

Laguna Resorts & Hotels Public Company Limited
Minutes of the Extraordinary General Meeting No. 1/2007

Date and time : Wednesday, 4 July 2007 at 10:00 hours

Venue : Jamjuree Room, 11th floor, Banyan Tree Bangkok Hotel, Thai Wah Tower II
No. 21/100 South Sathorn Road, Tungmahamek Sub-district, Sathorn District,
Bangkok 10120, Thailand.

Ms. Nanchalee Kecharananta, Company Secretary, invited Mr. Ho KwonPing, Chairman of the Board to preside as Chairman of the Meeting.

The Chairman announced that there were 78 shareholders and proxy holders present at the Meeting holding 43,750,106 shares, equivalent to 51.67 percent of the total paid-up capital of 84,670,143 shares, thus constituting a quorum according to the Company's Articles of Association. The Chairman then declared the Meeting duly convened and introduced the directors and legal counselor of the Company who were present at the Meeting as follows:-

Directors

1. Mr. Udom Vichayabhai Independent Director, Audit and Risk Committee member
and Remuneration Committee member
2. Dr. Jingjai Hanchanlash Independent Director, Audit and Risk Committee member
and Remuneration Committee member
3. Mr. Vudhiphol Suriyabhivadh Independent Director
4. Mr. Surapon Supratya Group Managing Director
5. Mr. Ho KwonCjan Managing Director (Design Services)
6. Mr. Michael R. Ayling Managing Director (Laguna Phuket)
7. Mr. Ariel P Vera Director
8. Mr. Stuart D. Reading Director
9. Mr. Kuan Chiet Director
10. Ms. Sirivan Skulkerevathana Director
11. Mr. Niyom Tassaneetipagorn Director

12. Ms. Nanchalee Kecharananta Director and Secretary

Legal Counselor

Mr. Arkrapol Pichedvanichok and his team from Allen & Overy (Thailand) Co., Ltd. who are the Legal Counselor and inspector for registration and vote counting procedures.

For the convenience of all shareholders, the Chairman then invited Mr. Surapon Supratya, Group Managing Director, to take the Meeting through each agenda item starting from agenda item No. 1 – 5 including any additional agenda item in Thai.

Before commencing on the agenda proper, Mr. Surapon invited the Company Secretary to advise all shareholders on the voting procedure for this Meeting.

Ms. Nanchalee, Company Secretary, advised all shareholders on the voting procedure for this Meeting as follows:-

1. With regard to voting at the shareholders' meeting, section 102 and section 33 of Public Company Act B.E. 2535 stipulates that shareholders shall have votes equal to the number of shares held by each of them, which means one share is entitled to one vote.
2. Shareholders and proxy holders who have been authorized to vote during the Meeting, are to use the voting slip for the relevant agenda item handed out at the time of registration to vote on the agenda item. Shareholders and proxy holders are requested to complete the voting slip by ticking one of the voting boxes (i.e. "approve", "disapprove" or "abstain"), and for custodians only – to state the number of votes under each of the selected choices. Shareholders and proxy holders are to then sign on the lower part of the voting slip and immediately return the same to the Company's officer.
3. Proxy holders with the votes cast by their shareholders as specified in the proxy forms submitted to the Company prior to the commencement of the Meeting do not have to vote during the Meeting. Such votes have already been collected and counted by the Company as indicated in the proxy forms received during registration.

In addition, all shareholders and proxy holders (except in the case of foreign investors appointing a custodian in Thailand to keep and safeguard their shares) cannot split the number of votes. All votes must be cast as "approve", "disapprove" or "abstain" in each agenda item. Votes will not be counted if the voting slip is incomplete or void e.g. no signature on the voting slip.

The custodians appointed by foreign investors may cast all the votes or split the number of votes as "approve", "disapprove" or "abstain" in each agenda item. Votes will not be counted if the voting slip is

incomplete or void e.g. no signature on the voting slip, and/or no. of votes cast are in excess of voting right.

