

No. L045/2008

13 May 2008

Subject: **Financial assistance to Lijiang Banyan Tree Hotel Co., Ltd.**

Attn: **President  
The Stock Exchange of Thailand**

The Board of Directors' Meeting No. 2/2008 of Laguna Resorts & Hotels Public Company Limited (**Company**), held on 13 May 2008, ratified the extension of the repayment period and the increase of the interest rate from 6 percent per annum to 7 percent per annum (for the extended repayment period) of the loan from Banyan Tree Holdings Limited (**BTH**) and Laguna Banyan Tree Limited (**LBTL**) as lenders to Lijiang Banyan Tree Hotel Co., Ltd. (**Lijiang**) as borrower under the Second Addendum to the Shareholders Loan Agreement between BTH, LBTL and Lijiang, dated 10 April 2008 (the Shareholders Loan Agreement and the First and Second Addendums together the **Loan Agreement**).

The financial assistance to Lijiang is considered as a connected party transaction under the SET notification re: disclosure of information and procedures for the listed companies in relation to connected transactions, dated 19 November 2003 (the **SET Notification**). The calculation of the size of the transaction is as follows:

**Provision of Financial Assistance to Lijiang by the Company (through LBTL)**

**Loan from LBTL**

Principal	USD 3,920,000 which is equivalent to Baht 123.96 million
Interest	7 percent per annum for up to 72 months amounting to USD 1,646,400 which is equivalent to Baht 52.06 million

Remarks: Values in Baht are calculated at the exchange rate at Baht 31.6229 : USD 1.

The size of the transaction calculated from total value of the principal and the interest arising from the principal is less than 3 percent of the Company's net tangible assets as at 31 March 2008 but more than Baht 100.00 million. However, since the loan from LBTL to Lijiang under the Loan Agreement represents only 33.79 percent while LBTL's interest in Lijiang is 49.04 percent, LBTL is providing the financial assistance to Lijiang less than its shareholding proportion in Lijiang. In addition, this financial assistance is made under the normal commercial terms. The Company is therefore not required to obtain approval from its shareholders for entering into this transaction. The Company is nevertheless required to obtain approval from its Board of Directors and to report and disclose details of this transaction to the SET.

Remarks: As at 31 March 2008, 3 percent of the net tangible assets of the Company is Baht 586.78 million

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

Please be informed accordingly.

Yours faithfully,

(Ms. Sirivan Skulkerevathana)  
Senior Assistant Vice President - Finance

**Information Memorandum**  
**Relating to The Loan from**  
**Banyan Tree Holdings Limited (BTH) and Laguna Banyan Tree Limited (LBTL)**  
**To Lijiang Banyan Tree Hotel Co., Ltd. (Lijiang)**

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**1. Date of the transaction**

The Board of Directors' Meeting of Laguna Resorts & Hotels Public Company Limited held on 13 May 2008 ratified the extension of the repayment period and the increase of the interest rate from 6 percent per annum to 7 percent per annum (for the extended repayment period) of the loan from BTH and LBTL as lenders to Lijiang as borrower under the Second Addendum to the Shareholders Loan Agreement between BTH, LBTL and Lijiang, dated 10 April 2008 (the Shareholders Loan Agreement and the First and Second Addendums together the **Loan Agreement**).

**2. General explanation regarding the nature of the financial assistance**

In June 2005, BTH and LBTL agreed to extend a loan to Lijiang for financing the construction of Lijiang Banyan Tree Hotel in the People's Republic of China. The details of the loan transaction appear in item 3. below except for the repayment period and the interest rate. Presently, the Board of Directors' Meeting No. 2/2008 held on 13 May 2008 ratified the extension of the repayment period for another 72 months (originally was twenty four months from the date of each drawdown) and the increase of the interest rate from 6 percent per annum to 7 percent per annum (for the extended repayment period).

