone down a lot, but Chinese purchases of holiday homes have gone up in safe havens, which is why we are launching new properties in Australia."

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