In counting the votes, the Company will count the votes based on the voting slips returned to the Company's officers. If any shareholder does not return the voting slip, it will be deemed that such shareholder does not wish to consider and vote in that agenda item and the votes of such shareholder will not be counted as part of that resolution.

In the interest of conducting the Meeting more efficiently, the result of the voting on each agenda item will be counted and declared at the end of the Meeting.

Mr. Surapon then proceeded with the Meeting by proposing each of the agenda items as detailed below to the Meeting:

1. To certify the minutes of the 2007 Annual General Meeting

Mr. Surapon proposed the Meeting to consider the minutes of the 2007 Annual General Meeting ("AGM"), a copy of which was sent to all shareholders together with the notice of this Extraordinary General Meeting (EGM) and informed the Meeting that the Board has recommended that the minutes of the 2007 AGM be certified by the shareholders at this EGM.

A shareholder commented that the Minutes of the 2007 AGM did not include some material opinions and suggestions relating to the Company's business which the shareholders expressed at the 2007 Annual General Meeting. He recommended that amendments be made to the Minutes of the AGM by adding the missing information.

The Company's legal counselor clarified that due to the large number of questions raised by shareholders at the meeting, only the matters in relation to each agenda item would be summarized and recorded in the minutes.

The Meeting considered this agenda item and resolved as follows:

Resolution: The Meeting resolved by a majority of the total number of votes of shareholders and proxy holders who were present and cast their votes that the minutes of the 2007 Annual General Meeting, be certified as correct as shown by the following vote counting summary:

Vote Counting Summary	Number of Votes*	
• Approved	42,692,430	97.66%
• Disapproved	1,024,105	2.34%
Total no. of votes cast by shareholders	43,716,535	100.00%

• Abstained	2,769
Total no. of votes of shareholders who are eligible to vote	43,719,304

Note: * The Company's Articles of Association state that a resolution of the shareholders' meeting in an ordinary matter requires a majority of the votes of the shareholders who are present and cast their votes.

2. To consider and approve an increase of the Company's registered capital

Mr. Surapon reported to the Meeting that the purpose of the proposed capital increase is to address Laguna Phuket's aging facilities as compared to the competition. The hotel industry in Phuket has become intensely competitive in recent years with new hotels opening and existing hotels upgrading. An estimated 11 hotels are expected to open in the near future in Phuket and these include renowned international hotel chains. Additionally, there will also be a number of very high-end boutique hotels which will compete directly with Banyan Tree Phuket. In comparison, Laguna Phuket will be 20 years old in September 2007 and is now widely perceived as an aging product. Many repeat hotel guests have indicated that they want new experiences. Therefore, in order to retain its market share, Laguna Phuket urgently needs to upgrade its facilities to challenge the new competition.

Mr. Surapon then invited Mr. Michael R. Ayling, Managing Director (Laguna Phuket), to provide details of the projects to upgrade Laguna Phuket.

Mr. Michael firstly reported on Angsana Phuket.

Angsana Phuket will be the 7th Hotel in Laguna Phuket. This will be a beach front property fronting Bangtao Bay and it will provide a fresh new addition to Laguna Phuket which management is confident that Phuket will be able to sustain as it is an increasingly popular holiday destination. The current design, which is being fine tuned, comprises 145 keys consisting of 62 standard rooms, 62 deluxe rooms with their own pool, and 21 Sky Pool Villas, the most luxurious room product in this resort, which feature elevated sea views, 2 bedrooms, living area, balcony, and a roof top pool.

The Angsana Phuket will be positioned as a 5 star resort. This positioning is higher than Sheraton Grande Laguna Phuket, but lower than Banyan Tree Phuket. Construction is planned to commence in the last quarter of 2007.

Layout of the resort will consist of 8 three storey blocks of guest rooms all overlooking a huge swimming pool. Two of these blocks will be ocean fronting with direct access to the beach. A spectacular front-of-house will be located at the beach front. An all day dining restaurant and a fine dining restaurant will also be included in this area. The hotel block at the back of the resort will include an extensive spa (25 rooms), conference facilities and the Sky Pool Villas on the 3rd, 4th and 5th floors which will have uninterrupted sea views.

