

No. Tor Hor D089/2006

29 December 2006

Subject: Partial Divestment of Equity Interest in Lijiang Banyan Tree Hotel Co., Ltd.

Attn: President
The Stock Exchange of Thailand

The Board of Directors' meeting No. 6/2006 of Laguna Resorts & Hotels Public Company Limited (the **Company**) held on 27 December 2006 approved the divestment of 20.96% of Laguna Banyan Tree Limited (**LBTL**)'s equity interest in Lijiang Banyan Tree Hotel Co., Ltd. (**Lijiang**) to Banyan Tree Holdings Limited (**BTH**) at the total consideration of USD 2,857,005.15 (approximately Baht 105.7 million). The meeting also approved the restructure of the existing LBTL's loan facility provided to Lijiang to the level of LBTL's new equity interest ratio.

Remarks : Value in Baht is calculated at the exchange rate of Baht 37 : USD 1

The divestment of LBTL's equity interest in Lijiang is considered to be the disposal of asset by the listed company pursuant to the Notification of the Stock Exchange of Thailand (**SET**) regarding the Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets 2004. The maximum size of the transaction in accordance with the basis of calculation provided under this Notification is less than 15% and is based on the net tangible asset value (**NTA**) basis by comparing the NTA of the divestment portion in Lijiang with the NTA of the Company as disclosed in the Company's financial statement as at 30 September 2006. The Company is therefore neither required to prepare the information memorandum for disclosure to the SET, nor to seek for the shareholders' approval.

Remarks : As at 30 September 2006, 15% of the NTA of the Company is Baht 1,087.7 million.

Additionally, the divestment of equity interest in Lijiang by LBTL, a wholly-owned subsidiary of the Company, to BTH, the major shareholder of the Company, is considered to be the connected transaction under the Notification of the SET regarding the Disclosure of Information and Act of Listed Companies Concerning the Connected Transaction 2003. The size of the transaction is more than 0.03% but less than 3% of the NTA of the Company as disclosed in the Company's financial statement as at 30 September 2006. The Company is therefore required to prepare the information memorandum for disclosure to the SET and to seek only for the Board of Directors' approval. The shareholders' approval, hence, is not required.

Remarks : As at 30 September 2006, 3% of the NTA of the Company is Baht 217.5 million.

The information memorandum of this transaction is prepared in accordance with the attached details.

Yours sincerely,

(Ms. Sirivan Skulkerevathana)
Director

Information Memorandum
Relating to the Partial Divestment of Laguna Banyan Tree Limited's Equity Interest
in Lijiang Banyan Tree Hotel Co., Ltd. to Banyan Tree Holdings Limited

The Board of Directors' meeting No. 6/2006 of Laguna Resorts & Hotels Public Company Limited (the **Company**) held on 27 December 2006 approved the divestment of 20.96% of Laguna Banyan Tree Limited (**LBTL**)'s equity interest in Lijiang Banyan Tree Hotel Co., Ltd. (**Lijiang**) to Banyan Tree Holdings Limited (**BTH**). The meeting also approved the restructure of the existing LBTL's loan facility provided to Lijiang to the level of LBTL's new equity interest ratio. This transaction is considered to be an asset acquisition and disposition transaction by the listed company and a connection transaction. Details are as follow:

1. Date of the transaction

27 December 2006

2. Parties and relationship with the Company

1. BTH as the purchaser and the major shareholder of the Company
2. LBTL as the seller and a subsidiary of the Company
3. Lijiang as the subsidiary of which 70% of its equity interest is indirectly held by the Company.

3. Details of the transaction and particulars relating to Lijiang

3.1 Details of the transaction

LBTL agrees to sell 20.96% of its total equity interest in Lijiang to BTH, at the total consideration of USD 2,857,005.15 (approximately Baht 105.7 million). Upon completion of the transaction, the equity interest ratio of LBTL in Lijiang will be decreased from 70.00% to 49.04%. As a result, Lijiang will no longer be a subsidiary of the Company.

To follow the new equity interest ratio, LBTL will restructure its existing loan facility to Lijiang to the level of LBTL's new equity interest ratio. The revised loan facility to Lijiang will be USD 8,877,005.15 representing 49.04% of the total shareholder loan facilities to Lijiang and in proportion to LBTL's new equity interest. Following the restructure, the corporate guarantee of up to USD 6,650,000 in favour of BTH which was approved by the Board of Directors' meeting on 9 February 2006 will no longer be required.