**3. Details of the Loan Transaction**

Loan Amount:                      Initial Drawdown:  
From BTH USD 6,000,000 (fully drawn down)

After the Initial Drawdown is drawn down in full: USD 5,600,000 in aggregate to be given by BTH and LBTL in proportion to their original shareholding interests in Lijiang

(a)        From BTH USD 1,680,000 (fully drawn down)

(b)        From LBTL USD 3,920,000 (fully drawn down)

Being USD 11,600,000 in aggregate as per the Loan Agreement

Interest Rate:                      7 percent per annum during the extended repayment period to be paid on a semi-annually basis subject to approval from the People's Bank of China. In the event that the People's Bank of China disapproves the interest rate at 7 percent per annum for the extended repayment period, the interest rate will be at 6 percent per annum which was the interest originally charged between the parties.

Repayment:                        To be repaid in full on the expiry of the ninety six months from the date of each drawdown (the **Repayment Date**) (original 24 months plus the extension of another 72 months).

Early Repayment:                Lijiang can repay any part or all of the loan at any time prior to the Repayment Date without any penalty.

**4. Name of connected persons who are contractual parties**

Lijiang is LRH's connected person because BTH, LRH's major shareholder, is also a major shareholder in Lijiang.

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

The shareholding interest of BTH in LRH and that of LRH and BTH in Lijiang appear in item 5. below.

**5. Characteristics and scope of interests of connected persons when agreeing to enter into this connected transaction**

BTH is LRH's major shareholder, directly and indirectly through the companies which are under the control of BTH holding 54.85 percent of LRH's total issued shares. In addition, BTH holds 10.90 percent of LRH's total issued shares in the form of units in Thai Trust fund.

BTH is also Lijiang's major shareholder holding 50.96 percent of Lijiang's total issued shares. Laguna Banyan Tree Limited (LBTL), LRH's wholly-owned subsidiary, holds 49.04 percent of Lijiang's total issued shares.

**6. Conditions that may affect shareholders' right**

The Loan Agreement contains no provisions restricting Lijiang from paying dividend.

**7. Directors who have interests and/or directors who are connected persons who have no right to vote and did not present when the approval of the transaction is being considered at the Board of Directors' Meeting**

Mr. Ho KwonPing, Mr. Ho KwonCjan and Mr. Ariel P Vera did not attend and vote in the LRH's Board of Directors' Meeting held on May 13, 2008 that ratified the extension of the repayment period and the increase of the interest rate from 6 percent per annum to 7 percent per annum (for the extended repayment period) under the Loan Agreement.

Mr. Ho KwonPing is a shareholder and director of BTH.

Mr. Ho KwonCjan is a shareholder of BTH.

Mr. Ariel P Vera is a director of BTH.

**8. Opinions of the Board of Directors and the Audit and Risk Committee concerning a decision to enter into this transaction**

The Board of Directors and the Audit and Risk Committee are of the opinion that the extension of the repayment period and the increase of the interest rate from 6 percent per annum to 7 percent per annum (for the extended repayment period) under the Loan Agreement be ratified. LBTL still has a 49.04 percent equity interest in Lijiang. The extension of the repayment period for another seventy two months will enable Lijiang to manage its cash flow more efficiently and LBTL will be entitled to receive the interest from the loan granted to Lijiang. In addition to the interest on the loan, LBTL, as the shareholder of Lijiang, will benefit from the revenue generated from Lijiang Banyan Tree Hotel. By taking into account the aggregate amount of loan provided to Lijiang by BTH and LBTL under the Loan Agreement, the loan from LBTL to Lijiang represents only 33.79 percent while LBTL's shareholding in Lijiang is 49.04 percent. In other words, LBTL is providing the financial assistance to Lijiang less than its shareholding proportion in Lijiang. In addition, this financial assistance is made under the normal commercial terms.

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**(Ms. Sirivan Skulkerevathana)**  
**Senior Assistant Vice President - Finance**