The estimated construction cost of Angsana Phuket is Baht 1.3 billion with a forecast project IRR of 30 percent and a payback period of less than 5 years – which would make it a very lucrative project.

Mr. Michael then reported on two expansion projects of the Banyan Tree Phuket.

The projects to be undertaken are on the right hand side of the resort, predominantly on land that was purchased in 2002. He explained each of the projects in turn – starting with the construction of 22 additional Two Bedroom Pool Villas. The estimated construction cost of this first expansion project is Baht 600 million and construction has recently commenced in June 2007. Some of these villas are to be sold, with proceeds from property sales expected to partially cover the investment outlay of this project prior to completion. These villas are located adjacent to the existing Two Bedroom Pool Villas.

The other main project of the Banyan Tree Phuket expansion is the addition of 12 Deluxe Double Pool Villas. The construction has recently commenced in June 2007 and estimated construction cost of this expansion is Baht 700 million. It is planned that these units will be ultimately sold as property sales, the proceeds of which will partially cover the investment outlay of this project prior to completion.

During his presentation, Mr. Michael showed a map with the individual location and layout of each villa, and illustrations of the luxurious nature of these villas to the Meeting.

Mr. Surapon further discussed the funding of the expansion/upgrade projects and indicated that in order to undertake the expansion/upgrade projects presented by Mr. Michael, additional funding would be required. The Board considered debt financing but decided against it as this would result in increased financial risk including an increased level of debt servicing. The Company's core businesses of hotels and property development are also susceptible to political and event risk as shown by the decline in property sales due to the

political uncertainty resulting from the military coup. Total borrowings now exceed 60 percent of total equity so further debt financing will worsen the debt to equity ratio.

Other limitations of bank financing include bank covenants such as adequate security must be pledged and minimum financial ratios need to be maintained. In addition, bank financing will result in an increased financial burden and will impact debt servicing, particularly where loan repayments are over the short to medium term.

In contrast, equity financing in the form of a capital increase would have the following benefits; it would potentially increase the liquidity of the Company's shares by increasing the number of shares traded on the market; fund raising via equity would mitigate financing risk in a high operating risk environment such as where political uncertainty is currently affecting property sales and security concerns continue to exist for both Bangkok and Southern Thailand. Further, uncertainty remains over the future outlook of the Thai economy.

It is also worth highlighting that the proposed increase in share capital by way of Rights Issue offers an equal participation opportunity to all shareholders of the Company.

However, before considering the Board's proposal, Mr. Surapon added that it is worth reviewing the financial impact of further debt financing. Therefore, the Board would like to draw shareholders' attention to the following:

- Current borrowings, drawn and un-drawn, are now approximately Baht 5.7 billion comprising current loans drawn down of Baht 4.2 billion as at 31 March 2007 and un-drawn facilities of an additional Baht 1.5 billion for the Banyan Tree Bangkok office floor conversion and for the expansion of the Banyan Tree Lijiang with a further 75 keys and this Baht 1.5 billion is expected to be drawn down as works progress on these projects.
- The Company would like to invest approximately Baht 2.6 billion in new projects such as the Angsana Phuket and Banyan Tree Phuket expansion starting in 2007.
- Once the Company has drawn down the remaining available facilities, the debt to equity ratio will be at the highest levels in recent times.

Mr. Surapon pointed out that based upon the current borrowings of Baht 5.7 billion, the debt to equity ratio, based upon equity at 31 March 2007, is 64 percent. If the company replaced the proposed equity financing of Baht 1.2 billion with additional debt financing, the debt to equity ratio would increase to a record 79 percent.

By contrast, if the company were able to finance new capital projects through the proposed capital increase, the debt to equity ratio would be 56 percent which is at a level that the Board feels more comfortable with.

