

July 2, 2009

Subject: Provision of Guarantee for the Loan of Lijiang Banyan Tree Hotel Co., Ltd

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

The Board of Directors' Meeting No. 3/2009 of Laguna Resorts & Hotels Public Company Limited (**LRH**), held on July 2, 2009 approved the provision by LRH of the guarantee for the loan of Lijiang Banyan Tree Hotel Co., Ltd (**LBTH**) by issuing the letter of indemnity to Banyan Tree Holding Limited (**BTH**). The provision of the guarantee is to secure the loan of LBTH in proportion to the equity interest of 49.04 percent of LRH in LBTH (through Laguna Banyan Tree Limited (**LBTL**) at the principal amount of RMB 180,000,000 provided by Bank of East Asia (China) Co., Ltd., Shenzhen Branch (**Bank of East Asia**) under the RMB Mortgage and Loan Contract (the **Loan Agreement**).

The provision of guarantee for the loan of LBTH 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:

Estimated Possible Maximum Liability from Provision of Guarantee

Principal	RMB 88.3 million which is equivalent to Baht 444.2 million
Interest	5.94 percent per annum for up to 96 months amounting to RMB 41.9 million which is equivalent to Baht 211.1 million.

Remarks: (1) values in Baht are calculated at the exchange rate at Baht 5.0321 : RMB 1.
(2) the above interest rate is the latest RMB base lending rate of China for long term loans more than 5 years. This is a floating rate and is subject to adjustment every 6 months.
(3) the above interest amount is calculated based on the loan period of 8 years or 96 months.

The size of the transaction is calculated from the possible guaranteed amount for the principal and the interest that may arise from the default of the loan by LBTH based on the assumptions stated as remarks. Based on the calculation, the size of the transaction is more than Baht 100,000,000. However, since the provision of guarantee is made in proportion to the equity interest of LRH in LBTH (through LBTL) (currently at 49.04 percent) and under normal commercial terms, LRH is therefore not required to obtain approval from its shareholders for entering into this transaction. LRH is nevertheless required to obtain approval from its Board of Directors and to report and disclose details of this transaction to the SET.

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

Please be informed accordingly.

Sincerely yours,

(Mr. Kuan Chiet)
Senior Assistant Vice President – Group Asset Management

Information Memorandum

Relating to The Provision by Laguna Resorts & Hotels Public Company Limited of Guarantee for Loan of Lijiang Banyan Tree Hotel Co., Ltd. (LBTH)

1. Date of the transaction

The Board of Directors' Meeting of Laguna Resorts & Hotels Public Company Limited (**LRH**) held on July 2, 2009 approved the provision of guarantee by LRH for the loan of Lijiang Banyan Tree Hotel Co., Ltd (**LBTH**) by issuing the letter of indemnity to Banyan Tree Holding Limited (**BTH**). The provision of the guarantee is in proportion to the equity interest of 49.04 percent of LRH in LBTH through its wholly owned subsidiary, Laguna Banyan Tree Limited (**LBTL**). LBTH's loan, at the principal amount of RMB 180,000,000, is provided by Bank of East Asia (China) Co., Ltd., Shenzhen Branch (**Bank of East Asia**) under the RMB Mortgage and Loan Contract (the **Loan Agreement**).

2. General explanation regarding the provision of guarantee

Bank of East Asia has agreed to provide LBTH with the loan of RMB 180,000,000 for the repayment of LBTH's shareholders' loans, accrued interests thereon and for LBTH's working capital. Bank of East Asia requires that BTH, which has a direct shareholding of 50.96 percent in LBTH, to provide Bank of East Asia with the guarantee for the full amount of the loan. Since LRH has a 49.04 percent equity interest in LBTH through LBTL, BTH therefore requires that LRH provides BTH with a back-to-back guarantee of the loan in proportion to the equity interest of LRH in LBTH.

3. Guarantee Amount

49.04 percent of the guarantee provided by BTH to Bank of East Asia for the entire amount of the loan of LBTH under the Loan Agreement which is in proportion to the current equity interest of LRH in LBTH.

4. Name of connected persons who are contractual parties

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

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

The shareholding interest of BTH in LRH and that of LRH and BTH in LBTH as appeared in clause 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 54.85 percent of LRH's total issued shares directly and indirectly through other companies in which BTH has the controlling power. In addition, BTH holds 10.90 percent of the LRH's total issued shares through Thai Trust Fund. BTH is also LBTH's major shareholder holding 50.96 percent of LBTH's total issued shares.

LBTL, LRH's wholly owned subsidiary, currently holds 49.04 percent of LBTH's total equity interest.

6. **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 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 July 2, 2009 that approved the provision by LRH of this guarantee for the loan of LBTH.

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

Mr. Ho Kwoncjan is a close relative of Mr. Ho Kwonping as defined in SET Notification Re: Disclosure of Information and Procedures for the Listed Companies in Relation to Connected Transactions, dated 19 November, 2003.

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

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

The Board of Directors and the Audit & Risk Committee are of the opinion that the provision of the guarantee by LRH for the loan of LBTH in proportion to the holding by LRH in LBTH (through LBTL) (currently at 49.04 percent of the equity interest in LBTH) by issuing the letter of indemnity to BTH be approved. This will enable LBTH to have sufficient funds for the repayment of LBTH's shareholders' loans, accrued interests thereon and working capital for LBTH's business operations. LRH, as the shareholder of LBTH (through LBTL), will also benefit from LBTH's repayment of shareholders' loan and accrued interests. In addition, the guarantee is made in proportion to the equity interest in LBTH held by LRH (through LBTL) (currently at 49.04 percent) and under normal commercial terms.

(Mr. Kuan Chiet)

Senior Assistant Vice President – Group Asset Management