Remarks : Value in Baht is calculated at the exchange rate of Baht 37 : USD 1

3.2 Particulars relating to Lijiang

Name of Entity	:	Lijiang Banyan Tree Hotel Co., Ltd.									
Nature of Business	:	Hotel Operation									
Registered Capital	:	USD 14,900,000 (Fully paid-up)									
Shareholders	:	<table><thead><tr><th></th><th><u>Name</u></th><th><u>Equity Interest Ratio</u></th></tr></thead><tbody><tr><td>1.</td><td>LBTL</td><td>70 %</td></tr><tr><td>2.</td><td>BTH</td><td>30 %</td></tr></tbody></table>		<u>Name</u>	<u>Equity Interest Ratio</u>	1.	LBTL	70 %	2.	BTH	30 %
	<u>Name</u>	<u>Equity Interest Ratio</u>									
1.	LBTL	70 %									
2.	BTH	30 %									

- Board of Directors : 1. Mr. Ho Kwoncjan
 2. Mr. Ariel P.Vera
 3. Mr. Surapon Supratya
 4. Mr. Michael Ramon Ayling
 5. Mr. Tee Hwee Liang

Financial Summary :

(Unit : Baht Million)

Major Financial Information	Internal Financial Information subject to further audit Jan - Sep 2006
Current Assets	319.2
Total Assets	1,185.9
Current Liabilities	81.7
Total Liabilities	707.8
Shareholders' Equity	478.1
Net Tangible Asset	478.1
Total Income	47.3
Cost	103.3
Administrative Costs	23.6
Net Profit (Loss)	(79.6)

4. Total value of the consideration

The total value of the consideration for the divestment of 20.96% of LBTL's equity interest in Lijiang is USD 2,857,005.15 (approximately Baht 105.7 million).

5. The basis used in determining the value of the consideration

The consideration is based on the mutual agreement between the seller and the purchaser by taking into account the net book value of Lijiang stipulated in Lijiang's unaudited financial statement as at 30 September 2006.

The consideration is at a premium over the net book value of Lijiang as at 30 September 2006 of which 20.96% of the net book value of Lijiang is approximately Baht 100.2 million.

6. Name of connected persons

BTH is a connected person of the Company because BTH is the major shareholder of both the Company and Lijiang

The shareholding or equity interest of BTH in the Company and Lijiang appears in item 7.

7. Characteristics and scope of interests of connected persons when agreeing to enter this connected transaction

The Company holds 100% of LBTL's total issued shares, both directly and indirectly. In addition, the Company also indirectly holds 70% of Lijiang's total equity interest through LBTL.

BTH is the major shareholder of the Company, both directly and indirectly, through the companies which are under the control of BTH holding 48.39% of the Company's total issued shares. In addition, BTH also holds 3.39% of the Company's total issued shares in the form of units in Thai Trust Fund.

BTH is the major shareholder of Lijiang holding 30% of Lijiang's total equity interest.

8. Directors who have interests and/or directors who are connected persons who have no right to vote and were not present when the approval of the transaction was considered at the Board of Directors' meeting

Mr. Ho Kwon Ping, Mr. Ho Kwoncjan, Mr. Ariel P. Vera, Mr. Michael Ramon Ayling and Mr. Surapon Supratya were not present and did not vote at the Board of Directors' meeting held on 27 December 2006 when the entry of this transaction was approved.

Mr. Ho Kwon Ping is the major shareholder and a director of BTH.

Mr. Ho Kwoncjan is the major shareholder of BTH and a director of Lijiang.

Mr. Ariel P. Vera is a director of BTH and of Lijiang.

Mr. Surapon Supratya is a director of BTH and of Lijiang.

Mr. Michael Ramon Ayling is a director of Lijiang

9. Opinion of the Board of Directors and the Audit and Risk Committee concerning a decision to enter this transaction

The Board of Directors and the Audit and Risk Committee are of the opinion that the divestment of 20.96% of LBTL's equity interest in Lijiang to BTH and the restructure of the existing LBTL's loan facility provided to Lijiang to the level of LBTL's new equity interest ratio have been negotiated with BTH in good faith and on an open market basis between a willing buyer and a willing seller and are in the best interests of all the shareholders of the Company.

In considering the divestment, the Board of Directors and the Audit and Risk Committee took into account the fact that although the Company is the majority shareholder in Lijiang, the project is to a large extent managed by BTH as they have the necessary expertise and experience in the development and operations of hotels in China. By divesting the 20.96% stake to BTH, the Company can take comfort that it would secure BTH's long term commitment to the project including any future expansion as BTH would be the larger shareholder. The divestment would also help to reduce the Company's financial obligations for the current Lijiang project and any future development.

In view of the above, the Board and the Audit and Risk Committee have approved these transactions.

(Ms. Sirivan Skulkerevathana)
Director

Laguna Resorts & Hotels Public Company Limited