

9 February 2006

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

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

The Board of Directors' Meeting No. 1/2006 of Laguna Resorts & Hotels Public Company Limited (**Company**), held on 9 February 2006, ratified the loan between Banyan Tree Holdings Pte Ltd. (**BTH**) and Laguna Banyan Tree Limited (**LBTL**) as lenders and Lijiang Banyan Tree Hotel Co., Ltd. (**Lijiang**) as borrower under the Shareholders Loan Agreement and the First Addendum to the Shareholders Loan Agreement, dated 1 and 3 June 2005 respectively and approved that the Initial Drawdown of loan from BTH may be increased up to USD 9,500,000 and for LBTL to provide a corporate guarantee of up to USD 6,650,000 in favour of BTH.

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 156,800,000
Interest	6 percent per annum for up to 24 months amounting to USD 470,400 which is equivalent to Baht 18,816,000

Corporate Guarantee by LBTL

Amount	Up to USD 6,650,000 which is equivalent to Baht 266,000,000
Interest that may accrue under the corporate guarantee for which the Company may be liable	6 percent per annum for up to 24 months amounting to USD 798,000 which is equivalent to Baht 31,920,000
Total value of the principal, interest arising from the principal, corporate guarantee and the interest that may arise from the corporate guarantee	USD 11,838,400 which is equivalent to Baht 473,536,000

Remarks: Values in Baht are calculated at the exchange rate at Baht 40 : USD 1.

The total value of the principal, the interest arising from the principal, the corporate guarantee and the interest that may arise from the corporate guarantee for which the Company may be liable as shown above is higher than 3 percent of the Company's net tangible assets as at 31 December, 2005.

However, since this financial assistance is provided by the Company (through LBTL) to Lijiang in proportion to the Company's shareholding interest in Lijiang and under 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.

Provision of Financial Assistance to Lijiang by BTH

Interest	6 percent per annum on the principal of up to USD 11,180,000 for 24 months amounts to USD 1,341,600 which is equivalent to Baht 53,664,000
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Remarks: Value in Baht is calculated at the exchange rate at Baht 40 : USD 1.

The maximum interest that Lijiang is obligated to pay to BTH as stated above is higher than 0.03 percent but less than 3 percent of the Company's net tangible assets as at 31 December, 2005. 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 December 2005, 3 percent of the net tangible assets of the Company is Baht 200,615,585.

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

Please be informed accordingly.

Yours faithfully,
Laguna Resorts & Hotels Public Company Limited

(Mr. Kuan Chiet)
Director

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

1. Date of the transaction

The Board of Directors' Meeting of Laguna Resorts & Hotels Public Company Limited held on 9 February 2006 ratified the loan from BTH and LBTL as lenders to Lijiang as borrower under the Shareholders Loan Agreement and the First Addendum to the Shareholders Loan Agreement between BTH, LBTL and Lijiang, dated 1 and 3 June 2005 respectively (together the **Loan Agreement**) and approved that the Initial Drawdown of the loan from BTH may be increased up to USD 9,500,000 and for LBTL to provide a corporate guarantee of up to USD 6,650,000 in favour of BTH.

2. General explanation regarding the nature of the financial assistance

BTH and LBTL agree to extend a loan to Lijiang for financing the construction of Lijiang Banyan Tree Hotel in China. The details of the loan transaction appear in 3. below.

3. Details of the Loan Transaction

Loan Amount: Initial Drawdown:
From BTH up to USD 9,500,000 (as at 31 December, 2005 USD 4,400,000 having been drawn down)

Under the Shareholders Loan Agreement, the Initial Drawdown is USD 6,000,000. BTH and Lijiang agree in principle that the Initial Drawdown may be increased by another USD 3,500,000 being the total Initial Drawdown of up to USD 9,500,000. Other terms and conditions remain unchanged.

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 shareholding interests in Lijiang

- (a) From BTH USD 1,680,000 (yet to be drawn down)
- (b) From LBTL USD 3,920,000 (yet to be drawn down)

Being USD 11,600,000 in aggregate as per the Loan Agreement or USD 15,100,000 if the Initial Drawdown is increased to USD 9,500,000.

Availability Period: Within eight years commencing from the date of the Loan Agreement

Interest Rate: 6 percent per annum to be paid on a semi-annually basis commencing from the date of the first draw down

Repayment: To be repaid in full on the expiry of the twenty four months from the date of the each drawdown (the **Repayment Date**)

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

Collateral: LBTL is to give a corporate guarantee of up to USD 6,650,000, being 70 percent of the Initial Drawdown which is in proportion to the shareholding interest of LBTL in Lijiang.

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 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 holding 48.39 percent of LRH's total issued shares. In addition, BTH is also Lijiang's major shareholder holding 30 percent of Lijiang's total issued shares.

Laguna Banyan Tree Limited (**LBTL**), LRH's wholly owned subsidiary, holds 70 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, Mr. Ariel P. Vera and Mr. Surapon Supratya did not attend and vote in the LRH's Board of Directors' Meeting held on 9 February 2006 that ratified the Loan Agreement and approved that the Initial Drawdown may be increased up to USD 9,500,000 and LBTL's corporate guarantee to BTH up to USD 6,650,000.

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

Mr. Ho Kwoncjan is a shareholder of BTH.

Mr. Ariel P. Vera and Mr. Surapon Supratya are directors of BTH.

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

The Board of Directors and the Audit & Risk Committee are of the opinion that the loan from BTH and LBTL to Lijiang under the Loan Agreement be ratified and the possibility of increasing the Initial Drawdown to be up to USD 9,500,000 and the provision of the corporate guarantee of up to USD 6,650,000 by LBTL in favour of BTH be approved. This is principally because the loan from BTH and LBTL is in proportion to their shareholding interests in Lijiang. Additionally, instead of providing 70% of the Initial Drawdown as loans, LBTL is only providing a corporate guarantee for the amount and will be liable only in the event that Lijiang is unable to repay the loan from the Initial Drawdown to BTH.

With regard to the purpose of the loan, Lijiang will use the loan to finance the construction of its Lijiang Banyan Tree Hotel Project. 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 when the Project is completed. This financial assistance is also made under the normal commercial terms.

(Mr. Kuan Chiet)
Director