Another major concern is the impact of additional borrowings on the Company's debt servicing capacity whereby the Company's annual scheduled loan repayments would increase by an estimated Baht 200 million or more than 20 percent to Baht 1.1 billion. The impact on debt servicing capacity would be even more significant if there was a property sales market downturn or a general economic downturn. For example, property sales depend on Phuket remaining a strong tourist destination, and are negatively impacted by foreign ownership restrictions, increasing competition and political uncertainty. In addition, the Company's core hotel businesses are potentially susceptible to changes in the global economy, terrorism threats and pandemics such as bird flu.

Using 2006 actual figures as a base, and assuming that fund raising of an additional Baht 1.2 billion was from debt financing, resulting in total borrowings increasing to Baht 6.9 billion which is subject to an average interest rate of 6 percent per annum, the following scenarios demonstrate the impact on debt service and interest cover:

Scenario 1: assumes a 50 percent decrease in property sales profits based on 2006 results. In this case, the debt service cover would be 1.24 times and the interest cover would be 2.33 times, both of which would be below the minimum levels recommended by the Board of 2 times and 3 times respectively.

Scenario 2: assumes a 20 percent decrease in profit of all operating businesses based on 2006 results. In this case, the debt service cover would be 1.36 times and the interest cover would be 2.64 times, also below the minimum levels recommended by the Board of 2 times and 3 times respectively.

The total cost of the upgraded projects is estimated at Baht 2.6 billion. This will be funded as follows:

1. Baht 0.6 billion from cash generated from the operations in 2007 comprising:

	Billion THB
Cash brought forward at the end of 31 March 2007	1.0
<u>Less:</u> working capital and minority interest	<u>(0.4)</u>
Available cash	0.6
Cash generated for the remainder of the year	1.2
<u>Less:</u> non project outgoings	
• Dividend	(0.2)
• Tax	(0.3)
• Loan repayment	(0.5)
• Small capital projects and others	(0.2)
	<u>(1.2)</u>
Available cash from the operations	<u>0.6</u>

2. Baht 0.8 billion from cash generated from selling villas in the Banyan Tree Phuket Project as property sales and
3. The balance of Baht 1.2 billion to be funded by Rights Issue.

Based upon the outline of the projects provided and the funding requirement, the Board has recommended that an increase of the registered capital of the Company by Baht 1,270,052,150 from Baht 846,701,430 to Baht 2,116,753,580 divided into 211,675,358 ordinary shares by an issue of 127,005,215 new ordinary shares at the par value of Baht 10 each, be approved by the shareholders at this EGM.

Before giving an opportunity to the Meeting to express opinions and raise questions, Mr. Surapon informed the shareholders that the Company received a letter dated 21 June 2007 from Johnson, Stokes & Master. The letter bore no signature, but only the handwriting at the bottom of the letter which was read as "Johnson, Stokes & Master". Mr. Surapon noted that the main issue in the letter concerned the Company's capital increase and wished to clarify some misstatements relating to that issue to the Meeting for information before voting.

After his clarification and response to the questions raised by the shareholders, the Meeting considered this agenda item and resolved as follows:

Resolution: The Meeting resolved by not less than three-fourths of the votes cast by the shareholders and proxy holders who were present and had the right to vote that an increase of the registered capital of the Company by Baht 1,270,052,150 from Baht 846,701,430 to Baht 2,116,753,580 divided into

211,675,358 ordinary shares by an issue of 127,005,215 new ordinary shares at the par value of Baht 10 each, be approved by the following vote counting summary:

Vote Counting Summary	Number of Votes*	
	• Approved	42,695,030
• Disapproved	105	0.00%
• Abstained	1,024,369	2.34%
Total no. of votes of shareholders who are eligible to vote	43,719,504	100.00%

Note: * The Company's Articles of Association state that a resolution of the shareholders' meeting in the case of the increase of the Company's capital requires a vote of not less than three-fourths of the votes cast by the shareholders and proxy holders who are present and have the right to vote.

3. To consider and approve an amendment to Clause 4 of the Company's Memorandum of Association

Mr. Surapon informed the Meeting that in connection with the increase of the Company's registered capital as approved in agenda item 2, Clause 4 of the Memorandum of Association must be amended to reflect the increase of the Company's registered capital. The Board recommended that the shareholders at this EGM approve an amendment to Clause 4 (Registered Capital) of the Company's Memorandum of Association in order to reflect the increase of the registered capital of the Company, such that Clause 4 (Registered Capital) of the Company's Memorandum of Association as amended would read as follows:

"Clause 4.	The registered capital	Baht 2,116,753,580	(Baht two thousand one hundred sixteen million seven hundred fifty three thousand five hundred and eighty)
	Divided into	211,675,358 shares	(Two hundred eleven million six hundred seventy five thousand three hundred and fifty eight shares)
	At the par value of	Baht 10	(Baht ten) each
	Categorised into		
	Ordinary shares	211,675,358 shares	(Two hundred eleven million six hundred seventy five thousand three hundred and fifty eight shares)
	Preferred shares	-None-	(-)"

Resolution: The Meeting resolved by not less than three-fourths of the votes cast by the shareholders and proxy holders who were present and had the right to vote that the amendment to Clause 4 (Registered Capital) of the Company's Memorandum of Association to reflect the increase of the registered capital of the Company with details as proposed by the Board, be approved as shown by the following vote counting summary:

Vote Counting Summary	Number of Votes*	
• Approved	42,695,098	97.66%
• Disapproved	106	0.00%
• Abstained	1,024,300	2.34%
Total no. of votes of shareholders who are eligible to vote	43,719,504	100.00%

Note: * The Company's Articles of Association state that a resolution of the shareholders' meeting in the case of the amendment of the Company's Memorandum of Association requires a vote of not less than three-fourths of the votes cast by the shareholders and proxy holders who are present and have the right to vote.

4. To consider and approve the allotment of the Company's new ordinary shares

Mr. Surapon reported to the Meeting that as a result of the increase of the Company's registered capital for an additional amount of Baht 1,270,052,150 by an issue of 127,005,215 new ordinary shares as approved in agenda item 2, the Board recommended that; the allotment of 127,005,215 new ordinary shares at the par value of Baht 10 each be offered by way of Rights Issue to the existing shareholders whose names appeared in the share register book on 14 June, 2007 at 12.00 p.m. at the ratio of 1 existing share to 1.5 new ordinary shares at the offering price of Baht 10 per share; that the subscription and payment period shall be during 16-20 July 2007; that the Group Managing Director be authorised to determine the procedures and processes for the subscription and payment of the new ordinary shares, including other necessary details of, and actions for, the offering so as to facilitate the entire process; that any fraction of shares arising from the calculation be disregarded; that any fraction of shares and shares remaining from the Rights Issue will not be re-allotted; and the recommendations of the Board be approved by the shareholders at this EGM.

After response to the questions raised by the shareholders, the Meeting considered this agenda item and resolved as follows:

Resolution: The Meeting resolved by a majority of the total number of votes of shareholders and proxy holders who were present and cast their votes that the allotment of 127,005,215 new ordinary shares at the par value of Baht 10 each be offered by way of Rights Issue to the existing shareholders whose names appear in the share register book on 14 June 2007 at 12.00 p.m. at the ratio of 1 existing share to 1.5 new ordinary shares at the offering price of Baht 10 per share; that the subscription and payment period shall be during 16-20 July 2007; that the Group Managing Director be authorised to determine the procedures and processes for the subscription and payment of the new ordinary shares, including other necessary details of, and actions for, the offering so as to facilitate the entire process; that any fraction of shares arising from the calculation be disregarded; and that any fraction of shares and shares remaining from the Rights Issue will not be re-allotted, be approved as shown by the following vote counting summary:

Vote Counting Summary	Number of Votes*	
• Approved	42,633,198	97.52%
• Disapproved	1,085,005	2.48%
Total no. of votes cast by shareholders	43,718,203	100.00%

• Abstained	1,301
Total no. of votes of shareholders who are eligible to vote	43,719,504

Note: * The Company's Articles of Association state that a resolution of the shareholders' meeting in an ordinary matter requires a majority of the votes of the shareholders who are present and cast the vote.

5. To transact any other appropriate business, if any

Mr. Surapon asked whether any shareholder would like to propose any other matter for the Meeting's consideration.

No shareholder raised any other matter for consideration but certain questions were asked.

After response to the questions raised by the shareholders, the Chairman thanked all shareholders for attending the Meeting and declared the Meeting adjourned.

The Meeting was closed at 12:25 hours

Ho KwonPing

(Mr. Ho KwonPing)
Chairman of the Meeting

**Attachment to the minutes of the Extraordinary General Meeting No. 1/2007
of Laguna Resorts & Hotels Public Company Limited**

Summary of Questions and Answers at the Extraordinary General Meeting No. 1/2007

- The Company has complied with the Stock Exchange of Thailand's regulations on the disclosure of information relating to the capital increase.
- Total investment of Angsana Project will be approximately Baht 1.3 billion based upon the current design and subject to final cost estimates and tender. This project will be constructed on the land owned by the Company. The Angsana Phuket is expected to take 18-24 months to build and to commence operation thereafter. The IRR is calculated based on an initial occupancy rate of 60 percent, which is expected to increase to 80 percent during the next five-year period. The IRR at 30 percent includes the sale of 21 units of Sky Pool Villas. These Sky Pool Villas will be managed by the Company under the villa rental scheme.
- Reservation for the Sky Pool Villas will commence during the construction of the project. The Company anticipates that the villas will be sold out in 3-5 years. The revenue will be recognized on a percentage of completion basis once criteria have been met for initial recognition.
- Construction progress of the Dusit Residence Project is approximately 50 percent completed for the lagoon facing blocks. Construction is expected to be fully complete by the mid 2008. Approximately 20 percent of the project has been sold.
- With regard to the debt to equity ratio, the debt also includes the un-drawn portion because the loan facilities have already been obtained from the bank and are expected to be completely drawn down as work progresses until the completion of the projects.
- Currently, the Company's dividend policy is that one-third of the net profit may be declared as a dividend to shareholders subject to the Company's financial needs in future years. The Board of Directors will consider the amount of actual dividends to be paid by prudently taking into account the operating environment and future funding requirements of the Company and then propose the dividend to the shareholders for consideration. For example, although the tsunami disaster in 2004 did not have a significant impact on the Company's 2004 results as the tsunami occurred at year-end, 2005 was a disastrous year and the Company suffered a loss for the first time since 1997. If the Company had paid dividends based on 2004's results as stated under the policy despite the anticipated problems in 2005, the Company would have faced even greater financial hardship in 2005.

- The capital increase by way of Rights Issue is intended to treat all shareholders equally. There is no regulation requiring that an independent financial advisor must be appointed for a capital increase by way of a Rights Issue.
 - Under the SEC regulations, the offering price for the offering of shares by way of a private placement cannot be lower than the price imposed under the regulations. However, there are no such regulations for the Rights Issue.
 - The sales of Laguna Village Villa, Laguna Village Townhome II and Laguna Village Residences Projects continue to perform well. Sales slowed down during the second quarter as a result of political uncertainties but are expected to pick up in the second half of the year.
 - A change in the accounting policy for recording investment in the subsidiary and associated companies from equity method to cost method in the Company's separate financial statements which became effective in the early part of the year would have no impact on the consolidated financial statements. The change would have no impact on the Company's ability to pay dividends (provided dividends were paid up by the subsidiary and associated companies to the Company).
 - The Company holds only 19.8 percent of the total shares of Tropical Resorts Limited (TRL) which in turn holds a certain number of shares in Banyan Tree Holdings Limited. As TRL only issues its financial statements at the end of the financial year, it is impracticable to examine TRL's quarterly financial statements and dividend payment.
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